An investigation into the factors that inhibit the uptake of Public Private Partnerships by local contractors in the Construction Industry in Zimbabwe.

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Graduate School of Management University of Zimbabwe

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DEDICATION

I dedicate my Research to my parents Mr and Mrs Goredema.
DECLARATION

I ...........................................................................................................do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in Acknowledgements, Reference and comments included in the body of the report and that it has not been submitted in part or in full for any other degree to any other University.

STUDENTS SIGNATURE.......................................................... DATE..............................

SUPERVISORS' SIGNATURE.................................................. DATE..............................
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The successful completion of my research would not have been possible without support, assistance, advice, motivation and love from many individuals, all of whom I am heavily indebted.

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ABSTRACT.

Public Private Partnerships is a public procurement method that involves contractual arrangements between the public and private sectors. In such arrangements the private sector supplies infrastructure assets and services that traditionally have been provided by the Government. PPPs are generally understood to result in the mobilization of funding and expertise that is considered key for economic development especially in times when Government has little or no resources at all.

PPP’s were first introduced in Zimbabwe in 1998 to fund infrastructure and public services after Government’s commitments to the projects through the Public Service Investment Fund (PSIF) fell significantly as a result of Structural Adjustment Programmes. However, it was not until 2004 that the government made the first attempt to put a framework on PPP investment in the country. This was in the form of the PPP in Zimbabwe Policy and Guidelines of 2004. This sought to provide the parameters for the development of appropriate legal and regulatory framework to protect investors and consumers. To date Zimbabwe has only witnessed three successful PPP projects despite the fact that the model has been very successful elsewhere worldwide in countries such as the United Kingdom and closer home in South Africa. This clearly shows that there has been a very low uptake of the PPP projects by the local contractors hence the aim of this research to establish factors that inhibits the uptake of PPPs by local contractors. The objectives of this research include the need to identify the level of awareness of contractors towards PPPs, to determine barrier and motivation factors and contractors views on PPPs. The study was carried out by interviewing 15 contractors registered in Categories A and B of the Construction Industry Federation of Zimbabwe. The information that was collected was subjected to qualitative analysis. The study revealed that the absence of a proper regulatory framework, low level of awareness and lack of liquidity in the economy were the highest ranked barriers affecting the adoption of PPPs by local contractors in Zimbabwe. It is thus recommended that the Government seriously considers coming up with a regulatory framework, makes this method of procurement known to all contractors and also for the Government to create an atmosphere that is conducive to Foreign Direct Investment.
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<td>PSIF</td>
<td>Public Service Investment Fund.</td>
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<td>UK</td>
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<td>Build Transfer Scheme.</td>
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<td>Build Operate and Transfer Scheme.</td>
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<td>Build Own operate and transfer.</td>
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<td>SET</td>
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CHAPTER 1

INTRODUCTION

1.0. INTRODUCTION
According to the International Monetary Fund (IMF 2006) Public Private Partnerships (PPPs) refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government. In addition to private execution and financing of public investment, PPPs have two other important characteristics; there is an emphasis on service provision as well as investment by the private sector and significant risk is transferred from the government to the private sector. Thus, Public Private Partnerships (PPP) is an established business model for Governments to provide infrastructure based services. They involve a clearly defined project financed by the private sector, which shares associated risks and rewards with the public sector.

The period of economic downturn in Zimbabwe witnessed a continued deterioration in existing infrastructure. The condition was worsened by the fact that the government could not allocate adequate portion of the national budget towards capital projects due to lack of fiscal space. In order to bridge the growing gap between the cost of the infrastructure needed and the resources available, and to ensure that the infrastructure is delivered as efficiently and cost-effectively as possible the involvement of the private sector was considered an imperative.

The continued challenges led to the realization that Government could and cannot do it alone if prospects of economic growth are to become a reality. This saw the realization and general understanding that there is need for engaging the private sector in growth
enhancing sectors such as power, transport and water sectors. This saw the Government embracing the concept of Public Private Partnerships. Under this business model the private sector would be called in to partner Government mainly through funding for the development of infrastructure as well as ensuring the necessary technological transfer if correctly implemented. Thus the PPP method of procurement is intended to obtain more value for money than under traditional public procurement methods. They produce reduced life cycle costs, better risk allocation, faster implementation of public works and services, quality and additional revenue streams (Renda, and Schiefler, L, 2006).

Following a period of economic stability under the inclusive government, attention has now shifted to having more investment in growth-enhancing infrastructure in sectors such as power, transport and water sectors. The Government has taken a policy position to adopt Public-Private sector Partnerships (PPP), under which the private sector would partner Government to deliver infrastructure. Public Private Partnerships (PPP) have increasingly become a popular choice for policymakers in implementing important public works projects especially in the face of a shortage of government financial resources and where it is necessary to counter public inefficiency (Alfen et al., 2009). PPPs enable Governments that are already stretched for resources with the present economic climate, to utilize alternative private sector sources of finance while at the same time gaining the benefits that the private sector brings with it in terms of skills and management. Ultimately PPP can bring greater value for money from private sector resources (Robinson, 2000, Shoul, 2002). Thus, Public Private Partnerships are considered imperative in providing funding and expertise for infrastructure that are regarded essential for economic development especially at a time when government has limited recourses and assets.
1.1. BACKGROUND

1.1.1. A background to the Construction Industry in Zimbabwe
The Construction Industry like any other industries in Zimbabwe suffered immense decline during the hyperinflationary period that ended in 2009. The effects of the world recession were also felt by the Industry. Major players in the Construction Industry either shut down operations or relocated to other countries in the region. The human capital also followed the trend. The government shelved most its new construction capital and refurbishment projects and focused more on the social requirements and needs of the nation. The growth and local capacity for those construction companies that remained in the country was negatively affected as they could not be engaged in any significant project undertakings.

The change over from the local currency to a multi-currency system saw the opening up of the industry to foreign players. The local construction companies found it difficult to compete with foreign companies in terms of equipment, organisational experience and financial resources. Foreign companies had massive support from their governments and home financial institutions. Without protective legislation from the government and adequate financial resources, local companies were reduced to spectators or mere subcontractors for minor project activities. The industry has however been on the road to recovery despite the funding constraints that are hindering the development of new projects in the country. The stable macroeconomic conditions have also positively contributed to the recovery of the Industry that has been operating below 40% ever since dollarization. According to the then Minister of Finance Mr Tendai Biti the Industry has got the potential to contribute 20% towards the GDP.

According to the Construction Industry Pension Fund (CIPF), the Industry has got the potential to employ 35 000 people however currently less than 5 000 people are
employed in the sector owing to lack of contracts. Lack of Government and private sector contracts and the liquidity challenges have been cited as the major challenges contributing to the low capacity utilization as banks continue to impose stringent borrowing conditions at short term duration. The Government account for about 60% of key construction projects in the Industry.
The industry is lagging behind in the following areas:

1.1.1.1. **Building maintenance**
Over the period of negative economic development, maintenance on public institutions received little or no attention at all. As a result major maintenance rehabilitation projects are now required. This is the same for Local Authorities and Rural District Councils. Government and local Authorities health institutions and public buildings at all levels require massive rehabilitation.

1.1.1.2. **Water and Sanitation Projects**
The period of economic down turn in Zimbabwe saw no new Water and Sanitation projects being implemented by the government, local authorities or private investors. The drought affected the capacity of the government and private players to fund infrastructure projects. New settlements were established without the corresponding change to the existing water and sanitation reticulation systems or any modification to the existing systems to accommodate the new demand. This resulted in the overloading of the systems and lack of required level of maintenance.
1.1.1.3. Zimbabwe Road Sector
The country’s roads are in a very bad state. This is as a result of lack of maintenance and the fact that most of the roads have reached the end of their economic lifespan given that design life for our national highways is twenty-five (25) years. It is expected that within this period the pavement is upgraded or rehabilitated.

1. Construction of 400km of highway roads a year.
2. Rehabilitation of 400km of existing pavement per year.
3. Rehabilitation of 200km of urban roads per year.

The researcher found it necessary to do an industry analysis of the Construction Industry. The decision was motivated by the fact that proponents of this theory believe that industry structure strongly influences the competitive rules of the game as well as the range of viability strategies open to the organisation (Burnes, 2009). The Construction Industry like any other industries should be able to adapt to and adjust to market forces.

1.2. A BACKGROUND TO THE RESEARCH
The public sector has been the main provider of infrastructure services and development activities in most countries in Africa until the mid 1980s. It was the main actor in providing basic services such as primary education, health care, clean water supply and distribution, wastewater collection and removal and treatment, solid waste collection and removal and energy supply, which is vital to poverty reduction and economic development. PPP’s were first introduced in Zimbabwe in 1998 to fund infrastructure and public services after Government’s commitments to the projects through the Public Service Investment Fund fell significantly as a result of structural adjustment programmes. However, it was not until 2004 that the government made the first attempt to put a framework on PPP investment in the country. This was in the form of the PPP in Zimbabwe Policy and Guidelines of 2004 this sought to provide the
parameters for the development of appropriate legal and regulatory framework to protect investors and consumers.

The PPP business model should produce a win-win situation to both parties as they stand to benefit from the arrangement. The Government will witness some improvement in service delivery and cost effectiveness as opposed to a situation where the Government is operating on its own. This is because the private sector brings with it not just innovative ideas but experience as well. In this regard, the private sector has played a major role in bringing about sustainable development in most economies. In this context, Public Private Partnerships are a growing element of public sector procurement across the world.

Although PPP brings in an element of risk to the private sector, it also brings with it some opportunities for the sector as revenues are gained for example through toll fees, fees paid by Government as well as increased profitability following the use of their innovative approaches.

Ahmad (2002) asserts that to date over two thousand PPPs have been framed worldwide. Throughout many countries PPP are being used increasingly to deliver high quality public infrastructure projects. Faced with constraints on public resources and fiscal space while recognising the importance of investment in infrastructure to help their economies grow Governments in both developed and developing countries are increasingly turning to the private sector as an alternative additional source of funding to meet the funding gap.

PPPs have successfully been implemented in the United Kingdom, Germany, the USA, Australia, Canada and Argentina to name but a few. United Kingdom is often
considered one of the leaders of PPP implementation and as such is often utilised as a template for PPP creation elsewhere in the world (Johnson 2003). For more than two decades, the UK’s public sector has embraced working with private sector. To date approximately 15% of the UK’s infrastructure expenditure for PPP projects that equates to roughly more than 700 projects has been witnessed. The UK has looked beyond roadway and transit initiatives and has established PPP to deliver a wide array of projects countrywide including prisons, hospitals, schools, and military barracks. Even the world famous London ground limited system has been operating as a PPP since 2003.

The past decade has seen a significant increase in the use of Public Private Partnerships for African project finances as leaders grapple with struggling economies, overreliance on foreign aid and unstable tax bases (Farlam, P, 2005). Closer home there is a long list of successful PPPs in SA. The N4 Toll road from Witbank in S.A to Maputo Mozambique costing a total of ZAR 3 billion by 1996 estimates is an example of a successful road project PPP with a 30-year concession period. This project involved the rehabilitation including construction of new road of 198km. Following the N4 Toll Road, the Mosambi National Parks and Rail Authorities formed a joint venture with British Mersey Docks and Harbour Company for a 15-year concession to finance, rehabilitate, operate and upgrade the Maputo Ports in 2003. Following the takeover by the Mozambican Government there has been a steady increase in tonnage volume cleared at their port yearly. Similar agreements have been used to upgrade the ports of Dar-es-Salam, Tanzania and in Nigeria. This is what PPPs are about, the public sector gets better more cost effective services, and the private sector gets new business opportunities, both are in the interest of the nation. (South African Finance Minister Trevor Manuel August 2004)

In Zimbabwe to date three projects involving PPP namely Beitbridge Bulawayo Railway (BBR), the New Limpopo Bridge (NLB) and the Newlands by pass are among PPP
success stories. The NBP was completed in 2007 and it consists of a four-lane highway that started just south of the Newlands shopping centre and then rejoins Enterprise Road at the intersection with Kew Drive and Glenara Avenue North. The NLB project saw the building of a toll Bridge over the Limpopo River the project was financed by a private player in 1993. It involved the Zimbabwean and the South African Governments. The project was completed in a record time of 13 months. The BBR is a 350km railway line from Beitbridge to Bulawayo. The construction phase lasted only 18 months.

The 2009 world recession and a decade of national economic downturn that was experienced in Zimbabwe until early 2009 left many construction projects around the country undeveloped. Unprecedented high levels of government debt coupled with zero external financial handouts spared not the public sector projects most of which were abandoned. According to the Minister of Finance, Mr Biti Zimbabwe needed about 8-10 Billion dollars for infrastructure development at the time the country dollarized. The Minister of finance went on to argue that the amount required for infrastructure development is huge for the government to undertake big projects without assistance from the private sector. “Zimbabwe is now stabilizing and we need to engage the private sector to undertake massive infrastructure development. Public-Private-Partnerships relationships must be explored and harnessed for the benefit of the country,” Mr Biti said in 2009.

Faced with such challenges the Government is trying its best to lure investors into entering PPP schemes by offering some incentives such as five-year Tax holiday and a reduced tax rate for the subsequent five years as regularized and legalized under the Income Tax Act Chapter23:03. In view of the critical role, that PPPs play in bringing about economic growth it becomes imperative to carry out studies on why despite of the possible opportunities that lie ahead of the private sector the uptake of PPP by local contractors remain very low. It is within this context that this study is being carried out.
1.3. RESEARCH PROBLEM
After the 10 years of economic down turn in Zimbabwe, Zimbabwe has been working hard to stabilize the economy and put it on the growth track. The partnership between the private and public sectors is one of the measures that need to be carried out in order to ensure sustainable economic growth (Pricewaterhouse Coopers, 2004). Thus the Government of Zimbabwe has introduced PPP concept in their development projects to involve the participation of the private sector in enhancing economic growth.

Although Governments eagerly create PPP units and promote PPP, not everyone in the Global market is convinced of their value (Sanghi, Sundakov & Hankinson 2007). Here in Zimbabwe there is really a challenge in that the private sector represented by the various contractors who are supposed to embrace the Public Private Partnerships instead have got various perceptions about them which makes it very difficult for the Public Private Partnerships to achieve their intended goals. Thus the uptake of PPP is currently very low as evidenced by the number of PPP projects by local contractors hence the essence of this study to establish the various factors that inhibit the uptake of PPP projects. The study should be able to proffer recommendations on how best the issues can be addressed.

1.4. RESEARCH OBJECTIVES
The main aim of this study is to investigate the factors that inhibit the uptake PPP projects by local contractors registered with the Construction Industry Federation of Zimbabwe. The following are the objectives of this study:

1) To identify the level of awareness of the contractors registered with the Construction Industry Federation Of Zimbabwe towards PPP

2) To identify the barrier and motivation factors in adopting PPP

3) To determine the contractors' views on PPP practices in construction, including barrier and motivation factors.

4) To identify contractors' perception of the risks associated with PPP projects.
1.5. RESEARCH QUESTIONS
The research questions for this study are

1) Are the contractors registered with the Construction Industry Federation of Zimbabwe in Category A and B aware of the PPP methods of acquisition?

2) What are the barrier and motivation factors in adopting PPP?

3) What are the views of the contractors on PPP practices in construction?

4) How do contractors perceive the risks associated with PPP projects?

1.6. PROPOSITION
It is proposed that there is a negative perception on PPPs as they are viewed as high risk projects in Zimbabwe.

1.7. JUSTIFICATION OF RESEARCH
Governments in most developing countries face the challenge to meet the growing demand for new and better infrastructure services as funding from the traditional sources and capacity in the public sector to implement such projects remain limited. Thus Governments have found that partnerships with the private sector is an attractive alternative to increase and improve the supply of infrastructure services. It has long been recognized that economic development is tied to efficient infrastructure. Zimbabwe is no exception especially considering the decade of economic down turn. The importance of infrastructure to economic development and the failure by Governments to provide such services as was the case in the past and the recognition by Governments world over of the need to engage the private sector through PPPs makes it imperative for studies to be carried out on the PPP method of procurement. This particular study seeks to establish why despite of the benefits accruing to both the public and the private sectors as a result of implementing PPP projects the progress remains very low.
Thus throughout this study a clear understanding of the factors that inhibit the uptake of PPP projects by local contractors registered in classes A & B with the Construction Industry Federation of Zimbabwe will be examined. Furthermore, the results and the findings of this study would be beneficial to the researchers in the future who wish to explore more in this area of study.

Additionally the information on the barrier and motivation factors in adopting PPP will also be obtained. The said information will enable the public sector or the relevant stakeholders to improve on conditions and operating frameworks to enable more contractors to have a better understanding and to improve on their willingness to take part in PPP.

1.8. SCOPE OF RESEARCH
Johnson (2002) suggests that PPPs provide a market to a wide array of companies from builders to healthcare operators. There are so many Companies that are engaged in the Construction Industry in Zimbabwe, according to the National Employment Council for the Construction Industry’s records over one thousand companies are registered in the Construction Industry. The more than one thousand companies are either registered with the Construction Industry Federation of Zimbabwe (CIFOZ) or the Zimbabwe Building Contractors Association where they are registered according to their capacities in terms of projects previously undertaken from Category A to Category H. However most of the renowned contractors such as John Sisk, Murray and Roberts (now Masimba Holdings), Costain (now CZL Incorporated), Rio Duoro and Tarcon just to mention but a few are registered with CIFOZ. Given the size and long term nature of PPP projects it wouldn’t make much business sense to consider all the companies registered with CIFOZ as clearly some of them do not have the capacity to embark on PPP projects. Thus for the purpose of focusing this study, the researcher has opted to examine PPPs in the Construction Industry focusing on the following;
I. Contractors registered with the Construction Industry Federation of Zimbabwe only

II. The respondents are contractors in General Contractors, Building and Civils’ registered in Cat A & B only

Although contractors register in classes A and B in the General Building and Civils categories are dotted all over the country, for the purposes of this research respondents will be drawn from companies operating in Harare only.

1.9. DESSERTATION OUTLINE
This research paper is broken down into chapters properly structured to ensure a smooth flow and a clear understanding of the study is maintained.

Chapter 1 Introduction
Covers the background to the study and ensures that the reader understands what PPPs are and how they contribute to economic development not only to developing nations but to developed nations as well. It also brings to the reader's attention the fact that despite these seemingly enticing benefits the uptake of PPPs remains very low in Zimbabwe’s Construction Industry. A problem formulation, objectives, scope and research questions also form part of this chapter.

Chapter 2 Literature Review
This chapter covers literature review and this ensures that relevant literature relating to PPP is well documented. The research is aimed at ensuring that the reader fully understands the advantages of embarking on PPP to both the public and private sectors motivation and barrier factors for the adoption of PPP and the different perceptions surrounding the implementation of PPP contractors. The risks associated with PPPs will clearly be stated.
Chapter 3 Research Methodology

The chapter presents the research methodology which provides a description of the research methods used in order to collect data. It is based on the qualitative data collection method.

Chapter 4 Results and Discussions

The chapter details the results and analyses the research results and provides interpretations and comments of the findings.

Chapter 5 Conclusions and Recommendations

The chapter provides conclusions and recommendations drawn from the research.

1.10. CHAPTER SUMMARY

Chapter 1 introduced the concept of Public Private Partnerships in terms of what it is and the importance of embracing PPPs. A brief background of the Construction Industry was also given. The chapter further presented the research problem, the research objectives, research questions, proposition, justification of research, scope of the research and the dissertation outline. The next chapter, chapter 2 reviews pertinent literature on the subject under study.
CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION
This chapter will explore the conceptual framework of literature from different authors and schools of thought on Public Private Partnerships. Firstly the literature review will look at the various definitions on PPPs from different sources followed by the types of PPPs, reasons for implementing PPP, advantages and disadvantages of using PPPs, criticism of PPPs, obstacles in PPPs, risk and theories related to PPPs. The last section of the chapter will highlight a related case study on Public Private Partnership’s experiences in South Africa.

2.2. DEFINITION OF PPP
It is widely acknowledged within the relevant literature that there is no clear definition for PPP which would cover all aspects of different relationships that these partnerships encompass Daube, Vollrath, & Alfen, (2007) and at the same time restricting it to a more narrow description. As Weihe (2006) argues, the concept of PPP is nebulous – it “allows for great variance across parameters such as time, closeness of cooperation, types of products/services, costs, complexity, level of institutionalization as well as number of actors involved”, as a result, nearly any type of the relationships that include both the private and the public sector (whether it is a service contract or a joint venture) may be called a public-private partnership (PwC, 2005).

Several different definitions exist with each highlighting different aspects of PPPs. Hodge and Greve (2007) loosely defined PPP as cooperative institutional arrangements
between public and private sector actors. Van Marrewijk et. al (2008) defined PPP from another perspective which is a structural cooperation between public and private parties to deliver some agreed outcome. Zurbrugg et al. (2005) and Karpova (2004) believed that PPP should include a tripartite partnership between the public sector, private consortium as well as the end-users. Akintoye et al (2003) defined PPP as a cooperative venture between the public and private sectors for the delivery of a public service through appropriate allocation of resources, risks and rewards. “… an agreement between the government and one or more private partners (which may include the operators and the financiers) according to which the private partners deliver the service in such a manner that the service delivery objectives of the government are aligned with the profit objectives of the private partners and where the effectiveness of the alignment depends on a sufficient transfer of risk to the private partners (OECD, 2008, p. 17). Bashiri, Ebrahimi, Fazlali, Hosseini, Jamal, & Salehvand, (2010) in further support of this notion defined PPP as: “a service contract between a public authority and a private sector concessionaire, where the public authority pays the concessionaire to deliver infrastructure and related services, Typically, the concessionaire, who builds the infrastructure asset, is financially responsible for its condition and performance throughout the asset lifetime, or the duration of the agreement, or it describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies.” (Bashiri, Ebrahimi, Fazlali, Hosseini, Jamal, & Salehvand, 2010:5)

The concept of PPP as a close cooperation with mutual objective is also shared by Grimsey and Lewis (2004) who defined PPP as “a risk-sharing relationship based on a shared aspiration between the public sector and one or more partners from the private and/or voluntary sectors to deliver a publicly agreed outcome and/or public service” (Grimsey and Lewis, 2004). Fourie and Burger (2000) defined two main characteristics of PPP which are true partnership and the transfer of risk to the public sector. True partnership encompassed sharing of mutual goal albeit the distinct roles of the parties in the partnership. Therefore, they argued that mere outsourcing of government service to
the private sector does not embody true partnership because in doing so, there may not be a mutually agreed goal. This is also true for cases where the private sector only plays the role of funder or financier of the service. The second main characteristic of PPP according to them is the assignment of risk to the public sector as it will be the impetus of effective commitment of the private sector.

Arnold & Kehl (2010) listed down six inherent characteristics of PPP. First, PPP should be a mutual interdependency between both public and private sector and the nature of this relationship must be cooperative. Second, this relationship should aim for lastingness and inclusiveness. Third, significant portion of the shared objective in the partnership must be executed by the private sector. Fourth, equal partake of the obligations in the partnership between both sectors. Fifth, both sides in the partnership should pursue the mutually agreed objectives even though they both have contradictory motive.

Martimort and Pouyet (2006): “The term PPP is to refer to any contractual arrangement between a public-sector party and a private-sector party for the provision of public services with the following four main characteristics: (i) the bundling of project phases into a single contract, (ii) an output specification approach, (iii) a high level of risk transfer to the private sector party, and (iv) a long-term contract duration.”

### 2.3. TYPES OF PPPS
The spectrum of different PPPs range from the short term service contracts to concessions. The PPP modes have common characteristics, such as: being long term, involving risk transfer, shared responsibility, resources and rewards. In general, private partner involvement arrangements in PPPs differ between each other depending on the level of responsibilities and risks transferred to the private partner (Amekudzi & Morallos, 2008). The responsibilities concerned include activities such as: designing, building, financing, maintaining, operating, and owning the facilities. Most common forms in the infrastructure approaches are:
• Turnkey procurement, which includes: BOT (build-operate-transfer), BBO (buy-build-operate), etc. (European Commission, 2003, 2005);

• DBFO (Design-Build-Finance-Operate), which includes: DBOM (design-build-operate-maintain), BOOT (build-own-operate-transfer), concessions, etc. (Deloitte Research, 2006; European Commission, 2005; IMF, 2004).

The following is a brief explanation of the various PPP models.

2.3.1.1. BUILD AND TRANSFER SCHEME (BT)
Under this scheme, the private player sources the finance and constructs the infrastructure. The private sector then hands over the infrastructure upon its completion to the government which then takes over ownership and operation roles. The government pays the private player an agreed sum negotiated beforehand.

2.3.1.2. BUILD OPERATE AND TRANSFER SCHEME (BOT)
Under a BOT scheme, the private sector sources the finance, construct the infrastructure as well as the operation and maintenance. The private player operates the facility for a fixed term during which the private player would be allowed to impose on users of the infrastructure fees or rates. The charges or fees are normally included in the contract and these should enable the private player to recover its costs and a return as well. The facility is transferred to the public at the end of the fixed term.

2.3.1.3. BUILD OWN, OPERATE AND TRANSFER SCHEME (BOOT)
Under BOOT the private player finances, constructs, own and operates the infrastructure for a fixed term. Ownership implies that the company is allowed to make any decision it sees fit during the ownership tenure with minimum or non-government interference. The operating costs as well as a reasonable return are also recovered. The infrastructure is handed over to government at the end of the fixed term.
2.3.1.4. BUILD LEASE AND TRANSFER (BLT)
Under the BLT model, the private sector constructs the infrastructure and that infrastructure is handed over to the government on a lease basis. Under this lease arrangement the government will be paying for the lease. The private player recovers its costs and after an agreed term the government stops paying the lease and assumes ownership and control over the facility.

2.3.1.5. BUILD TRANSFER AND OPERATE (BTO).
Under the BOT scheme the private sector finances and constructs the infrastructure, the infrastructure is then transferred to the government. The private sector will lose ownership however the private sector will operate the infrastructure so as to recover its investment costs and to get a reasonable return. After the agreed amount is recouped in totality the facility is handed back.

2.3.1.6. LEASE DEVELOP AND OPERATE (LDO).
Under an LDO scheme the private player leases an existing facility from the government, renovates, modernises before assuming operation rights for a fixed term.

2.4. REASONS FOR IMPLEMENTING PPPS
The main objective of procuring a public project through a PPP mechanism is to achieve value for money (VFM) (Grimsey & Lewis, 2004; Shaoul, 2005) which as Grimsey and Lewis (2005, p. 347) argue is “the optimum combination of whole life cycle costs, risks, completion time and quality in order to meet public requirements”. This definition assents to the one implied by the European Commission (2003, p. 55) which identifies a set of factors that determine value for money: life cycle costs, allocation of risks, time required to implement a project, quality of a service, and ability to generate additional revenues. Following this, a general principal used to determine whether a project should be implemented through a PPP or a traditional procurement is to evaluate which
procurement mode ensures lower life cycle costs, better allocation of risks, quicker implementation, higher quality and additional profits. In other words, additional value for money represents additional efficiency gains delivering or maintaining the same service or asset in a more cost efficient or a more qualitative way than it would have been if the government retained the full responsibility for delivering/maintaining service/asset concerned (EIB, 2004, p. 4; Meidute & Paliulis, 2011; Nisar, 2006). EIB (2004) argues that the critical aspect in order to reach value for money is the ability to share risks and rewards appropriately. OECD (2008) confirms this view recognizing that main reasons for PPP establishment are the appropriate risk allocation and value for money gains. Grimsey and Lewis (2005, p. 347), however, imply that the value for money gains can only be achieved if the following conditions are present: a competitive environment, optimal risk allocation and if the comparison between the financing options is handled in a “fair, realistic and comprehensive” way. Furthermore, when questioning PPP’s ability to deliver additional gains, one should consider the qualitative benefits of PPPs – whether they are achievable and whether they really provide the benefits expected. It is essential therefore to check whether the private partner is capable of bringing in skills that the government lacks and whether it has the expertise and know how necessary to operate more efficiently compared to the government (PwC, 2005). The gains associated with the inclusion of the private partner are based on the assumption that the private partner has more to offer than the public entity could realize by itself - it is assumed that the private partner will bring more innovative and cost efficient solutions in addition to a better management. Nevertheless, caution should be taken here that the mere inclusion of the private partner will not be sufficient to generate value for money required (OECD, 2008, p. 18).

According to the literature review, further reasons that lie behind the use of PPP as a procurement mode differ between countries depending on the environment present. For example, the main aim of a PPP at the early stage of its development in the United Kingdom was to finance the public infrastructure projects (Grimsey & Lewis, 2004; IMF, 2006; Meidute & Paliulis, 2011). The issue at that time consisted of a growing need for
public infrastructure development (as it also is the case in Hong Kong (Cheung, Chan, & Kajewski, 2009)) and a lack of available public funds to finance this need. As a result, a new initiative took place – Private Finance Initiative (PFI) – with the purpose to provide additional funds for public infrastructure projects. On the other hand, countries like Australia do not have such an issue. They are capable of financing projects by themselves; however, they still choose to involve the private sector for the possibility of achieving additional value (Cheung et al., 2009). Moreover, Hong Kong and Australia involve a private partner into the procurement of public services with the aim to ensure a better quality of services. This, on the other hand, does not seem to be the prioritized reason for the PPP development in the United Kingdom, which emphasizes the point that reasons to implement PPP depend on the circumstances surrounding countries’ economic and political environment.

In many of the countries the choice for PPPs, however, is due to financial reasons (such as lack of public funds and restricted public investment). All in all, in theory, the main reason to develop PPPs lies behind the concept of value for money, creating additional benefits due to private partner’s expertise, know-how, ability to operate efficiently and generate additional revenues. Despite the theoretical foundations, it is evident that PPPs are also often used in cases when there is a lack of public funds for the growing need for public infrastructure.

Transfer of risks is also cited as being one of the motivation factors for the adoption of PPP projects. The aim of the risk transfer is to transfer only those risks that the private partner could offset in a most efficient and least costly way (Grimsey & Lewis, 2004; Harris, 2004; Nisar, 2006). Risk allocation produces highest value for money once the optimal risk transfer point is identified. Transferring too much or too little risks results in either procuring an inefficient project or procuring a project with excess costs incurred by the government (for example, if risks are transferred to the private partner that it does not have control over or cannot control it at least-cost, then the private partner will
require higher premium for these additional risks assumed (Hodge, 2004)), consequently, producing lower value for money (Amekudzi & Morallos, 2008).

2.5. ADVANTAGES AND DISADVANTAGES OF PPP
As has already been reviewed, appropriately constructed PPPs entail the advantage of delivering better value for money compared to the traditional procurement approach. One of the main advantages of involving the private sector is to add value to public projects in terms of their efficiency, expertise and management skills when compared to those of the public sector (Yescombe 2008, Carrilo et al 2007, Leiringer 2006). Delivering projects on time and on budget set (Meidute & Paliulis, 2011) are two of the most important advantages that are hidden under the concept of value for money. A study conducted by UK’s National Audit Office (2003) showed that from all conventionally procured projects, 70% were delivered late and 73% with costs exceeding the initial budget (data of 1999), whereas only 22% of PFI projects were late and only 24% delivered project in excess of the budget. The reason for such a difference lies behind the risks transferred in line with additional responsibility and accountability attached to the private partner in the case of PPP. In addition, due to the long term characteristics of the partnerships, partners involved tend to act in a more cooperative way to each other in this case creating additional synergy benefits. Private partners manage complex financial arrangements as well as highly technical tasks more efficiently by using their innovative skills. On the other hand – the public sector preferably controls the legal system, regulation and policies. As a result, a combination of the leading features of both of the partners produces a higher value (Harris, 2004). Other advantages of PPPs lie behind the construction of the proposal to procure a public project. Government constructs PPP proposals that focus more on outputs rather than inputs. As a result, such a mindset encourages government to perform a thorough discussion on which services should be provided, what standards should be expected, and what is the aim of the service provided/asset developed. Such a detailed discussion on service provision or asset development requires a detailed analysis of the project which in some of the cases may hinder the government from
moving ahead if the project becomes inadequate. Furthermore, such kind of initial discussions encourage the government to think about the project with long term strategic goals in mind rather than focus on short term objectives. Furthermore, PPP’s ability to spread the costs of large investments over the lifetime of the asset is seen as an attractive advantage for the public sector. This eases the current debt of the government sector as it does not have to incur large cash outflows immediately. It follows, that the government can get projects financed even though in reality there are no public funds available. This advantage could be considered from two points of view: first – large investment costs are spread out, and second – private funds are considered as the new financing opportunities for the government (Meidute & Paliulis, 2011). On the other hand, this advantage should be considered with caution as sometimes the government might be incentivized to prove better value for money for a PPP project than it actually is just to guarantee the financing of the project. Finally, from the private partner’s point of view, PPPs deliver opportunity to the private sector to get involved in the new markets that otherwise would be closed for the private sector’s participation. In addition to this, the private partner involved in the new markets has a support of the government, which may facilitate gathering the funds required.

On the other hand one of the main disadvantages of PPPs is large bidding and contractual costs, which refer both to the government and the private partner. Large bidding costs of the PPP projects act as a rejecting force for the private parties as they are unwilling to invest heavily in the bidding process just to be rejected later. Moreover, PPP projects are highly complicated. Usually, they involve more than two parties: public, private and banking sectors and all of these parties have their own contradicting aims. In order to construct a unified agreement, a lot of time and capital needs to be invested on complex negotiations. Furthermore, PPPs are said to deliver benefits because they transfer a significant amount of risks to the private partner. Nevertheless, it should be kept in mind that even though most of the risks are transferred to the private partner, the final entity that is responsible for providing services to the public is the government. As a matter of fact, if the private partner goes bankrupt, solely the
government has to deal with the consequences and try to find other expedients how to keep delivering the service to the public. This implies that even though the risks are contractually transferred to the private partner, in practice, government retains a large portion of them in case of the private partner’s failure. Moreover, in a PPP agreement, government binds itself to a single private partner for a long term period. In addition it agrees today for services/assets that will be in use in the future. There is a certain amount of risk concerning the future consumers’ need for the specific service. The idea behind the risks concerned is that the partnership may end up delivering services that are no longer required by the public. As a result, the partnership will appear to be less valuable than initially expected. Moreover, it has been noted that an advantage of PPP is its ability to spread out the huge initial investment costs throughout the years of the lifetime of the asset. This means that the government avoids large investments today and is able to incur them later on in smaller amounts. However, who may guarantee that the government with increasing number of PPPs will be capable of financing these payments in later years? Will it pass this contingent liability to the future taxpayers (Harris, 2004)? In addition, who can be reassured that the same service/infrastructure will be necessary in, for example, 30 years? These questions are especially relevant in cases of PPPs where the government contracts to pay availability payments for the services provided by the private partner. Overall, PPPs attract some significant critiques, however, it should be noted that PPPs are not a magic solution for the conventional procurement issues. The true experiences of PPPs have not been observed yet as it takes time to acknowledge the full impact of each PPP, however, the initial stages of the PPP and the theoretical foundations allow PPPs to be considered as a possible way to bring on additional efficiency gains to the public sector. Considering all of the above, the main idea behind the PPP option is to have a project intricate enough that its complexity could justify additional preparation and negotiation costs. Developing a project through a PPP usually ensures additional benefits such as implementing the project on time and on budget. Nevertheless, these benefits should be considered while keeping in mind the risks involved in having the long term agreement between private and public sectors for a certain service provision: who can reassure that there will still be a need for some kind of service in, for example, 30 years?
2.6. CRITICISM OF PPPS

Even though the majority of the international institutions seem to favour the PPP option (EC, UK Treasury, OECD, IMF), some of the researchers see PPPs as a language game in the politics – PPP is regarded as another way of privatizing a service/asset (Hodge & Greve, 2007). Other critiques concentrate on the idea that the government should be fully responsible for the services provided as this is the role of the government and not the private sector. However, as Harris (2004, p. 3) argues, the provision of public services (such as free education, transportation or health) by the government is “comparatively recent development”. Further critique concerns the view that PPPs are a ‘trendy’ politics. This means that countries might favour PPPs over the conventional procurement due to the lack of public funds available. Owing to this, the government is left with a choice not between a PPP and a conventional procurement project but with a choice between a project and no project at all as a government is unable to finance the project from its own funds (Robinson, 2000; Shaoul, 2005). The problem of such a preference for PPPs is that there is a high degree of possibility for approval of projects that do not generate better value for money but are accepted for the financial resources only – getting a project procured while having debt off government’s balance sheet (Maski & Tirole, 2008). Furthermore, when risk allocation is performed, it is criticized that not all of the risks may be identified and valued (Amekudzi & Morallos, 2008; OECD, 2008; Shaoul, 2005). As OECD (2008) argues some of the risks may be left out and neither of the parties initially agrees to take responsibility for it, however, once the risk evolves, it is the government and the public that have to bear the consequences and not the private partner, leaving some element of value for money out of the initial estimate. Considering all this, the value for money estimate may be easily adjusted in order to make the PPP proposal more attractive, which is seen as a problem when the only reason for PPP project implementation is the lack of public funds. Moreover, it has been noted that an advantage of PPP is its ability to spread out the huge initial investment costs throughout the years of the lifetime of the asset. This means that the government avoids large investments today and is able to incur them later on in smaller amounts. However, who may guarantee that the government with
increasing number of PPPs will be capable of financing these payments in later years? Will it pass this contingent liability to the future taxpayers (Harris, 2004)? In addition, who can be reassured that the same service/infrastructure will be necessary in, for example, 30 years? In addition, will the taxpayers be happy for paying taxes for the services that are unnecessary anymore? These questions are especially relevant to the cases of PPPs where the government contracts to pay availability payments for the services provided by the private partner. Overall, PPPs attract some significant critiques, however, it should be noted that PPPs are not a magic solution for the conventional procurement issues. The true experiences of PPPs have not been observed yet as it takes time to acknowledge the full impact of each PPP, however, the initial stages of the PPP and the theoretical foundations allow PPPs to be considered as a possible way to bring on additional efficiency gains to the public sector. Finally, PPPs work well only for specific projects, which are complex and require specific private partner’s know-how, skills, and experience. Therefore, advantages that are attached to PPPs are attained only if certain project characteristics are met, whereas if the project is simple, executing it through a PPP implies higher preparation costs, and as a result, lower value for money.

2.7. Risk and PPPS.
The partnerships between the government and the private sector have been seen as useful to overcome the resource deficit experienced by the governments coping with increased mandates as a result of administration decentralization (Batley, 1996; Kim 1997; Morgan 1998). However due to the long concession period and large amount of investment, the risk associated with PPP projects cannot be underestimated. Generally risk management includes risk identification, risk assessment and risk response. Thus due to their long-term nature, PPP projects create several elements of uncertainties about future outcomes. Before the initiation of PPP, strategies must be put in place to manage and minimise risk as inadequate risk management can easily result in the project being derailed. Grimsey and Lewis (2002) listed at least nine different types of
risks that are associated with an infrastructure project and that can be transferred from the government to the private party:

- **Technical risks**: due to engineering and design failure
- **Construction risk**: because of faulty construction techniques and cost escalation, latent defects and delays in construction.
- **Operation risk**: due to higher operation and maintenance costs.
- **Revenue risk**: due to traffic shortfall or failure to extract resources, the volatility of prices and demand for products and services sold.
- **Financial risks**: due to inadequate hedging of revenue streams and financing costs.
- **Force majeure risk**: involving war and other calamities and acts of God
- **Regulatory/political risks**: due to legal changes and unsupportive government policies.
- **Environmental risks**: due to adverse environmental impacts and hazards.
- **Project default**: due to failure of the project from a combination of any of the above. (Grimsey & Lewis, 2002, p.111)

### 2.8. PPP Theories

#### 2.8.1 Social Exchange Theory (SET)

Any interaction between individuals is an exchange of resources (Homans 1958 p57). The resources that are exchanged in such relationships are not only restricted to tangible resources but also include intangible resources such as social amenities. The basic assumption of SET is that parties enter into and maintain relationships with the expectation that doing so will be rewarding (Blau 1968, Homans 1958). Blau (1964) may have been the first to use the term ‘theory of Social Exchange’ to describe his conceptualisation ‘of social interaction as an exchange process’ (Chadwick- Jones 1967). SET postulates that exchange interactions involve economic or social outcomes. Over time each party in the exchange relationship compares the
social and economic outcomes from these interactions to those that are available from exchange alternative which determines their dependence on the exchange relationship. Positive economic and social outcomes over time increase the partners’ trust of each other and commitment to maintaining exchange relationship. Positive exchange interactions over time also produce relational exchange norms that govern the exchange partner’s interactions. Individuals enter into new associations and maintain old ones because they expect doing so will be rewarding (Homans 1958, Thibaut and Kelley 1959, Blau 1964, Macneil 1980). This model interprets society as series of interactions that are based on estimates of rewards and punishments. The SET theory assumes that social behaviour is the result of an exchange process. The purpose of this exchange is to maximise benefits and minimise costs. According to this theory people weigh the potential benefits and risk of social relationships. When the risk outweighs the rewards, people will terminate or abandon that relationship. Costs involve things that are seen as negatives to the individual such as having to put money, time and effort into a relationship. Social exchange theory suggests that we essentially take the benefits and minus the costs in order to determine how much a relationship is worth. Positive relationships are those in which the benefits outweigh the costs, while negative relationships occur when the costs are greater than the benefits. Central to the exchange theory is the idea that an interaction that elicits approval from another person is more likely to be repeated than an interaction that elicits disapproval. It can be indeed predicted whether a particular interaction will be repeated by calculating the degree of reward (approval) or punishment (disapproval resulting from the interaction). If the reward for an interaction exceed the punishment then the interaction is likely to occur or continue.

2.8.2. Game Theory
Game theory can be defined as the study of mathematical models of conflict and cooperation between intelligent rational decision makers (Myers on 1991). Conflicts and strategic interactions between the private sector and the public sector are very common and play a crucial role in the performance of PPP projects.
2.8.3. Strategic Alliances
A strategic alliance involves at least two partner firms that (i) remain legally independent after the alliance is formed (ii) share benefits and managerial control over the performance of assigned tasks and (iii) make continuing contributions in one or more strategic areas such as technology or products (Yoshino and Rangan 1995). These three criteria imply that strategic alliances create interdependence between autonomous economic units bringing new benefits to the partner in the form of intangible assets and obligating them to make continuing contributions to their partnerships. Strategic alliances, purposive relationships between firms that share compatible goals and strive for mutual benefits (Ireland, Hitt and Vaidyanath, 2002, Mohr and Spekman 1999) have received extensive attention by practitioners and scholars alike during the past two decades (Culat 1998, 2007, Kale and Singh 2009, Parmigiani and Rivera-Santos 2011. These research efforts have significantly advanced scholars awareness of the reasons why firms enter into alliances, when alliances create value and which organisations benefit most from alliances. Websters, (1992a), ‘one of the essential features of a true strategic alliance is that it is intended to move each of the partners toward the achievement of some long term strategic goal. This strategic objective is the one distinguishing feature that separates strategic alliances from other forms of inter firm cooperation’.

Several theories of firm behaviour can be used as a basis for explaining strategic alliance formation: transaction cost theory, resource dependency theory, organizational theory, organizational theory, relationship marketing and strategic behaviour theory.

Transaction cost theory-(Williamson 1979) suggests that companies form alliances in order to minimise their costs and or risks. Forming a strategic alliance represents an internalisation process for a firm thereby removing it from the price vagrancies of the market place, accompanying negotiations and risk. Thus forming an alliance represents one way a firm adapts to an uncertain world.
Resource dependency theory states that firms have specific resources but that few companies are self-sufficient in these resources and therefore must depend on others for important resources (Glaister 1996). Lack or deficiency of one or more strategic resources acts as a driving force for collaboration.

2.8.4. Principal Agent Theory.
The principal agent relationship has its roots in the literature of insurance (Spencer and Zeckhauser 1971) and transaction cost economics (Williamson 1975). Over the last three decades it has been increasingly applied in a number of academic disciplines including organization theory, political science and public administration (Waterman and Meier 1998, Eisenhardt 1989, Williamson 1975 Spenser and Zeckhauser 1971). Agency relationships form the basis for nearly every transaction within society (Arrow 1991 Mitnick 1975, Ross 1973. The theory describes the behaviour of a boss the principal who cannot accurately monitor the productivity of his employee the agent. The principal can however introduce a set of incentives in order to increase the agents efficiency such incentives are normally very costly. The major assumptions underlying the principal agent framework are

- Information is asymmetric between the parties; generally the agent the private sector operator has more information about its own actions moral hazards and so called state of the nature adverse selection.
- The urgent pursues its own interest that may run contrary to those of the principal the state.

The assumptions can be likened to the basics of a PPP contract with the government acting as principal and the private sector as the agent. The best results for the principal and or the agent would be obtained with

- a fully specified, enforceable contract between the government and the firm.
- stable terms of contract overtime.
• measurable output indicators and service delivery that can be monitored.

• credible punishment in cases cheating is proven.

2.9. PPPs World over.
The PPP as a procurement strategy emanated from the UK in 1992 and has spread throughout the world though in varying degrees. The United Kingdom (UK) is often considered one of the leaders of PPP implementation as such is often utilised as a template for PPP creation elsewhere in the world (Johnson 2003). The UK founded the original PPP concept when they embarked on the private finance initiative (PFI) in the early 1990s. It was launched in 1992 as a policy framework to enable the provision of public works and services by the private sector (Zhang and Kumaraswamy 2000). Some of the countries where PPPs have been successfully implemented include the United Kingdom, Germany, the United States of America, Australia, Canada and Argentina. PPP have become established as a proven procurement method for financing and delivering public infrastructure projects. According to the World Bank report of 2010-2020 between 1996-2006 Latin America and Caribbean had undertaken 894 projects worth US$287 million and East Asia and Pacific accounted for 847 projects worth US$158,8 billion while Sub-Saharan Africa managed only 289 projects worth US$ 40,7 billion a clear indication that Africa is lagging behind.

Closer home South Africa has had successful PPP projects where PPPs are regulated through the PFMA and MFMA. The PPP unit is the regulator of PPPs and is housed in the Ministry of Finance. Majority of the PPPs undertaken are in infrastructure Development. The projects are mainly funded through debt by the Private sector. There are also clear Guidelines and standardised Provisions. One of the reasons that have made PPP a success story in South Africa is because there is political and Government Commitment
2.10. CONCLUSION
This chapter reviewed literature relevant to the area of study by various authors on public private partnerships. The chapter created the base of the methodology that was used for collecting information in this research this is because the method of information collection, presentation and analysis will be guided accordingly. The next chapter on research methodology clearly articulates the methods that were used by the researcher in collecting information relevant to this research.
CHAPTER 3

RESEARCH METHODOLOGY

3.1. INTRODUCTION
Research involves formulating the problem to be investigated, selecting a suitable research design, choosing and applying appropriate procedures for data collection and analysis and communicating the process and findings through a written report. In the previous chapter, a literature review was done to explore more on the findings of previous authors in as far as PPPs are concerned. Now that this basis has been laid, this chapter is going to deal with research methodology that was used in carrying out this research.

Research methodology is indeed a description of the process towards my research topic. The word "method" comes from the Greek word "methodos" which means "to hodos" which can be literally translated to mean the road to a goal. In other words it refers to the study of methods that are, can be or have been applied in carrying out a research. In short methodology clearly shows the way I collected, systemized, analysed and interpreted my data. Thus this chapter clearly shows how I collected the data and the approach I used in analysing the data I collected from my empirical primary sources of data which are contractors registered with the Construction Industry Federation of Zimbabwe and my secondary sources which include textbooks, journal articles and websites published and unpublished materials.

In short the chapter focused on the following methodological framework, research design, research approach, research strategy, and research instruments and data collection.
3.2. RECAP OF PROBLEM STATEMENT
There is really a challenge in that the private sector represented by the various contractors who are supposed to embrace the Public Private Partnerships have got various perceptions about them which makes it very difficult for the Public Private Partnerships to achieve their intended goals. Thus the uptake of PPP is currently very low as evidenced by the number of PPP projects by local contractors in Zimbabwe. Hence the essence of this study to establish the various factors that inhibit the uptake of PPP by local contractors so as to see how best these can be addressed.

3.3. RECAP OF RESEARCH OBJECTIVES
In this study the research problem is encapsulated in the research objectives which are as follows;

1). To identify the level of awareness of the contractors registered with the Construction Industry Federation of Zimbabwe towards PPP

2). To identify the barrier and motivation factors in adopting PPP

3). To determine contractors' views on PPP practices in the Construction Industry.

4). To identify contractors' perception of the risks associated with PPP projects.

3.4. METHODOLOGICAL FRAMEWORK
3.4.1. Recap Major Research Question
From the general aims that were coined earlier on in this research, a number of specific research questions and issues emerged and were further redefined in the course of developing research design. The main questions are summarized below

1). Are the contractors registered with the Construction Industry Federation of Zimbabwe in Category A and B aware of the PPP methods of acquisition?
2). what are the barrier and motivation factors in adopting PPP?

3). what are the views of the contractors on PPP practices in construction?

4). How do contractors perceive the risks associated with PPP projects?

3.4.2. Recap of proposition.
It is proposed that there is a negative perception on PPPs as these are viewed as high risk projects.

3.4.3. Research assumptions.
The researcher interviewed top managers of companies registered in Category A and B for both Building and Civil divisions, the major assumption was that their views are reflective of the rest of categories and the Industry at large.

3.4.4. Limitations
Due to insufficient time and costs that were involved the researcher could not interview contractors operating outside Harare. However the researcher strongly feels that the companies that were selected are indeed representative of all contractors including those outside Harare.

3.5. RESEARCH DESIGN
The research design is of crucial importance because it determines the success or failure of a research. Thyers in De Vos Fouche (1989:77) defines a research design as a blue print or detailed plan of how a research study is to be conducted operationalising variables so they can be measured by selecting a sample of interest to study, collecting data to be used as a basis for testing hypothesis and analyzing the results. Taylor et al (2009) noted research in the Construction Industry often encounters methodological
challenges not present in many other fields. The magnitude and expense of large construction ventures such as those procured through PPPs limits the number of projects available for evaluation and the resulting high complexity, small size data sets are difficult to investigate meaningfully using experimental quantitative methods. Thus in carrying out this research the researcher carefully considered a research design that would be very suitable for the investigation.

3.5.1. Research Approach
The researcher chose the qualitative design method over the quantitative design method. The qualitative research method involves collecting data that is mainly in the form of words and quantitative methods involves data which is either in the form of words or can be expressed in numbers (Easterby-Smith et al 2010) apart from data sampling the most commonly used method in quantitative research is the questionnaire while in qualitative research, interviews are the most common way of collecting data.

Quantitative and qualitative research methods differ primarily in

- their analytical objectives
- the types of questions they pose
- the type of data collection instruments they use
- the form of data they produce
- the degree of flexibility built into study design

The following are some of the differences between qualitative and quantitative research.
### Table 3.1: Differences between qualitative and quantitative Research

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<thead>
<tr>
<th>Qualitative Research</th>
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<td>Small sampling</td>
<td>Large Sampling</td>
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<td>Social Constructionism</td>
<td>Positivism</td>
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<td>Understanding of the data</td>
<td>Cause and effects</td>
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<tr>
<td>Developing theory</td>
<td>Testing Theory</td>
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<td>Closeness to data being studied</td>
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<td>Circular Process</td>
<td>Direct Process</td>
</tr>
<tr>
<td>Interpretation</td>
<td>Statistical analysis</td>
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<tr>
<td>Observation Interviews and review of documents</td>
<td>Questionnaire and survey</td>
</tr>
<tr>
<td>Background Dependent Results</td>
<td>Generalizing results</td>
</tr>
</tbody>
</table>

#### 3.5.1.1. Methodological Description

Qualitative research is a study that often involves description though of course for different purposes from those of experimental research (Hart 2005). A number of qualitative research designs can be identified and the various research designs can be used individually or in unison as approaches to data collection and data analysis. Easterby-Smith et al (2008) argues that there is quite a wide range of methodologies which fit within the constructionist paradigms' these are:

- Action research and cooperative inquiry
- Ethnonography
- Narrative Methods
- Case Study
- Grounded Theory
In action research and cooperative inquiry the researcher is part of the process. Change occurring in a given economy or society while in ethnography the researcher must be able to be part of the study in order to understand the whole meaning of individual behaviour. In narrative methods, the researcher should be able to understand stories and myths associated with a given situation whereas in a case study the researcher would be able to look in depth different forms of situations in a given situation for example a company or industry. Lastly there is the grounded theory in which the researcher should be able to evaluate a situation from different angles.

Qualitative research was selected because it enabled the researcher to spend extensive time in the field which allowed her to gain insider perspectives on public private partnerships. The purpose of the research that is finding the perception of contractors could best be achieved by using qualitative research. Contractors perceptions are something that cannot be obtained through quantitative research as there is need to get in-depth information on ones’ perceptions. Such information could not be obtained through yes and no answers that are common in a questionnaire which is the main tool that is used in qualitative research. In addition, the nature of the research questions allows for a qualitative research methodology Creswell (1998:17 writes that “one first selects a qualitative study because of the nature of the research questions. The questions often start with how and what (unlike the research questions in the quantitative study which often start with why and look for comparisons of groups) so that initial foray into the topic describe what is going on”

3.5.2. Research Strategy
After a discussion of the research design, data collection methods, data sampling and data analysis will be discussed. Having a wide choice of research methods I chose the most suitable and relevant method for the research questions and objectives of my work. The empirical research technique employed in this study is interview. I chose to use interviews as a tool for primary data collection because it is the most appropriate
method for my research questions. According to Palys (1994; 144) Interviews involve an ongoing question and answer dialogue between the researcher and respondent. Bless and Higson –Smith (2000:104-105) state that interviews provide a researcher with a “direct or personal contact with the respondent who is asked questions relating to the research problem and serve as a qualitative technique to solicit first hand information. A number of reasons made the researcher to use interviews as the best way of collecting data.

Gray (2004, p214) gave the following reasons for the use of interviews:

- There is need to attain highly personalized data.
- There are opportunities required for probing.
- A good return rate is important.
- Where respondents have difficulties with language or where they have difficulties with a written language.

### 3.5.2.1. Types of interviews

#### 3.5.2.1.1 Structured Interviews/Standardised Interviews

With this type of interviewing same questions are asked to all respondents. Corbetta (2003, p269) states that structured interviews are "interviews in which all respondents are asked the same questions with the same wording and in the same sequence". It is easy to analyse data from structured interviews however there is no room for probing to structured interviews as they adhere closely to the interview guide this can actually have a bearing on the information that is collected.
3.5.2.1.2. Semi Structured/Non Standardised
The order of the questions is not important with semi structured interviews; the questions can be changed depending on the direction of the interview. An interview guide is also used with semi structured interviews though probing can be done in order to get as much information as is possible as views and opinions of the interviewee are obtained. Probing is a way for the interview to explore new paths which were not initially considered (Gray, 2004 p 217). The researcher conducting semi structured interviews is freer than the one conducting a structured interview (Kajornboon, 2004 p75) in which the interviewer does not have to adhere to a detailed interview guide.

3.5.2.1.3. Unstructured Interviews
With unstructured interviews each interview is different there is no need to follow an interview guide. It is very difficult to analyze data from such type of interviews.

3.5.2.1.4. Non Directive Interviews
With non directive interviews the interviewee leads the conversation as he is allowed to talk freely about the topic that is being researched. The interviewers' role is to check on unclear points and rephrase the answer to check for accuracy and understanding (Gray 2004 p217). There is no direction with this type of interview this pose as a challenge in coding and analyzing the data though it is possible to find the deep seated problem and the subconscious feelings.

In order to obtain as much information as is possible from the respondents unstructured interviews were used, interview questions were used to get respondents to express their own views. The method used allowed for further probing to be done. Open ended questions were used this again enabled the researcher to get in depth views of the respondents without limiting the respondents.
Leedy and Ormrod (2001:199) write that the “questions for the interviews should be carefully planned and precisely worded to yield the kind of data the researcher needs to answer his or her research questions.” The advantages of this research technique is that of versatility and the opportunity they provide of getting first hand information directly from respondents. With face to face contact, a higher response rate is possible and confusion and ambiguities can be efficiently attended to Bless and Higson-Smith (2000:104-5).

Telephone interviews were also conducted in light of the limited time that was available to the researcher and the costs that were involved in visiting all the contractors that needed to be interviewed. Telephone interviews enabled the researcher to gather information rapidly. Like personal interviews they allow for some personal contact between the interviewer and the respondents.

3.5.3. Unit of Analysis
The research is aimed at studying the factors that inhibit the uptake of the PPP method of procurement by local contractors.

3.5.4. Research Instrument
A research instrument refers to the instrument that was used to collect the data. The researcher used an interview guide in collecting data. The use of the said research instrument was intended to ensure that the same information was collected from each interviewee. It provides more focus than the conversational approach but still allows a degree of freedom and adaptability in getting the information from the interview. The interview guide contains major questions and probe questions. Probe questions were specifically used to obtain more information in cases where the responses from
participants did not meet the researchers’ expectations. All interviews were tape recorded.

**3.5.4.1. Instrument administration**
I chose a setting for the interviews; this was mainly the workplace of the respondents. The purpose of the interview was clearly stated. The respondents were made aware of the fact that information gathered from the interviews was going to be kept confidential. The length of the interview which was between 15-20 minutes was brought to the attention of the respondents. The respondents were also made aware of the fact that they were being audio recorded. The interview guide was used in all interviews this enabled the researcher to get the same information on the topics. I gave my contact details to all the respondents in case they would realise that they have forgotten some information.

**3.5.4.2. Data Collection.**
Data collection can be derived from a number of methods which include interviews, focus groups, surveys, telephone interviews, field notes, taped social interaction or questionnaires (Heaton 2004 p37). O’Leary (2004p150) remarks "collecting credible data is a tough task and it is worth remembering that one method of data collection is not inherently better than another". Therefore which data collection method to use would depend upon the research goals and the advantages and disadvantages of each method (Ibid). In order to collect data for my research, I chose two categories of data collection methods which are primary and secondary data.

**3.5.4.3 Types of Data**
**Primary Data**
Wegner (1993) defines primary data as data that is captured at the point where it is generated. Arnould (2004) says that primary data collection is simply the research carried out for a specific purpose. Such data is captured for the first time and with a
specific purpose in mind. It is valid and original too and is based on one on one interviews and telephone calls. Giddens (1993) states that primary research is important as it generates richer and more in depth information relevant to the topic in context than other methods, and should complement secondary research. However, this method has got its own weaknesses like it consumes a lot of time to collect and analyze the data. In addition, it is difficult to find targets that are willing to cooperate and participate especially when dealing with sensitive issues (Robson 2002). The data I collected here was based on individual responses to the research questions through interviews.

**Secondary Data**

Information collected from newspapers, books, journals, magazines and internet search as well as previous research works. Wegner (1993) defines secondary data as data collected and processed by others for a purpose other than the one on hand. Secondary data helped the researcher to broaden the base on which conclusions were drawn. Arnould (2004) states that secondary data can be located quickly, easily and inexpensively and should hence represent the starting point of any research. In this regard the researcher made use of previous research papers.

**3.5.5. Population.**

Sekaran (2003) defines a population as the entire group of people events or things of interest that the research wishes to investigate. Thus population refers to all cases that must be researched. In the case of this research, the population refers to all Construction Companies that are registered with the Construction Industry Federation of Zimbabwe in category A and B. According to Construction Industry Federation of Zimbabwe’s records 70 companies are registered under the said categories. With the available resources and time it was impossible to interview all the companies registered under these two categories hence the need to select part of this population as participants in this research. Thus a small and manageable group was used to represent the population.
3.5.6. Sampling.
According to Bryman and Bell (2003, p93) a sample is the segment of the population that is selected for investigation and is a subset of the population. A sampling frame on the other hand is the list of all units in the population from which the sample will be selected. Saunders, Lewis and Thornhill (2003, p151) explain that sampling is needed, because of the following reasons:

- it is impracticable to survey the entire population
- Budget constraints and time which prevent the researcher from surveying the entire population.

Having in mind these considerations and possible constraints I selected a sample of 15 respondents these being respondents who have been involved in big projects such as the construction of major roads, universities and big hospitals.

3.5.6.1. Types of Sampling

3.5.3.2.1. Probability sampling
According to Saunders, Lewis and Thornhill (2003) with probability sampling the chance or probability of each case being selected from the population is known and is usually equal for all cases. It is mainly used in survey and experimental research strategies.

3.5.3.2.2. Non Probability sampling
With non probability sampling the probability of each case being selected from the total population is not known. McPhail (2001) describes non probability sampling as a technique in which the sample units are selected on the basis of judgement or convenience.
3.6. DATA ANALYSIS

According to Zikmund (2000) once the fieldwork has been completed, the data should be converted into a format that answers the decision makers’ questions. Thus for data to be useful it must be analysed for the meaning to be understood. Qualitative analysis procedures enable theory to be developed from data. The objective of analysing qualitative data is to determine the categories, relationships and assumptions that inform the respondents’ view of the world in general and the topic in particular (McCRAKEN, 1988). My data analysis was centred on the questions that were asked to the respondents during the interviews. I developed a coding system and coded the data as coding helps in organising and making sense of textual data. The coding process started with the transcribing of data followed by the subdivision of data and assigning of categories. Adel and Kelle (1995) view the role of coding as noticing relevant phenomena, collecting examples of those phenomena and analysing those phenomena in order to find commonalities, differences patterns and structures. I used manual coding in particular the cut and paste method. The coding was done after data was collected thus no pre coding was done. My identification of categories was guided by the purpose of my research as stated in my research questions and objectives. The process involved listening to the interview tapes; transcribing 10 interviews fortunately no translation was required as all interviews were done in English. I then read the transcripts several times, chose categories, coded statements, linked themes, and selected quotations.

According to Saunders, Lewis and Thornhill 2003

With the grounded approach:

- you do not commence such a study with a clearly defined theoretical framework
- Instead identify relationships between your data and develop questions and hypothesise or propose to test these.
- Theory emerges from the process of data collection and analysis.
3.7. VALIDITY AND RELIABILITY
Validity is another word for truth (Silverman, 2010). It can be measured in two different aspects that is internal and external validity. In each of these aspects, it would be effective to measure the results and see how similar it could be measured over and over again. Internal validity shows the confidence that the findings and results I produced in my study are true. External validity shows how widely a result can be used and accepted.

Palys (1994;) wrote that reliability implies that repeated observations of the same phenomena should yield similar results and those of different observers following the same research methodology or procedures should arrive at the same conclusions. However in the case of qualitative research reliability is not much of an issue as it depends on the researcher. It is very unlikely that two different researchers will come up with similar results. The areas that threaten reliability include participant error, participant bias, observer error and observer bias (Levy and Ellis 2009).

3.8. ETHICS AND VALUES
According to Saunders, Lewis and Thornhill 2003 p129 ethics refers to the appropriateness of the researchers’ behavior in relation to those who become the subject of work or are affected by it. In carrying out the research on the factors that inhibit the uptake of the PPP method of procurement by local contractors, the researcher specifically paid attention to the four principles by Tom Beauchamp and Jim Childress (1983):

- Autonomy; respect the rights of the individual
- Beneficence; doing good
- Non-maleficience; not doing harm
- Justice; particularly equity.
Two key ethical issues were also put into consideration in my research these are consent and confidentiality. All the respondents who were interviewed freely accepted to take part in the research without being coerced or being unfairly pressurised. As for confidentiality the respondents were clearly told that their identities and that of their companies were to be kept confidential this was carefully followed by the researcher. I also ensured that all the people I interviewed are aware of the fact that I was audio recording them I even placed my recorder where it could be seen. Also I was very careful with the way I behaved, my attitude, language, overall presentation and objectivity

3.9 CONCLUSION
Now that the research methodology in the form of research design, data collection methods, measuring instruments, sampling and data analysis has been discussed the stage has been set for the implementation of data collection and analysis process. Thus the next chapter will therefore deal with the presentation and analysis of the results.
CHAPTER 4

RESULTS AND DISCUSSIONS

4.1 INTRODUCTION
The previous chapter on research methodology clearly highlighted the process that the researcher went through in collecting data for this research. This chapter presents research findings from the interviews that were carried out by the researcher and the associated discussions of the findings. The literature review on Public Private Partnerships that was presented in Chapter 2 will serve as a guide to the interpretation of the results. This will indeed form the basis on which conclusions and recommendations of the study will be made.

4.2. RESPONDENTS AND RESPONSE RATE
The researcher used interviews in the collection of primary data. The sample size comprised of 15 contractors however 2 out of these 15 contractors were frank enough to indicate that they were not aware or knowledgeable of the subject that was being researched on. This meant that 13 out of the 15 contractors were ready to be interviewed as they had an understanding of the concept.
The number of contractors who were aware and availed themselves for discussion gave a response rate of 86%. The researcher went on with the research with a response rate of 86% as according to Leedy (1980) 73% is in the acceptable range to warrant validity of the research findings. This is also in line with Saunders et al (2009) who argued that for most academic studies involving top management or organizations’ representatives, a response rate of approximately 35% is reasonable to warrant validity of the study findings. After having interviewed 10 of the 13 people who were meant to be interviewed it became apparent that no new information could be obtained from the people who were being interviewed a condition known as saturation. Data saturation occurs when the researcher is no longer hearing or seeing new information. Thus for the purposes of this research 10 people were finally interviewed.

Figure 4.1: Interviewees Awareness
Table 4.1: Research Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Target</th>
<th>Response</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractors representing the private Sector</td>
<td>15</td>
<td>10</td>
<td>67%</td>
</tr>
</tbody>
</table>

4.3. DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS.
The researcher found it necessary to investigate the demographic characteristics of the respondents as this has got a bearing on their responses. Thus this section presents all of the relevant demographic characteristics of the research respondents. The data gathered regarding demographic characteristics of the respondents included respondents’ positions, level of education, working experience in the Construction Industry, previous involvement with PPPs and managerial level.
4.3.1. **Classification of respondents by position.**

![Chart showing distributions by position.](image)

*Figure 4.2: Distributions by Position*

The researcher considered the positions that the respondents has worked in the Construction Industry as their respective positions have got a bearing on their responses.

4.3.2. **Level of Education.**

The researcher also considered the level of education of the respondents as the level of education has got a bearing on the level of understanding and appreciation of the PPP concept. Of the contractors that were interviewed 7 out of the 10 respondents hold at least a first degree whilst 3 out of 10 hold either a diploma or a certificate.
4.3.3. Working Experience in the Construction Industry.
A contractors’ working experience not necessarily with the current employer but in the Industry also has got a bearing on the level of appreciation and understanding of how PPP projects operate. Out of the 10 respondents that were interviewed 2 had less than 10 years experience and 5 had between 10 and 15 years whilst the remaining 3 had more than 20 years experience. This clearly shows that the majority of the respondents have a deeper understanding of the PPP concept which had its inception in Zimbabwe in 1998.
4.3.4. Previous Participation/involvement with PPP projects.
The researcher also gathered information on whether the respondents have previously been involved with PPP projects as participation in PPP projects either here in Zimbabwe or elsewhere has got a positive bearing on one’s understanding and appreciation of PPP projects. Out of the 10 respondents 6 have previously been involved with PPP projects both within and outside Zimbabwe. This means that the said respondents can meaningfully contribute to the study.
4.3.5. Managerial level of Respondents.
The researcher targeted practitioners not just with experience in PPP but also targeted interviewees at senior level and authority within the Construction Industry. These were considered to be at the strategic level of the organization as the subject that was being investigated is handled at policy level.

4.3.6. List of Interviewees.
As was agreed with the interviewees, names and companies of the interviewees will not be disclosed in this paper. Each interviewee was assigned a number prefixed by Con.
### Table 4.2: List of Interviewees

<table>
<thead>
<tr>
<th>Interviewees Number</th>
<th>Position of Interviewee</th>
<th>Experience with PPPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Con 1</td>
<td>Consultant</td>
<td>Local Experience</td>
</tr>
<tr>
<td>Con 2</td>
<td>Consultant</td>
<td>Foreign Experience</td>
</tr>
<tr>
<td>Con 3</td>
<td>Engineer</td>
<td>Both local and foreign Experience</td>
</tr>
<tr>
<td>Con 4</td>
<td>Engineer</td>
<td>No Experience</td>
</tr>
<tr>
<td>Con 5</td>
<td>Engineer</td>
<td>Local Experience</td>
</tr>
<tr>
<td>Con 6</td>
<td>Engineer</td>
<td>No Experience</td>
</tr>
<tr>
<td>Con 7</td>
<td>Engineer</td>
<td>Both Local and foreign experience</td>
</tr>
<tr>
<td>Con 8</td>
<td>Contractor</td>
<td>Foreign Experience</td>
</tr>
<tr>
<td>Con 9</td>
<td>Contractor</td>
<td>No Experience</td>
</tr>
<tr>
<td>Con 10</td>
<td>Contractor</td>
<td>No Experience</td>
</tr>
</tbody>
</table>
4.4. RESULTS FINDINGS, ANALYSIS AND DISCUSSION

This research sought to investigate factors that inhibit the uptake of PPPs by the local contractors representing the private sector in the PPP relationship. The research problem that was presented in Chapter 1 highlights the fact that despite the seemingly enticing benefits of adopting the PPP method of procurement the uptake remains very low as evidenced by the number of PPP projects that has been carried out in Zimbabwe to date. Interviews were carried out for the researcher to gather as much information as is possible.

4.4.1 Level of awareness of the contractors registered with the Construction Industry Federation of Zimbabwe towards PPP.

The researcher through the use of an interview guide asked the interviewees to give their opinion on the awareness level of the PPP concept by contractors registered with CIIFoz in Categories A and B. All the 10 respondents were in agreement of the fact that knowledge of the PPP concept amongst the local contractors was very low. Asked to state the level of awareness on a scale of 10, 3 respondents out of 10 put the level of awareness on 5/10 whilst 4 out of 10 put it at 4/10 whilst 3 were in agreement that the level of awareness is currently below 3/10.

Con 5-“the depth of awareness is very scanty”.

Con 4-“when it comes to awareness on the subject you must rest assured that most of these contractors are unaware. These contractors you see are only familiar with the normal tendering method.”

Con 7- “the Government still has a long way to go in terms of creating awareness because these people you see in these construction companies are unaware of the concept.”
Con 3- “as long as awareness level which I believe remains very low the uptake of the concept will remain very low as no one will ever consider a concept he or she is not familiar with in terms of how it goes about , the benefits as well as the risks that are involved”.

The respondents’ sentiments were in line with studies by Sohail and Shanmungham 2003 who argued that awareness of the purpose, use, benefits and advantages is one of the major factors that have a significant influence on the quick adoption and up take of a concept.

Out of the 10 respondents 4 agreed that other than two separate seminars that were held in 2009 and 2010, the Government is currently doing nothing to create this awareness by informing and educating not just the contractors but all the stakeholders involved in the PPP relationships.

Con 1- “the awareness can also be created through the inclusion of the concept in the curriculum of various courses .This will definitely help in increasing awareness”.

Con 10- “In this day and age where technology is the order of the day, Government must take advantage of this platform to create awareness. Thus as long as people remain unaware of the PPP concept PPPs will remain unknown, and an unknown phenomenon is as good as being nonexistent.”

Thus as a result of no knowledge and appreciation of the concept the uptake of PPPs has remained very low as without sufficient knowledge on how to procure PPP projects contractors become reluctant to deal with them.

4.4.2. Barrier factors in adopting PPP.
Interviewees were asked to come up with barrier factors in as far as the adoption of PPPs is concerned. Although a number of diversified factors were cited by the respondents the following were the common factors, lack of Governments will power, no legal framework, no or limited access to finance, lack of political support, unstable macroeconomic environment.
Out of the 10 interviewees 6 strongly believe that the Government has been too reluctant to adopt PPPs. They added that commitment on the part of both public and private sectors has also been a cause for concern.

Con 10 shared the same sentiments “without the political will power and commitment you might as well forget about PPP ever becoming a success story”.

The observation by the respondents is in agreement with the literature that was reviewed where it was previously argued that, politics has a close relationship with the development and implementation of public policy Li et al 2005. Other authors elsewhere share the same sentiments as portrayed by the following arguments (Chan et al 2004) and Li et al 2005 claimed commitment is one of the fundamental principles in partnerships. Therefore commitment from both parties is essential to ensure the attainment of the ultimate goals of the PPP projects (Romancik 1998).

All the respondents interviewed ranked highest a legal framework of all the factors that have got a negative bearing on the uptake of PPPs. Their sentiments were shared by Farhana 2010 who argued that a well defined legal framework is necessary for PPP projects to prevent corruption. Other authors share similar views as shown in the following view favourable legal framework according to the European Bank for Reconciliation and Development (EBRD 2008) PPP projects tend to work best when a good legal framework exists.

“Regulation provides assurance to the private partner that the regulatory system includes protection from expropriation, arbitration of commercial disputes, respect for contract agreements, and legitimate recovery of costs and profit proportional to the risks undertaken”(Jamali, 2004).

Con 5 “Even in a 90 minute game of football there are clearly stated rules which must be adhered to so as to ensure that there is minimum or no confusion at all. This must be the case with PPP projects which in some cases stretch for over a period of 30 years.”
Con 3 “all countries that have successful PPP including our neighbour South Africa have a working framework in place and Zimbabwe shouldn’t be an exception”.

All their sentiments were echoed by the literature that was reviewed by the National Treasury PPP unit of SA 2007 which argued that an independent fair and efficient legal framework is a key factor for successful PPP project implementation.

Con 7 “for the agreements and contracts to be bankable the legal framework must be transparent and stable”.

Con 2 “The framework that we are talking about should both local and international experiences. The local experiences will ensure that it fits to the local culture whilst the international experience will ensure that lessons from other countries are incorporated”.

Their argument was therefore that the half baked framework that Zimbabwe has in place is not good enough. It cannot be relied upon by the private sector. It therefore remains a barrier towards the adoption of PPPs by the private sector.

Sound economic policies and policy inconsistencies’ were also cited by 5 out of 10 of the respondents as contributing negatively to the uptake of PPP projects. This argument is in line with an argument by Hardcastle et al 2005 who argued that the adoption of appropriate economic policies might lead to stable and growing economic environments which allows the private sector to operate with confidence. Furthermore a stable economic environment will lead to reasonable certainty of market which consequently reduces the risk for the private operators (Li et al 2005)

Con 7 “you will agree with me that PPP projects are mainly long term in nature as such a stable macroeconomic environment is an imperative. As in such an environment the market is more predictable and this has got an effect of lowering risks such as interest rates, exchange rates and inflation rates”.

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Con 10 “look at the recent announcement by the minister of local Government that all town Councils are to write off debts that have been accruing since 2009. This clearly is not good for business. The topic in question involves customers paying some toll fees for any given facility what then happens when such customers are instructed not to pay for such a facility.”

Of the 10 respondents interviewed 8 were in agreement that the liquidity crunch in the country also has got a negative bearing on the uptake of PPP projects as such projects involves a lot of financing. This was in line with the literature that was reviewed which argued that access to financial markets the availability of flexible and attractive financial instruments such as debt, equity, supplier and purchaser, credit and securities is considered important to enable the private sector to finance the PPP projects (Zhang 2005).

Of 10 respondents interviewed 4 argued that the poor relationship between the government and the private sector also has got a negative bearing on the uptake of PPP projects. This is in line with Literature review in which it was argued that the importance of a good relationship between the private sector companies in undertaking PPP projects was also emphasized in prior studies including Abdul Rashid et al 2006 and Tiong 1996 and Zang 2005.

4.4.3. Motivation factors for adopting PPPs.
The respondents cited a number of reasons for adopting the PPP method of procurement; however the following reasons were most common among the respondents, private sector’s expertise, value for money, private sectors efficiency, transfer of risk, need for growth of the respective construction company, need to maximize profits and need to ensure employment for their employees.

The noted advantages are in line with the literature review on the subject where it was argued that, one of the main advantages of involving the private sector is to add value
to public projects in terms of their efficiency, expertise and management skills when compared to those of the public sector (Yescombe 2008, Carrilo et al 2007, Leiringer 2006).

Borzel and Risese 2005 concurred that other advantages such as the added benefits of the private sector’s expertise and efficiency have been motivators to adopt PPP projects.

The majority of the respondents cited value for money as being one of the major motivating factors for the adoption of PPPs.

Con 5 “Value for money cannot be overemphasized”.

Con 7 “as you are aware the private sector possesses superior skills and technology as compared to the public sector this helps in the completion of projects efficiently resulting in lower costs and better products this is indeed value for money. Thus to ensure this value for money the PPP procurement method is a must”.

6 out of the 10 respondents cited the transfer of risks as being one of the motivation factors for the adoption of PPP projects. The respondents argued that risk is transferred to the party that can best handle it.

Con 9 “you see with PPP projects risks are transferred to the party that is best equipped to deal with it that is the private sector”.

Con 8 “the private sector is in business to make money and as you are aware the higher the risk the higher the returns so let the private sector take over”.

In China the national stadium for the Beijing 2008 Olympic Games in China is an example of how key risk factors were appropriately passed to the private sector via the PPP model (Liu et al 2007)
4.4.4. Contractors’ views on PPP practices in construction

From the research that was carried out it became apparent that contractors view PPP as the ultimate solution to the challenges currently facing Zimbabwe as a nation as far as the provision of public infrastructure is concerned. All the 10 respondents concurred that in as much there are a couple of ways of providing infrastructure the PPP method of procurement though it has got its pros it also has got its cons.

This is in line with the following observation; there is no one best procurement method which can be applied to deliver all types of projects (Chan et al 2001) and PPP is no exception.

The respondents were in agreement that PPP are the way to go in light of the current challenges facing the country where there is no fiscal space and the state of the infrastructure continues to deteriorate.

Con 5-“PPPs are the way to go and they are here to stay”.

Con 1 “It is unfortunate that Group Five is not a local Contractor; however whatever they are doing on our roads clearly shows what PPP are capable of doing. Look at the Plumtree-Mutare road dualisation, the Government could not have done or achieved that on its own. Group 5 brought with it a lot of skills and the project is being executed efficiently”.

Con 3."What is happening on the Plumtree-Mutare road can still be achieved with the Beitbridge-Chirundu road as clearly the Government is unable to do it on its own”.

Con 7 “the roads continue to be marred with pot holes. Accommodation for students in universities continues to be a night mare. I am sure you have heard about upto 8 students sharing a room due to shortage of accommodation. PPPs can actually offer solutions to such challenges”.

Con 2 “PPP world over has proved to be an innovative method of funding infrastructure projects to best reduce costs, accelerate delivery, create jobs, while providing high quality projects”.

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The observation is not peculiar to Zimbabwe only as this is in line with the following observation made elsewhere, Public Private Partnership (PPP) is an increasingly popular choice for policymakers in implementing important public works projects especially in the face of a shortage of government financial resources and where it is necessary to counter public inefficiency (Terry, 1996 and Alfen et al., 2009).

4.4.5 Contractors perception of the risks associated with PPP projects
The respondents had mixed feelings on risk with 3 out 10 arguing that risk is a determining factor in the uptake of the PPP procurement method. However the remaining 7 out 10 clearly stated that they perceive risk as just being part of PPP projects but not the determining factor for the low uptake of PPP. This is in line with the following argument, risk is a crucial element involved in a PPP project and an optimal risk allocation is required in order to maximize the value for money achieved from the PPP projects (Hall 1998, Forshow 1999 and Ball et al 2000

Con 1 “I am sure you have come across the following statement-risk must better rest with the party who has control or who can better manage it. In my view the best party is the private sector.”

An optimal risk allocation dictates that a particular risk to be retained by the party which a) is best able to assess control and manage the risk or b) has the best access to hedging instruments or c) has the greatest ability to diversify the risk or d) assumes the Most people want to sound as if all risk is transferred to the private sector. However there is a relatively equal amount of risk transfer if PPP are properly modeled (Kerf et al 1998).

Most of the respondents were in agreement that in as much as risk cannot be totally ignored it is in no way the highest ranked factor that inhibits the uptake of PPP projects as measures can be put in place to manage the risk exposure.

The suggested measures are in line with previous studies in which the following observation was made; before committing to the projects the private sector participants
should fully understand the risks involved and should be prudent in pricing and managing the risks appropriated (Grant 1996, Qiao et al 2001, Zhang 2005a).

4.5. CONCLUSION
The chapter covered the presentation analysis and discussion of the primary data that was collected using qualitative analysis. The discussion forms the basis for the conclusion and recommendations which are clearly articulated in the concluding chapter. Lack of awareness, no legal framework and lack of financing especially long term financing proved to be the main factors that inhibit the uptake of PPPs by local contractors. The next chapter discusses the conclusions drawn from this research as well as proffering recommendations.
CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.0. INTRODUCTION
The previous chapter, results and analysis discussed results from this research. This final chapter concludes the research on factors that inhibit the uptake of PPP by local contractors in Zimbabwe as well as proposing recommendations on the way forward for the Construction Industry. The last part will again make some suggestions for future studies.

5.1. CONCLUSIONS
This research was set to investigate factors that inhibit the uptake of the PPP method of procurement. Interviews were carried out on local contractors to establish why the low uptake despite all the benefits associated with PPP projects. The following conclusions were drawn from the research findings as presented and discussed in chapter 4 and are based on the research objectives and questions as presented in chapter 1.

5.2.1. The level of awareness of the contractors registered with the Construction Industry Federation of Zimbabwe towards PPP
The level of understanding and awareness of the local contractors on the concept of or towards PPP in terms of what it means, barrier and motivation factors, its benefits and so on was established to be very low. The researcher therefore concludes that the low level of awareness amongst the contractors is impacting negatively on the uptake of PPP projects.
5.2.2. To determine the barrier and motivation factors in adopting PPP
The contractors who were interviewed clearly articulated the barriers and motivation factors for the adoption of PPPs as a procurement method. Although a number of factors were sighted as barrier factors militating against the adoption of PPPs, lack of a legal framework, lack of funding and lack of awareness were ranked highest as barrier factors militating against the adoption of PPPs. The contractors cited value for money the need for growth, transfer of risk, the need to maximize profits and the need to create employment for their employees as the motivation factors towards the adoption of PPPs. From the research the researcher concluded that the barrier factors are currently outweighing the motivation factors hence the low up take of PPP projects.

5.2.3. To explore the contractors’ views on PPP practices in the Construction Industry
The contractors clearly articulated their views of PPP practices in the Construction Industry. From the interviews that were carried out the researcher concluded that contractors view PPPs as the answer to the current challenges facing the Government and the high demand for infrastructure services such as roads, hospitals prisons and universities and schools. The researcher therefore concluded that the low uptake of PPP projects is not as a result of negative views of the concept by the contractors. The contractors have got positive views and are ready to embrace the concept.

5.2.4. To explore contractors perception of the risks associated with PPP projects
From the interviews that were carried out the researcher concluded that although contractors view PPP projects as being very risky, this does not stand in their way in adopting PPPs. Most of the contractors who were interviewed talked of how best the said risks can be mitigated.
5.3. VALIDATION OF RESEARCH PROPOSITION
The study sought to test the following proposition:

High risk perception by contractors is the major cause of low uptake of Public Private Partnerships.

It has been demonstrated through this research that as a starting point although risk affects the uptake of PPP projects it is not the major factor that inhibits the uptake of PPP. The research proposition was therefore refuted. It is against this background that an understanding was realized that the low uptake of PPP projects by local contractors has not been caused by risk only but by a host of other factors such as low level of awareness, lack of a legal framework and lack of financing.

5.4 POLICY RECOMMENDATIONS
The research confirmed that there has been a low uptake of PPP projects despite the advantages that are associated with this procurement method. Various causes of the low uptake were discussed in this research. The following recommendations are drawn from the study.

a. Creation of awareness

It is recommended that the Government creates or provides the much needed awareness through training services by way of seminars targeting Construction Companies and also through the inclusion of the concept in the curriculum of courses offered in the Construction Industry by Universities, Polytechnics and Vocational Training Services. International experts can also be invited to share their specific knowledge and experience on PPPs. The Government can also take advantage of ICT and offer online PPP training as a way of reaching out to all stakeholders. The training is meant to ensure that the basic range of skills needed to manage a PPP programme exists among all concerned stakeholders such as contractors, public sector employees,
financiers and even the consumers. Once all stakeholders are fully aware of the concept it then becomes easy for everyone to embrace the concept and this might probably lead to an increase in the uptake of PPP projects.

b. Finalisation of the policy and Institutional Framework

The researcher is recommending to the Government for it to finalise the policy and institutional framework on PPP, so as to come up with policies that both parties can trust that do not create barriers to entry. The said legislation will act as both assurance and insurance to investors that the Government will honour any contract. Thus the said legislation will act as a fall back for parties involved, the public and the private sectors.

c. Encourage Foreign Direct Investment

The Government is recommended to encourage Foreign Direct Investment to allow for the injection of capital as few if any contractors have the financial worthiness and construction capabilities to embark on PPP projects. Foreign Direct Investment can indeed result in the inflow of the much needed finances to help in financing PPP projects. Foreign Direct investment can be encouraged by creating an environment conducive to doing business as well as emphasizing on policy consistency. The potential investors must feel that their investment is safe.

d. Access to financing

Access to financing was cited as one of the barriers to the adoption of PPP projects as banks continue to impose stringent borrowing conditions at short term duration. The Government is therefore encouraged to ensure favourable interest rates and longer tenure for loans acquired for the purposes of embarking on PPP projects. This can be
achieved by fully equipping financial institutions such as Infrastructure Development Bank of Zimbabwe (IDBZ).

e. Strong political commitment

The Government is further encouraged to ensure strong political commitment that will foster trust in the contractors that there investment is safe.

CONCLUSION

It is the researchers feeling that if the Government considers these recommendations in part or in totality there will certainly be an improvement in the uptake of PPP in Zimbabwe. This will not only benefit the local contractors but the nation at large as an improvement in infrastructure has got a positive impact on economic development. The provision of infrastructure such as roads, schools, hospitals and water and sanitation provision will definitely improve through high uptake of PPPs.

5.5. MANAGERIAL RECOMMENDATIONS

The adoption or uptake of PPP begins with individual organizations as such it is of great importance that management in individual companies fully understand the benefits that accrue to them as a result of embracing the PPP method of procurement in addition to or as opposed to the normal tendering process. Currently the contractors are crying foul as no tenders are coming forth despite the fact that there are so many projects that need to be embarked on talk of schools, hostels, dams, roads and water reticulation. I am recommending the management of various Construction Companies dotted throughout the country to adopt the PPP method of procurement.
5.6. AREAS FOR FURTHER STUDY
The current study concentrated on the private sector only that is the local contractors. The findings from this study indicates that there are still some gaps in as far as the study of PPP are concerned with reference to Zimbabwe. The gaps pave way for future studies in the areas outlined below.

   a. Investigation into the public and consumers perceptions of PPPs in Zimbabwe.
   b. PPPs from the financiers’ perspective.
   c. Sustainable development in PPP projects.
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APPENDICES

Appendix 1. Researcher Introductory Letter

3 July 2013

Dear Sir Madam

RE: MASTERS IN BUSINESS MANAGEMENT RESEARCH.

My name is Annie Rukweza I am a student with the Graduate School of Management of the University of Zimbabwe studying towards a Masters in Business Management Degree.

I am required to carry out a research as part of my studies. This explains why I am conducting this study. I am therefore kindly asking you to assist me in carrying out my research. The research is strictly for academic purposes only and will not under what circumstances be used for any other purposes except that intended for this research. Names of respondents and the companies they represent will be treated with strict confidentiality.

For any information and clarifications the following are my contact details 0738939144 and agrukweza@gmail.com.

Your Cooperation will be greatly appreciated.

Yours Faithfully.

Annie Rukweza.
Appendix 2 Interview Guide

1a. What is your position in this company.
   b. For how long have you been in the Construction Industry?
   c. What is your professional background?
   d. What is your previous experience with PPP?

2a. Are the contractors registered with the Construction Industry Federation of Zimbabwe in Category A and B aware of the PPP methods of acquisition?

2b. State the level awareness of PPPs on a scale of 10

3. What are the barrier and motivation factors in adopting PPP?

4. What are the views of the contractors on PPP practices in construction?

5. How do contractors perceive the risks associated with PPP projects?

6. What are the possible prospects and constraints of PPP?

7. What are the reasons behind success/failure of PPP projects?

8. What do you think are the critical success factors leading to successful PPP projects?

9. Which type of project do you feel is best suited to use PPP?

10. Have you ever tried using this method of procurement?

11. Do the local contractors have the capacity to use this method of procurement?

12. How do you see the future of PPPs in Zimbabwe?

13. Any other information that was not asked for that you feel is of great importance.