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**Rethinking the PPP strategy concept. Towards consistency in  
discourse and management**

Carmen Pardo Vela

A thesis submitted in partial fulfilment of the requirements of  
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for the degree of Doctor of Philosophy

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## Abstract

This research explores the phenomenon of inter-organisational collaboration between public and private organisations in public-private partnerships (PPPs). The state's need for cost savings, capital, and greater efficiency has been accentuated by the recent global economic instability and, forecasts suggest that governments, particularly in Europe, will increasingly enter into partnerships with the private sector in the future.

In contracting out public services investment through the collaboration with private sector the British experience is considered an international reference, the National Health Service (NHS) being a relevant example and also one of the most controversial contexts for the intervention of the private sector. However, few previous studies have analysed collaborative provision of ancillary services in this context.

To conduct such a study, the concept of “partnership” required further clarification in both theoretical and management terms. To this end, the research focused on the leading drivers and governing influences and players, and on the working climate generated, including the socio relational dimension and involved dynamics. The study was conducted by means of a multi case study methodology based on semi-structured interviews, focus groups and additional documentary information. Participants' values and expectations in terms of working in partnership were examined as well as implementation and governance practices of the concept of PPP, in order to identify the connection between theory and practice. Finally, a model was developed for enhancing partnership between public and private organisations, grounded in the principles of relational management theories and in accordance with the particularities of this research context.

The main issue identified is that the drivers behind the formation of partnering agreements are not in tune with the concept of partnership. The explored PPPs cases manifested a highly transactional nature, representing contractual exchange relationships characterised by formalised methods of task control and assessment rather than by trust based collaboration. There was a lack of a supportive governance structure in terms of the principles of partnership that the state had avowedly adopted. This research maintains that managing the relational dimension serves as a catalyst for the success of PPPs and that these partnerships are not embedded within organisations; rather, their development depends on having the right people in place. The PPP site manager's aptitude and attitude are key factors.

This study highlights the need for consistency in the practice of partnership in terms of providing a balance between the level of formalisation and attention to the socio-relational dimension. PPPs are not benefiting in full from collaboration due to the neglect of the public/private relationship as a source of added value. This research urges the government to turn the concept of partnership into a reality instead of fostering anti-collaborative relationships. A model is suggested providing guidance on the strategic management of PPPs beyond limiting partnership to mere fulfilment of outcomes.

## Acknowledgements

I dedicate this thesis to my dearest father, José Antonio Pardo Martínez, who always believed in his daughter and felt proud of her. While I cannot share this moment with you I dedicate to you the effort of this work. You are always in my heart.

I would like to thank Sheffield Hallam University for the opportunity they have provided in allowing me to realise my purpose in initiating my research and academic career. This has had a profound effect, opening and “feeding” my mind and curiosity, and widening my overall academic experience. Special recognition is given to my supervisory team, Michael Hunt, Dr Murray Clark and Professor John McAuley, for their time, assistance and guidance through the completion of this thesis. I am appreciative of academic members, administrative staff, colleagues, and fellow students at Sheffield Hallam Business School for the support along the way.

I would also like to acknowledge the research participants, namely the private services provider organisations and NHS Trusts, who willingly gave their time to undertake this work. In particular, my thanks to those site managers, whose passion for what they do drew me into their “routine” and provided a unique learning experience. I am pleased that you found our discussions and interactions during this research equally insightful. More so, I would like to thank the food services staff for their participation and specifically for offering what limited time they have to this research, despite the tiredness and the stress associated with their daily tasks. My deepest gratitude to these participants; without your collaboration this research would not have been possible.

Finally, special thanks to my family and friends for their encouragement and unconditional support sharing with me the good -and the not so good – moments of this “learning” journey.

## **Declaration**

The work contained in this thesis has not been previously submitted to meet requirements for an award at this or any other High Education Institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made. Confirming by so doing that the work submitted by the author is her own work and that appropriate credit has been given where reference has been made to the work of others.

Signature

Date: 30<sup>th</sup> August 2013

## **Key words**

Strategic public management

Collaboration

Inter-organisational relationships

Contract (ual) relationships

Partnership

Public-private partnerships

Relationship management

Facilities management

Hospitality



## **Abbreviations**

AFC	Agenda for change
BV	Best value
C.1, 2, 3, etc	Case study one, two, three, etc
CCT	Compulsory competitive tendering
CIP	Costs improvement
CIT	Critical incident technique
DOH	Department of health
Fg.	Focus group
HR	Human resources
IM	Internal marketing
IRM	Internal relationship marketing
NHS	National Health Service (UK)
NPM	New public management
OECD	The Organisation for Economic Co-operation and Development
PPP	Public private partnership
PPC	Public-private collaboration
PFI	Private Finance initiative
RM	Relationship management
SHU	Sheffield Hallam University
VfM	Value for money
TUPE	Transfer of undertakings (Protection of employment)

## **Glossary of terms**

NHS Trust	A public sector organisation which provides hospital and other acute healthcare services to NHS patients.
NHS Foundation Trust	Oppositely to NHS Trusts, NHS Foundations Trusts are legal entities with unique governance arrangements. These organisations are authorised and regulated by an independent regulator, monitor. They are set free from central government control and are no-longer performance managed by health authorities, having financial freedoms.
'Soft' facilities management services	Non-clinical services provided in hospitals such as catering, cleaning, security, providing porters and help-desk support. These are distinct from hard facilities management services' and are often excluded within the scope of the PFI contract.
Research Ethics Committee (REC /COREC).	An independent committee that scrutinizes proposals for research to ensure they are ethically acceptable
NHS Estates	Government executive agency responsible for providing advice and guidance on all aspects of estates and facilities
NHS staff	Within this study, NHS staff is considered to be all staff under NHS contract, involved in the food service process

## Table of contents

Abstract .....	ii
Acknowledgements .....	iii
Declaration .....	iv
Key words .....	v
Abbreviations .....	vi
Glossary of terms.....	vii
Table of contents .....	viii
List of tables .....	xvi
List of figures .....	xviii
<b>Chapter 1</b>	
<b>Introduction and research opening .....</b>	<b>20</b>
1.1. Research rationale: Public-private partnerships -why this research? .....	20
1.2. Personal background and motivation to the research .....	23
1.3. Research method and design .....	24
1.2.1. Research aim and objectives .....	25
1.2.2 Research methodology.....	25
1.3. Research significance and value .....	26
1.4. Structure of the thesis.....	27
1.5. Summary of research .....	29
<b>Chapter 2</b>	
<b>The research context and rationale .....</b>	<b>30</b>
2.1. Introduction .....	30
2.2. Public management evolution: reforms and approaches towards a new administration model. ....	31
2.3. Public sector management transformation periods and approaches.....	36
Table 2.1: British NPM deconstructed between 1980s and 1990s.....	36

Table 2.2: BV approaches to collaboration .....	38
Table 2.3: Public sector regulations and regimes comparison .....	40
2.4. Public services externalisation .....	42
Table 2.4: Type of contracts .....	44
2.5. Public healthcare services management and contracting practices: simulating the market.....	45
2.5.1. Catering provision and healthcare services in the UK.....	49
2.6. Conclusion.....	52
<b>Chapter 3</b>	
<b>Collaboration and public-private inter-organisational relationships.</b>	
<b>Partnership concept definition and management.....</b>	<b>55</b>
3.1. Introduction.....	55
3.2. Public sector management approaches to collaboration: the recent preference trend towards partnership .....	56
3.3. Conceptualising partnership .....	60
3.3.1. Defining partnership .....	61
Table 3.1: Defining the partnership concept.....	62
Table 3.2: Partnership concept values and assumptions.....	65
Table 3.3: Partnerships models according to purpose .....	68
Table 3.4: Partnerships typology according to grade of involvement .....	69
3. 4. Managing partnerships: particularities, considerations, and implications .....	71
Figure 3.1: Public-private cooperation great scope .....	74
Table 3.5: Public-private modes of collaboration (formal structure).....	75
3. 4.1. Management implications according to partnership rhetoric .....	76
3.4.2. Implementing partnership .....	78
Table 3.6: Partnership intensity levels and management components .....	79
3.4.3. Evaluating partnership: success criteria and factors .....	81
Table 3. 7: PPP success associations.....	83
Table 3.8: Public-private differences and tensions in collaboration .....	85

3.5. The relational dimension of partnership.....	86
Table 3.9: RM definitions .....	87
Table 3.10: Main differences between traditional marketing approach and relationship marketing .....	88
3.5.1. RM foundational factors .....	90
Table 3.11: Definitions of trust .....	93
Table 3. 12: Dimensions of trust.....	94
Table 3.13: Types of trust and relationships.....	95
3.5.2. RM main objectives .....	95
3.5.3. RM key instruments. Internal relationship management concept. ....	97
Table 3.14: Internal marketing approaches.....	100
3.5.3.1. Internal relationship management critical elements.....	104
3.6. The relevance of relationship management and services management in public sector .....	107
Figure 3.2: Research theoretical framework .....	112
3.7. Conclusion.....	112
<b>Chapter 4</b>	
<b>Study research methodology .....</b>	<b>114</b>
4.1. Introduction .....	114
4.2. Research strategy: case study approach.....	114
4.3. Research design and the nature of the research.....	116
4.4. Case study approach to empirical research.....	118
4.5. The research process.....	119
4.5.1. Accessibility and ethical considerations.....	119
Table 4.1: Requested research project information .....	120
4.5.2. Sampling and participant consent agreement.....	121
Table 4.2: Contacted research sites .....	123
4.5.3. The start of the fieldwork.....	124
4.5.4. Data collection: starting to gather perceptions .....	125

Figure 4.1: Research target units of exploration .....	125
4.5.5. Interview schedule: semi-structured face-to-face interviews.....	127
4.5.6. Focus groups schedule.....	128
4.5. 7. Documentary sources .....	130
Table 4.3: Case documentary evidence guide (secondary data) .....	131
4.6. Data analysis: interpretation and theory development .....	132
Figure 4.2: research data collection and analysis process design .....	133
4.6.1. Analysis of the information.....	134
Figure 4.3: general inductive approach.....	135
4.7. The challenges of qualitative research .....	138
4.8. Conclusions .....	140
<b>Chapter 5</b>	
<b>Research findings. Part 1: The public sector’s perspective .....</b>	<b>141</b>
5.1. Introduction .....	141
5.2. Research context background particularities.....	141
Figure 5.1: Clients’ pressures .....	145
5.3. Client’s approach to contracting .....	146
5.4. Outsourcing perceptions, attitudes and beliefs.....	149
5.4.1. General market and system perceptions .....	149
5.4.2. Impressions on public vs. private organisations .....	153
5.4.3 AFC and the “in-house” provision debate .....	157
5.4.4 Clients’ views on PFI .....	159
5.4.5. Future prospects .....	161
5.5. Understanding of partnership .....	161
5.6. Relationship and management issues .....	164
Figure 5.2: Dependence relationship cycle evolution.....	168
5.6.1. Common adopted strategies .....	171
5.6.2. Clients’ expectations: their requirements from private services organisations .....	172
5.6.3. Understanding of success.....	173

5.7. Summary .....	174
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## Chapter 6

### Research findings. Part II: private services organisations' experience of

<b>partnership</b> .....	177
6.1. Introduction .....	177
6.2. Outsourcing market perceptions .....	177
6.2.1. Private vs. public organisation perceptions .....	180
Table 6.1: Perceptions on public-private differences .....	181
6.2.2. The future of PPP .....	184
6.3. Approaches to outsourcing and dealing with public client organisations.....	186
Table 6.2: Partnership experience with public sector.....	187
6.3.1. Challenges .....	187
6.3.1.1. Client's background and attitude .....	187
6.3.1.2. Gaining the client's trust.....	189
6.3.1.3. Service particularities .....	191
6.3.1.4. Coping with pressure and relationship imbalances.....	191
6.3.2. Contractor behaviour and strategies .....	193
Table 6.3: Private services' organisational attitudes & behaviours .....	194
Table 6.4: Contractors' strategic approaches to outsourcing.....	195
6.4. Management aspects .....	195
6.4.1. Private site manager profile.....	197
6.4.2. Perceptions of private services' organisational values.....	198
6.5. Public-private partnership staff perceptions .....	200
6.5.1. Working environment and climate.....	201
6.5.2. Staff perceptions of private services organisations.....	204
6.5.3. Management-staff relationship .....	205
6.5.4. Operational aspects .....	206
6.6. Private partners' understanding of partnership .....	208
6.6.1. Partnership understanding, implications and practice .....	208

6.6.2. Sources of conflict and limitations.....	209
Table 6.7: Partnership limitations.....	210
6.6.3. Partnership success.....	212
Table 6.8: Partnership success factors from the private partner's view .....	212
6.7. Summary.....	214
<b>Chapter 7</b>	
<b>Research findings. Part III: PPP profile situational overview .....</b>	<b>217</b>
7. 1. Introduction.....	217
7.2. Overview of perceptions: outsourcing vs. PPP market.....	217
7.3. Profile of PPP practice .....	220
Table 7.1: PPP practice profile .....	221
Figure 7. 1: Cases continuum from worst to best PPP experiences .....	221
7.3.1. Exploring the weaker PPP experience .....	222
Table 7.2: Case situational review: weakest PPP experience.....	224
7.3.2. Exploring the best PPP scenario.....	224
Table 7.3: Case situational review: best PPP experience .....	226
7.4. Overview of partners' adopted approach.....	227
7.5. Overview of understanding of PPP.....	228
7.6. PPP dynamics and management aspects .....	229
7.6.1. Public client organisation perspectives.....	229
7.6.2. Private services perspectives .....	231
7.7. Conclusions.....	233
<b>Chapter 8</b>	
<b>Main research findings discussion .....</b>	<b>235</b>
8.1. Introduction .....	235
8.2. Overview of PPP management particularities and dynamics .....	235
8.2.1. The role of the relational dimension in PPP .....	237
8.3. Review of PPP conceptual implications .....	239
8.3.1. Mismatch of theory and practice.....	240



8.3.2. The conceptual “game” and its consequences .....	243
8.4. Understanding of a successful partnership.....	246
Table 8.1: PPP success factors and conditions .....	247
Figure 8.1: The elements of a suitable PPP environment.....	248
Figure 8.2: the role of individuals in PPP .....	249
Table 8.2: Framework for a partnership-based management approach .....	253
8.5. Conclusions.....	253
Table 8. 3: Main conceptual and managerial issues of PPP.....	256

## **Chapter 9**

<b>Conclusions</b> .....	258
9.1. Introduction .....	258
9.2. General discussion .....	259
9.2.1 Empirical evidence discussion .....	259
Table 9.1: The PPP psychological contract: PPP partners’ expectations: .....	261
Table 9.2: Contractual vs. relational PPPs .....	262
9.2.2. PPP management implication discussion.....	270
9.3. Concluding arguments.....	275
9.4. Research contributions.....	283
9.5. Research limitations .....	287
9.6. Recommendations for further research and last reflections .....	288
9.6.1. Research journey reflections .....	289
<b>References</b> .....	293
<b>Appendices</b> .....	329
Appendix 1: Collaboration request sample letter.....	329
Appendix 2: Participant information sheet & consent form.....	331
Appendix 3: Semi-structured interviews .....	- 337 -
Annex A: Client interview guide.....	- 337 -
Annex B: Contractor interview guide .....	- 339 -
Appendix 4: Services staff focus groups .....	- 343 -

Annex C: Pre-group discussion questionnaire.....	- 343 -
Annex D: Group discussion guide .....	344
Appendix 5: Data collected.....	348
Appendix 6: Research cases profile.....	349
Annex E: Research Cases Outlook.....	350
Appendix 7: Private contractors organisations .....	352
Annex F: Private services organisation “A” .....	352
Annex G: Private services organisation “B” .....	352
Appendix 8: Compared individuals’ perceptions about private services organisations .....	354
Appendix 9: Management individuals’ background .....	357
Appendix 10: Site contract managers’ profile.....	359
Appendix 11: Services staff sample information .....	362
Annex H: Staff focus group participants information .....	362
Annex I: Catering staff sample profile .....	363
Appendix 12: Staff views .....	365
Annex J: Staff perceptions final themes & categories .....	365
Annex K: Staff main highlighted issues through cross-cased analysis.....	366
Appendix 13: Private organisations’ partnership concept understanding.....	367
Appendix 14: Public partner’s PPP perceptions & views.....	370
Appendix 15: Private partner PPP perceptions & views .....	379

## List of tables

Table 2.1: British NPM deconstructed between 1980s and 1990s.....	36
Table 2.2: BV approaches to collaboration .....	38
Table 2.3: Public sector regulations and regimes comparison .....	40
Table 2.4: Type of contracts .....	44
Table 3.1: Defining the partnership concept.....	62
Table 3.2: Partnership concept values and assumptions.....	65
Table 3.3: Partnerships models according to purpose .....	68
Table 3.4: Partnerships typology according to grade of involvement .....	69
Table 3.5: Public-private modes of collaboration (formal structure) .....	75
Table 3.6: Partnership intensity levels and management components .....	79
Table 3.7: PPP success associations.....	83
Table 3.8: Public-private differences and tensions in collaboration .....	85
Table 3.9: RM definitions .....	87
Table 3.10: Main differences between traditional marketing approach and relationship marketing .....	88
Table 3.11: Definitions of trust .....	93
Table 3.12: Dimensions of trust.....	94
Table 3.13: Types of trust and relationships.....	95
Table 3.14: Internal marketing approaches.....	100
Table 4.1: Requested research project information.....	120
Table 4.2: Contacted research sites .....	123
Table 4.3: Case documentary evidence guide (secondary data) .....	131
Table 6.1: Perceptions on public-private differences .....	181
Table 6.2: Partnership experience with public sector.....	187
Table 6.3: Private services' organisational attitudes & behaviours .....	194
Table 6.4: Contractors' strategic approaches to outsourcing.....	195
Table 6.5: Partnership limitations.....	210
Table 6.6: Partnership success factors from the private partner's view .....	212

Table 7.1: PPP practice profile ..... 221

Table 7.2: Case situational review: weakest PPP experience..... 224

Table 7.3: Case situational review: best PPP experience ..... 226

Table 8.1: PPP success factors and conditions ..... 247

Table 8.2: Framework for a partnership-based management approach ..... 253

Table 8.3: Main conceptual and managerial issues of PPP..... 256

Table 9.1: The PPP psychological contract: PPP partners’ expectations ..... 261

Table 9.2: Contractual vs. Relational PPPs ..... 262

## List of figures

Figure 3.1: Public-private cooperation great scope.....	74
Figure 3.2: Research theoretical framework.....	112
Figure 4.1: Research target units of exploration.....	125
Figure 4.2: Research data collection and analysis process design.....	133
Figure 4.3: General inductive approach.....	135
Figure 5.1: Clients' pressures.....	145
Figure 5.2: Dependence relationship cycle evolution.....	168
Figure 7.1: Cases continuum from worst to best PPP experiences.....	221
Figure 8.1: The elements of a suitable PPP environment.....	248
Figure 8.2: The role of individuals in PPP.....	249

## **Publications**

The following is a list of publications of the candidate, which are direct products from this PhD research:

Pardo Vela, C. (2012) Does the practice of PPP obey the generalised assumptions of partnership rhetoric? *Dos Algarves. A multidisciplinary e – journal*, May. [<http://dosalgarves.com/revistas/N21/3rev21.pdf>]

Pardo Vela, C. (2008) “Connecting successfully private and public organisations. Understanding Partnership in the Healthcare. Looking inside to improve the outside experience”. *14th PPP International Conference*, 21-23 December 2008, London

Pardo Vela, C. (2007) “The need to change the sad face of the hospitality work environment”. *Council for Hospitality Management Education Research Conference*, Oxford.

Pardo Vela, C. (2006) “Internal service relationship management: a case study of contract caterers in the health service.” *Council for Hospitality Management Education Research Conference*, Nottingham.

## **Research and consultancy projects**

2003. Exploring Heilbronn as a tourist destination. Practical case study for tourism development in Heilbronn and the Baden-Württemberg region, Germany.

2003. New small hotel concept examination. A case study of Granada (Spain).

# Chapter 1

## Introduction and research opening

### **1.1. Research rationale: Public-private partnerships -why this research?**

The focus of this research is the phenomenon of inter-organisational collaboration between public and private organisations. Worldwide public sector reforms, particularly driven by neoliberal economics trends, have emphasised the role of private sector in improving efficiency in the provision of public infrastructure and services (Baker, 2012). As a result, mainly due to their financial and know-how resources, the private sector started to directly intervene in the delivery of public services (Dorrego de Carlos & Martínez Vázquez, 2009), thereby taking on a major role within the contracting services market (Buse & Waxman, 2001). This has created a complex environment of cross sector collaboration which, apart from being of significant business interest (Dorrego de Carlos & Martínez Vázquez, 2009), also bears positive prospects for the future (Roumboutsos & Chiara, 2010).

The above mentioned public sector reforms are broadly described as the “New Public Management (NPM)”. The economic crisis of the 1970s caused neoliberal thought to become the protagonist in a public management discourse that started to emphasise the importance of private sector practices as models for the delivery of public policies and the advancement of policy aims (Rhodes, 1994). Under these neoliberal trends, it was claimed that replication of private sector practices and placing more focus on competition would enhance efficiency and performance in the public sector (Pollit & Bouckaert, 2000), whereas public sector bureaucratic processes and levels of efficiency were constantly criticised. The ideas embodied in the NPM movement led to the disaggregation of public service organisations through the introduction of competition, and in the interests of operational efficiency the role of the public sector was transformed into one of procurement and contract distribution instead of direct production of services (Baker, 2012).

The aim of improving public services and the seductive lure of greater benefits have led increasingly to political preference worldwide for consolidation of PPPs as a means of managing the design, build, finance, and operation of public infrastructure projects, particularly large-scale procurement infrastructure projects such as hospitals, schools, prisons, roads, and subways (Siemiatychki & Farooqi, 2012; Dorrego de Carlos & Martínez Vázquez, 2009; Yang, 2003), and the provision of public services (Dorrego de Carlos & Martínez Vázquez, 2009). This strategy has not only increased private sector involvement in local government (Jefferys, 2012), but also provoked a significant transition in public sector management (Gadde & Snehota, 2000). Since the 1980s, there has been a transition from competition to promotion of collaboration (Schaeffer & Loveridge, 2002), with central government acting as a catalyst for establishing public-private partnerships in local economies (Weihe, 2006).

This trend has been particularly prominent in the United Kingdom (UK), to the extent that the British experience has become an international reference (Khaleghian & Das Gupa, 2005; Dorrego de Carlos & Martínez Vázquez, 2009). In the UK, since 1997, private financing has constituted between 15% and 37% of annual capital expenditure by the public sector and up to 2010 approximately £30 billion per year has been invested in infrastructure projects under long-term contractual arrangements between public authorities and private-sector companies. Furthermore, as a result of privatisation agendas both of the Conservative and Labour parties, approximately 9% of public service investment has been contracted out through outsourcing, PPPs and Private Finance Initiatives (PFI) (NAO, 2008:1). The English NHS is a relevant example of the use of such means in pursuit of better management, efficiency and effectiveness. The NHS was faced with the need, initially, to resolve its decaying stock of hospitals and since 1997, the majority of new NHS hospitals have been built under PFI contracts (Parker, 2012).

Whilst, because of their size, healthcare public services represent a good proposition for PPPs, the search for value for money has put healthcare PPPs “under the spotlight” (Acerete et al., 2012). More than three decades of continuous reforms have led to continuous and varying forms of re-structuring and re-organisation (Hewison, 2003) that have affected many service delivery aspects of the NHS (Puckett, 2004). Private sector intervention has possibly been one of the most controversial of these



developments (Jefferys, 2012). Due to its potential for cost effectiveness, outsourcing by compulsory tender has become increasingly common in the provision of support services such as catering (Kelliher, 1996), with a general growth in outsourcing practices.

The globalised rationale underpinning this trend and the argument for adopting PPP procurement systems presuppose that effectiveness based on cheaper service provision and better service quality (Acerete et al., 2012; Jefferys, 2012) leads to better overall outcomes (Siemiatychki & Farooqi, 2012; Huxham & Vangen, 2000). Governments, in particular, continue to use the better value for money argument when comparing this method with traditional public procurement modes (Barlow et al., 2013). However, 25 years on, evidence to support these arguments is limited, controversial and subject to debate (Jefferys, 2012; Baker, 2012), particularly in the case of PFI projects (Barlow et al., 2013, House of Common Treasury Committee, 2011). In addition, despite the argument of increased efficiency: Baker (2012), for instance, emphasised the financial benefits of selling public services and transferring the costs to the private sector, these new models based on alliances between public and private sector are more difficult to manage as the processes involved are extremely complex (Barlow et al., 2013).

Furthermore, despite its popularity, this widely disseminated concept of partnership remains imprecise and its elements are poorly defined. This criticism also applies to operational levels, which lack the guidance of universal standards of accounting and management (Weihe, 2005; Weihe, 2006). Hence, the concept of “partnership” requires further clarification in both theoretical and management terms. Regarding the latter, the intrinsic complexity derived from the interaction of different actors, strategies and interests is one of the particularities of managing this type of collaboration (Vagen & Huxham, 2003; Teisman & Klijn, 2002, Klijn et al., 2008b; Cousins, 2002). However, these complexities require further investigation since they represent a gap in the literature (Mason et al., 2004).

Independently of this lack of both academic and empirical evidence, public sector reformers continue to search for alternative systems for public services provision (Jefferys, 2012). At present, the difficult situation that governments globally are facing

in terms of rising costs and failing budgets is causing them increasingly to focus on the cost of public infrastructure provision, and hence, it is expected that governments, particularly in Europe, will increasingly enter into partnerships with the private sector (Barlow et al., 2013). As Acererte et al. (2012, p.311) emphasise, “in this context PPPs continue to be attractive to both governments and investors, despite the problems with debt financing caused by the financial crisis”.

As a result, this research considers it relevant to raise the understanding on the practice, dynamics and implications of these procurement arrangement types in relation to their record of success. This study explores public-private collaboration, which mainly derives from imposed political agreements and strategies, by focusing on the foundations of the concept of partnership from both pragmatic and theoretical perspectives. To this end, the study focuses on the English NHS since health services provision, despite being one of the most representative public divisions (Dowling et al., 2004) because of the extensive number of contracts, particularly in the support services area (Mintel, 2004), is also one of the most problematic public contexts in terms of the implementation and success of such collaborations (Ruane, 2001; Ferlie et al., 2003; Dorrego de Carlos & Martínez Vázquez, 2009). This chapter outlines the overall structure of the thesis, presents the rationale, research aim, and objectives that form the basis of its methodology, and discusses the expected contribution and significance of this study.

## **1.2. Personal background and motivation to the research**

My years of education and experience from a services background, particularly in the tourism and hospitality industries, offered a clear picture of not only what is a good service but what makes a good service: people. This is the most important asset to any services industry. However it was interesting -as well as disappointing -to also come into contact with the “reality” of working in this industry far from this “axiom”. From the hospitality employee’s perspective the working experience is surrounded with paradoxes. Despite the acknowledgement of the role and dependence on individuals for the provision of a positive “customer experience” and good service, the working conditions and career opportunities on offer tend to be far from motivational particularly in the long term.

It was exactly this idea of the role of the human element as a premise for success in services management along with the surrounding contradictions that pushed me to engage in further academic research. Conversely, and in response to prevailing research lines that persistently focus on customer satisfaction, I found support for my main interests in the rhetoric of the internal marketing discipline that not only acknowledges the role of organisational staff but also brings them to the forefront as a premise to succeed. Moved by exploring these internal marketing foundations embedded in services management theory in detail, I ended in choosing a growing area within the hospitality industry such as contract catering. More specifically, what attracted me was the intrinsic perceived complexity of food services provision in context such as in public healthcare institutions.

Besides its important market position, hospital food services represent a challenge not only for its reputation and increased market opportunities at that time but also because of the interesting element that working in a public organisational context entails. Although, the research departed from the mentioned link between customer satisfaction and the role of employees, as a result of the selected context, its singular nature and the added management complexity of cross-sector collaboration, these “internal marketing ideas” along with relationship marketing theory diverted attention towards a more holistic view. In this way, by approaching the whole “internal organisational market”, the organisation “within”, the research focus particularly lay in the relationship generated between public and private organisations working in partnership for the delivery of ancillary services along with the dynamics to which they are exposed. Understanding the “experience” of collaborating with two sectors of presumed different nature and interests by taking into consideration both actor organisations’ perspectives was the main driver of this study. The research aim and objectives are introduced in the next section.

### **1.3. Research method and design**

The global changes and pressures to which public sector welfare units have been exposed have led to continuous reforms and new approaches for the delivery of public services such as public private collaboration. Despite the widespread use of PPP as a globally accepted procurement route, researchers agree that there still is a need for consensus on what constitutes a PPP as well as extending knowledge about its practice

(Grossman, 2012; Klijn et al. 2008a; Weihe, 2006). However, this research is driven by the desire to explain “*How the concept of partnership is approached and understood in outsourcing public support services*”. The research aim concentrates on two questions: how the involved parties make sense of working in partnership; and how public and private parties interact and collaborate in practice. This research focuses on the partnership between public and private institutions from the perspectives of theory and practice within the selected research context of public healthcare services provision.

### **1.2.1. Research aim and objectives**

The suggested research topic and question are approached via a multi-case study design that integrates both sides of inter-organisational collaboration equally. The focus is twofold: to gain conceptual understanding of and to explore the practice of partnership. On this basis, meeting the objectives of this proposed research requires the following explorations of constituent aspects:

- a) To appraise the context of PPP both external and internally by focusing on the inter-organisational working climate and socio-relational dimension of collaborations between public and private organisations.
- b) To evaluate the meaning and values attached to the idea of collaborating in partnership, including PPP success factors: how the partnership concept is understood in terms of attributes, implications and expectations.
- c) To examine the organisational structure of PPPs and related governance practices in order to identify how the partnering contract relationship is managed and planned, both formally and informally. Focusing on how the concept of partnership is interpreted into practice raises issues such as governance style, ethos and culture, and practices and strategies but also informal relationship aspects such as partners’ attitudes, behaviour patterns and expectations about working in partnership.

### **1.2.2 Research methodology**

After identifying the main research gaps surrounding the field of PPP management and partnership theory in terms of the target issue in this research, special attention was directed to the methodological approach and design. Since the research was based on analysing the singularities and characteristics of the increasingly prevalent collaborative working relationships between public and private organisations for the delivery of public services, case study was chosen. This methodology was adopted mainly because, in addition to providing empirical generalisations, case study research offers detailed

understanding about the context, processes and dynamics of a specific phenomenon along with insightful explanations of these processes (Yin, 1989; Eisenhardt, 1989; Yin, 1994; Gomm et al., 2000; Hartley, 2004).

Hence, the choice was made to adopt a multi case study methodology based on semi-structured interviews, focus groups and additional documentary information. The public health service in Great Britain was the target context and, in particular, the practice of outsourcing of ancillary services such as food provision, as explained in full detail in chapter 4.

### **1.3. Research significance and value**

Through reference to the outsourcing experience in the UK and the resulting highly complex inter-organisational relations between public and private organisations, this research attempts to address the concept of partnership as a means to improve service provision and generating added value. By investigating not only the processes involved and influential factors that affect partnering but also the intrinsic meaning of this concept, this research aims to show the contrast between how partnership is understood in theory and in practice.

This work conducts a holistic investigation of the relationship by considering and integrating the perspectives both of the public and private partner organisations involved. This dual perspective goes beyond functional practicalities to focus on the associations, interpretation and materialisation of the partnership concept. First, an extensive review of the literature was conducted in order to extract the attributes and values associated with the term “partnership” to assist in definition of the concept of partnership. The research then focused on how both public and private organisations understand and make sense of the term in order to compare and contrast the participants’ views and the meanings they attached to the concept with the development, practice, execution and management of PPP.

This research considers the claimed rhetoric that goes with the term “partnership”, in combination with exploring the processes in PPPs through the views of the individuals involved, their expectations, and influence on the relationship. In sum, by exploring, on one side, the drivers, dynamics and influential factors of public-private partnerships for

the delivery of public services, and on the other, the relationship between the observed practice and the theory of partnership collaboration, the intention was to develop an approach that would enable the potential added value expected from collaboration to be materialised.

This study proposes the development of a managerial model based on the conditions and success factors identified by the data. It is anticipated that the findings of the study will extend understanding of business relationships within highly political contexts similar to that of the English NHS. As mentioned earlier, the trend for public-private collaboration is expected to continue growing, and hence this study can make a valuable and timely contribution to this research field. Furthermore, by exploring the processes and dynamics of this type of collaborative relationship, the study not only contributes to theory development but also presents practical implications and guidance for practitioners.

#### **1.4. Structure of the thesis**

To guide the overall process of this research, the thesis is structured as follows:

- *Chapter 1 - Opening-* introduces the research study through discussion of the background, research aims and objectives, scope and significance of the proposed study. The research approach and structure of the research report are also outlined.
- *Chapter 2 -The research context and rationale-* deals with the research setting. It presents a thorough critical overview of public services management reforms, particularly in the UK, and related contracting practices, with special focus on the public healthcare sector.
- *Chapter 3- Collaboration and public-private inter-organisational relationships. Partnership concept definition and management* - following on from the critical review of the research context, this chapter drives towards the theoretical foundations of this research. Partnering management and inter-organisational issues come into play.

Public-private partnerships practices are explored in order to identify elements potentially influencing their development and success. Through the review of the extant literature and discussion of different theories on partnership collaboration this chapter focuses both on conceptualisation and implementation.

- *Chapter 4 Research methodology* –justifies the methodological approach adopted. The specific ontological and epistemological positions are outlined. Given the complexity of undertaking this type of interpretive and exploratory research, particular attention is paid to critical evaluation of the methodology and the applied methods. Justification of the instruments and procedures for capturing and analysing data is related to the particular phenomenon under study and the associated research objectives. The chapter concludes with discussion of ethical considerations and the adopted methods of data analysis.
- *Chapters 5, 6 and 7 -Research findings*-introduce the main research findings derived from the cross case analysis. The experience of involvement in partnering is outlined in relation to the specific areas of exploration for this research. Chapter 5 considers views from the public institutions, chapter 6 discusses the private side's perspective, and chapter 7 provides a contrasted summary.
- *Chapter 8 -Result discussions* –discusses and explores the results by integrating the views of public and private partners to reflect upon relevant theories and concepts extracted from the review of the literature.
- *Chapter 9 -Conclusions & implications* - summarises and justifies the contributions of the research based on the identified aims, the major conclusions reached, and the implications for the wider body of knowledge. Practical implications for organisations either already involved or considering involvement in inter-organisational partnership collaboration agreements are also identified. Lastly,

the limitations of this research are discussed, along with future research directions and opportunities.

### **1.5. Summary of research**

This chapter has outlined the framework of the suggested research study by discussing the background, overall research aim, and objectives. It introduced the research methodology design and the expected contribution and significance of this study. Finally, the structure of the thesis was presented.

The main theme of this study is the approach to partnership for the provision of support services in the public sector, taking as reference the English NHS. To advance the knowledge in this research area, firstly a review of the literature was conducted focusing on two main broad areas. First, the particular research context was examined in order to gain full understanding of the origin, drivers and particular factors of the use of partnership as a way of collaboration in public sector management. Second, the conceptual rhetoric and implications of partnership were considered as well as the approaches applied under the name of partnership to public-private collaboration. Hence, the review of the literature that follows in the next two chapters, in chapter 2, considers the background to this research in terms of the healthcare industry and then moves on to the examination of the concept of public-private partnership in chapter 3.



## Chapter 2

### The research context and rationale

#### 2.1. Introduction

As explained in the introduction chapter, this research focuses on the specific context of public healthcare and the different and extensive outsourcing initiatives developed in response to pressure to achieve greater efficiency, quality and effectiveness in provision of non-core services in public hospitals, such as catering services. In order to understand the inter-organisational relationships that have started to develop between public healthcare organisations and private services providers, attention turns to exploration of the particularities, nature and origin of these collaborative relationships. Public services are understood as being for the public good of society, meaning that they cannot be denied to any person; therefore, it is first necessary to consider the role of government and public administration, particularly in terms of their influence and effect on the essential public health functions.

Public sector management has been characterised globally by diverse reforms and interventions; hence, this chapter aims to explain the background of this research by focusing on the transition that took place in relation to the development of the extensively discussed NPM. As this chapter explains, PPPs are part of the New Public Governance framework in public administration and management (Osborne, 2009). The elements and particularities that constitute this new public management approach are the main foci of discussion in this chapter.

Due to the general acknowledgement that decisions about public sector activities and services greatly influence the development of PPP policies, the UK public sector was chosen as the context of reference for this study (Greve & Hodge, 2012). However, the movement towards modernising public administration in response to a changing environment, which materialised through various initiatives, is explored as a whole from a global perspective. The chapter starts by focusing on the diverse reforms that have pursued the aim of transformation of the public sector, including the discussion of the distinguishing approaches and periods of this reform. It then explores the

externalisation of public services, and finally, focuses in particular on outsourcing initiatives such as the case of food services provision in healthcare.

## **2.2. Public management evolution: reforms and approaches towards a new administration model.**

Public management approaches used to be associated with the concepts of centralisation, hierarchy and monopoly. In addition, most countries arguably lacked appropriate management approaches and skills (Gruening, 2001). In the 1970s and 1980s, criticism centred on the lack of efficiency and effectiveness that together with budgets crises provoked the now accepted idea of reforming the traditional approaches to public administration (Khaleghian & Das Gupta, 2005). Although it can be argued that no universal reform model exists, the focus on improving efficiency and quality cannot be denied as a common trend.

As Wright (1997) emphasises, a global predetermined predisposition to improve public management structure and delivered services has emerged, either for economic reasons or for the welfare of societies and citizens. Similarly, despite individual contexts, political issues, specific circumstances and intrinsic particularities impeding the framing of a universal, generalised model, instead increasing differences and diversity, the common idea behind the different changes and reforms was to redefine the role of government (Grimshaw et al., 2002, Dorrego de Carlos & Martínez Vázquez, 2009). The move away from direct control and regulation as a result of decentralisation ideologies has been so extensive that its survival as an economic policy has become a subject of intense political discourse (Dorrego de Carlos & Martínez Vázquez, 2009).

The paradigm formed in the 1980s (Dorrego de Carlos & Martínez Vázquez, 2009; Farrell, 2005) at the instigation of neo-liberal governments, particularly those in Anglo-Saxon countries, apart from attempting to address deficiencies such as economic limitations, was also driven by the pursuit of new forms of governance, organisational structure and strategy. NPM embraces the idea of a "post-bureaucratic" organisation based on vertical disintegration, a focus on core activities within a more open labour market, a solid structure and a degree of managerial job insecurity (Farrell, 2005).

In relation to this new form of management, three main driving forces are distinguished: a) spending control guidelines such as cash limits, manpower budgets or cuts in staff; b) management decentralisation, delegating responsibilities and functions; and c) a management style that focuses on objectives and performance using techniques such as performance indicators and merit pay. In a similar vein, economy, efficiency, effectiveness and value for money were emphasised, and the closeness to the private model was reflected by the introduction of compulsory competitive tendering (CCT) and market testing (Farnham & Horton, 1999).

To address the abovementioned public sector deficiencies, NPM took inspiration from ideologies such as public choice theory, principal agent theory and transaction cost economics (Jiménez Díaz, 2009; Wright, 1997). The increased global concern over efficiency, customer orientation, and financial issues in the public domain led to the public sector paying more attention to business management practices and techniques. Indeed, private sector management influenced and promoted the implementation of these reforms due to advocacy of greater flexibility, flatter and more responsive organisational structures, and marketised relationships developed through internal markets and network relationships (Farrell, 2005). Since then, there has been a common focus on best practice in terms of improving efficiency, reducing deficits and debts, and enhancing service delivery, performance and policy management (Pollit & Bouckaert, 2000; Torres, 2004).

Public-private collaboration has played a key role in addressing these discussed public sector economic difficulties. However, public-private collaboration is nothing new in public management. In earlier times, there was always some form of private involvement in the provision of public services, particularly in the XVIII and XIX centuries, when the need for the development of infrastructure and public basic services became acute. However, realisation of the full potential of the private sector was thwarted by the great depression of 1929, whereby the state was forced once again to assume the major role in the development of the social and economic system. However, the high budget deficits experienced during the financial crisis of the 1980s limited the state's capacity to continue providing public services and infrastructure founded on nationalisation and state intervention. Hence, public-private collaboration, based on principles of efficiency and value for money (VfM), was resumed (Dorrego de Carlos &

Martínez Vázquez, 2009; Jiménez Díaz, 2009). In general, both in Europe and in North America, private initiatives became a means of ensuring the survival of the public sector since the pursuit of efficiency is considered an imperative for public administration sustainability in the XXI century (Dorrego de Carlos & Martínez Vázquez, 2009).

As a result, the administration of public services has radically affected public sector management and the ways in which services and projects are delivered (Grimshaw et al., 2002; Farrell, 2005). In addition, the phenomenon of globalisation provoked a general reconsideration of models of intervention and systems of implementation for provision of public needs and services (Dorrego de Carlos & Martínez Vázquez, 2009; Farrell, 2005). Subsequently, organisational structure changes such as managerial autonomies, market processes such as privatisation, purchaser-provider splits, and decentralisation took place, heralding the start of the NPM era. The most inclusive illustration of this process to date is represented by the New Zealand public sector reforms (Khaleghian & Das Gupta, 2005).

The emergence of the common idea of moving away from hierarchical control towards management by contract led to the implementation of a market driven approach to enhance competition (Pollit, 1990). This new “results-oriented” approach was based on private sector management principles and practices (Dixon & Kouzmin, 1998). The so-called “managerialism”, which assumes the private management style to be the ideal model, has had considerable influence on political policy since the early 1980s (Farnham & Horton, 1999). Managerialism reflected the NPM ideology of rebuilding of the public sector promoted by importing private sector structures and techniques that emphasised the use of contracts and outsourcing.

This new concept of organisation, based on flexibility, responsiveness, effectiveness and efficiency measurement and learning ability, brought about a cultural change away from an “old system focused on rigid hierarchies, prescribed roles, formal procedures, financial rectitude and equity and fairness” (Horton & Farnham, 1999, p. 249). NPM thereby created a paradigm shift in the handling of public services; as Lane (2001, p. 29) stresses, public sector reform is “a general reconsideration of how government may use and mix markets and bureaucracies in order to achieve its objectives with regards to the

provision of goods and services with a special emphasis upon the employment of tendering and contracting out”. Hence, contracting out became the major instrument of this reform drive (Huque, 2005).

However, although these initiatives are intended to improve efficiency and accountability, “implementing a government by contract approach requires strong management capacity and good information systems and can impose significant administrative costs, particularly for services where measurement is difficult... [Hence] contracting should therefore be approached with care and not as a substitute for strengthening the capacity of government itself” (Khaleghian & Das Gupta, 2005, p.1086). Furthermore, in spite of spreading a “false image of public administration modernisation through customer orientation”, this reformation-transformation process is still an on-going process. As Lapsley (2001) clarifies, “there is evidence of attempts at the transformation rather than the achievement of transformation” (Lapsley, 2001, p. 503).

Hence, the focus still needs to be on making a reality the modernisation of public administration and management. Although, as mentioned at the start of this section, a shift of thinking towards a new ideology has been initiated (Torres & Piña, 2001), the transition from theory to reality by means of a comprehensive public management implementation model has not yet been achieved (Torres & Piña, 2004). A consistent yet flexible approach is required that goes beyond organisational redesign, culture change, performance management or implementation of quality standards (Haynes, 2003).

Furthermore, the NPM debate is still alive. The globalised movement towards implementing private management principles and processes has been criticised on the grounds lack of evidence in support of its added value and benefits but, more importantly, the appropriateness of these practices is still questioned (Boyne, 2002). As a result of its adherence to market criteria rather than equality or equitable principles, NPM has also been blamed for negative consequences such as high transaction costs, work intensification and deprofessionalisation, low morale within the workforce, and an

adverse impact on the orientation of public services based on traditional values of honesty, probity and integrity (Horton & Farnham, 1999).

In addition, more extreme critics, encouraged by NPM's supposed lack of technical validity, have claimed that the disparity between public and private organisations is irreconcilable as each domain needs to develop its own approaches and management strategies, rather than replicating one in another sector, to the extent of citing these differences as the cause of failure (Boyne, 2002). In broad terms, these differences relate to the level of bureaucracy, public welfare promotion, and organisational commitment. The public sector possesses unique characteristics, such as its subjection to political ideology and control rather than market conditions (Boyne, 2002). It is also an extremely bureaucratic administrative system, characterised by unwieldy hierarchies and lack of delegation, on which the public sector relies in terms of guaranteeing uniform standards and results and transparent accountability (Farnham & Horton, 1999; Boyne, 2002).

Hence, it is possible to conclude that the most appropriate form of public sector management still needs to be developed and that in that context "there is no established body of knowledge on successful management strategies in the private sector that can be easily drawn upon by public agencies" (Boyne, 2002, p. 118). However, as it was by means of these cross-sectoral relationships that reform of public sector management was initiated and as these relationships and their complexities and potential for improvement still exist, this research focused on the dynamics of public and private organisations working together. The intention of the research was to gain further understanding and identify patterns for the appropriate forms of management according to the specific needs of the involved parties and their particular context. Because this globalised purposive transformation has evolved over the years, particularly in the UK, the different approaches and periods of this transformational process need to be examined in further detail.

### 2.3. Public sector management transformation periods and approaches

A review of the public management literature identifies three main “eras” of public management reform. The 1970s were characterised by a hierarchical governance mode frequently dominated by large monopolistic players (public agencies, local authorities or government departments). In the 1980s, the advent of quasi-markets and private sector intervention led to the reorganisation of the public sector; and finally, in the 1990s, strongly influenced by the formation of networks for enhancing collaboration rather than competition between public, private, community and voluntary sectors, the so called “third way” emerged. However, there is a tendency towards over-simplification that can also create false myths about these periods, such as by labelling “bureaucracy as all-bad, markets as a necessary evil, and networks as the “new Jerusalem” (Lowndes & Skelcher, 1998, p. 331). For further clarification, table 2.1 presents a deconstruction of the NPM strategies in the UK between these two periods of time.

**Table 2.1: British NPM deconstructed between 1980s and 1990s**

NPM in UK Deconstructed		
Reform	Privatisation & Competition era	Third Way style era. Collaboration and Network
Time period	1980s	1990s
Policies& tools	CCT. Privatisation, internal markets, quasi-markets (contracting strategy)	Best Value Regime. PPP, PFI strategies
Political drivers	UK Conservative Government	UK Labour Government
Rhetoric/ ideology	Competition. Aim: reducing costs	Co-operation, collaboration and partnerships  Aim: markets source of innovation and improvement  4Cs (Challenge, consult, compare, compete)
Inter-organisational relationship	Principal-agent relationship  Client/contractor demarcation	Partnership & collaborative approach

(Source: Pardo-Vela, 2013)

With the aim of driving up standards, the government restructured the management of the public sector according to citizens' needs and general expectations on the basis of the argument that the old-fashioned processes that used to characterise the public sector had only been beneficial to governments (Martin, 2000). Efficiency in the public sector was tackled by the Conservative Government through the promotion of competition by means of the policy of CCT (Taylor, 2005; Ferlie et al., 2003), whereby public sector services and activities were put out to tender.

Initially, competition was introduced into the public utilities, notably into the health service and local government, through the creation of new internal markets and CCT. Bidding for all types of operations undertaken by direct services organisations, including in-house functions, was opened up to private sector providers. Likewise, in-house functions could be contracted outside but only within the public sector (Taylor, 2005).

The purpose of market testing was to reduce public sector costs as much as possible, at the same time promoting innovation and choice. However, some critics have argued that there has been an over-use of market testing (Audit Commission, 2002) and claim that "competition drives out all but lowest quality" (Taylor, 2005, p. 485) in the pursuit of the lowest cost. Hence, whilst costs are reduced, this is not accompanied by quality enhancement (ODPM, 2003).

The limitations of the CCT regime caused concern and acknowledgement of the need to develop new ways of operation (Martin, 2000; Nisar, 2007). CCT was proving to be costly to implement and failing to deliver genuine competition since the overall reductions in service costs were partially offset by the cost of preparing for tendering (Taylor, 2005). Hence, by the mid-1990s widespread dissatisfaction had led to its replacement by the "Best Value" (BV) regime (Taylor, 2005; Ferlie et al., 2003), which embraced innovation and collaboration rather than competition in attempting to deliver services more effectively and efficiently (Horton & Farnham, 1999). The various BV approaches, which include in-house provision, market-based practices, and collaboration, are illustrated in table 2.2. However, the CCT infrastructure and culture remained the best value approach in terms of the submission of bids by outsider providers and the requirement for external audit inspections in order to control the use of resources efficiently. Furthermore, some authors like Taylor (2005) argues that BV does not differ significantly from CCT mechanisms since the intended cultural shift in



pursuit of efficiency and innovation is approached through inspection rather than through the market.

**Table 2.2: BV approaches to collaboration**

	<b>In-house Focus</b>	<b>Market Focus</b>	<b>Collaboration Focus</b>
<b>Aim</b>	Produce	Procure	Ensuring Appropriate provision
<b>Emphasis</b>	Compare (standards)	Compete	Collaborate
<b>Means</b>	incremental improvement (traditional welfare state)	Contracting out and joint ventures	Corporate re-engineering and cultural change
<b>Structures</b>	Strong departments and services committees	Officer-provider split, public-private partnerships	Cooperate management team
<b>Value</b>	Professional standards and PIs	Unit costs	Corporate priorities
<b>Regulation mode</b>	Hierarchy	Market	Internal co-ordination and external collaboration
<b>Partnership approach</b>	Minimal	Public-private	Strategic partnerships

(Based on Martin, 2000)

One of the most representative procurement schemes of the third-way era and one that has been particularly supported by the UK government (Wilson & Boyle, 2004) is the private finance initiative (PFI). PFI is one of the most recognised PPP modes in the NHS (Nisar, 2007) to the extent that the UK PFI policy is considered “the most advanced policy in PPPs worldwide” (Greve & Hodge, 2012, p. 212). The spread and support of this scheme derives from the fact that it “has allowed many projects to go ahead that would not have been possible under traditional public borrowing methods which are restricted and tightly controlled” (Nisar, 2007, p.148).

As had been established, there was little prospect of Treasury funding for capital development projects and PFI was presented as “the only game in town” (Ruane, 2001, p.1). However, one of the most intense debates in the recent literature is about the actual added value of these practices, particularly in the areas of education and health, where profitability has been lower (Dorrego de Carlos & Martínez Vázquez, 2009). The

debate is still on-going as to whether PFI represents an optimal regime for actually decreasing service provision costs (Public Private Finance, 2009), with some critics arguing that "at present, PFI deals look better value for money for the private sector than for the taxpayers" (House of commons committee of Public Accounts, 2011).

Nevertheless, the two main principles of this mechanism: risk transfer to the private sector and value for money (Dorrego de Carlos & Martínez Vázquez, 2009), which relates to the three "Es" of: economy, efficiency, and effectiveness in the use of resources (National Audit Act, 1983) mean that PFI remains a valid option. It also has the benefits of significant reduction in uncertainty due to the detailed specifications, price certainty and risk transfer, and quality improvement (Nisar, 2007). On the whole, the view prevails that the potential advantages of PFI in comparison with traditional methods outweigh the disadvantages (Public Private Finance, 2003).

Overall, the BV regime represented New Labour's centrepiece for modernising public services; it was rooted in securing value for money and continuous improvements in provision by combining economy, efficiency and effectiveness (HMSO, 1999). Driven by a culture of continuous improvements, the stated purpose was to extend CCT (Martin, 2000). However, the adoption of the BV regime by the Labour government did not represent the arrival of a complete new approach to running the public services but it did bring about a relevant transition of national regulation from central government to local administration. Broad principles and processes rather than detailed government prescribed specifications characterised this transition, allowing public organisations to have a proactive role in managing and reviewing their services according to their own needs.

As a result, the BV regime came to be characterised by different interpretations and methods, leading to the formation of a flexible framework within which different forms of provision (hierarchy, markets and collaboration) that constitute the "post-modern approaches to public service provision" coexist (Hoggett, 1996). However, assessment of associated problems and appropriate quality definition are lacking in terms of this approach (Taylor, 2005). Table 2.3 offers a comparison of the CCT and BV regimes,

focusing on their foundations and principles, understanding of change, expected improvements, tools and implications.

**Table 2.3: Public sector regulations and regimes comparison**

	<b>Competitive Model: CCT</b>	<b>Collaborative Model: BV</b>
Principles:	<ul style="list-style-type: none"> <li>• Increased efficiency &amp; decreased cost</li> <li>• Contestability driven</li> <li>• Weaken services provision from centralised government political power</li> <li>• Prescriptive. Formal requirements (detailed rules formulation, monitoring, and enforcement and sanctions)</li> <li>• Encouraging autonomy &amp; competition between public providers</li> </ul>	<ul style="list-style-type: none"> <li>• Eradicating gradually CCT through increased flexibility but with the continuation of managing with contracts</li> <li>• 3Es emphasis (economy, efficiency, effectiveness) and service quality</li> <li>• Rejection of traditional contracting forms, encouraging trust and partnership approach</li> <li>• Aim: securing VfM, service quality and cost effectiveness</li> </ul>
Results:	Cost reduction, innovation & choice offer enhancement	Quality assurance, innovation & effectiveness
Implications:	<ul style="list-style-type: none"> <li>• Excessive economic, legal and cultural costs</li> <li>• Transactional contract</li> <li>• Client-contractor demarcation</li> <li>• Formal and informal sanctions</li> <li>• Own public authority trading accountability &amp; auditory (audit commission performance indicators)</li> <li>• Costs and services standards periodic market testing</li> </ul>	<ul style="list-style-type: none"> <li>• Suspending/reversing engaging practices with market especially in those reluctant to competition</li> <li>• Encouraging more co-operative &amp; less adversarial relationships</li> <li>• Market testing limited used</li> <li>• Developing more sophisticated procurement strategies directed to enhance more pro-active roles in managing markets</li> <li>• Different possible forms of competition</li> <li>• Framework based on four Cs combination (challenge, consult, compare, and compete)</li> <li>• Increasing the flexibility of CCT</li> <li>• Reduced direct legal intervention &amp; less prescriptive measures</li> <li>• More responsive self-governance (self-review, consultation and standard setting)</li> <li>• Continuous improvement,</li> <li>• On-going performance review. Performance indicators and Annual performance plans</li> <li>• Competitiveness tests (benchmarking, joint ventures, voluntary competitive tendering)</li> <li>• External auditors &amp; best value inspectors</li> <li>• Increased accountability transparency demanded</li> </ul>
Change:	<ul style="list-style-type: none"> <li>• Open competition. Internal markets creation, tendering processes and marketing testing.</li> <li>• Encouraging autonomy &amp; competition between public providers</li> </ul>	<ul style="list-style-type: none"> <li>• Focusing on capacity rather than just driving costs down by securing both quality &amp; costs improvement</li> <li>• Searching innovation &amp; improvement through markets</li> <li>• Flexibility &amp; adopting client a proactive role</li> <li>• Non prescribed uniform approach. Transparent &amp; fair competition manners</li> <li>• Encouraging collaboration by generating appropriate conditions. Discouraging anti-competitive conduct. Enhancing private and voluntary sectors interest in working in public</li> </ul>

		sector <ul style="list-style-type: none"> <li>• Commitment to transform supply markets &amp; individual services on regional and national services through new partnerships</li> </ul>
Risk/failure:	Cost reduction on detriment of quality. Costly (tendering process costs)	Zero tolerance of failure Not following procedures/standards & minimum national requirements lead to intervention Wider range of intervention: <ul style="list-style-type: none"> <li>• not following BV regulation; inadequate consultation; publishing performance information</li> <li>• lack of proper services providers comparisons</li> <li>• inadequate performance targets/plans</li> <li>• performance review programme</li> </ul>

(Source: based on Entwistle & Martin, 2005; Taylor, 2005; Ferlie et al.; 2003; Martin, 2000; Vincent & Jones, 1999; Boyne, 1998)

The early days of BV implementation were characterised by a general reluctance towards external provision, which used to be considered as the last resource in case of continuous inefficiency and failure. The main prejudices against organisational fragmentation and market focus initiatives included fear of handing over direct control over services, failure to provide the required quality, and the difficulties of limiting contract specifications and monitoring measures. The approach of the new BV regime was service based and process driven, with a hierarchical regulatory system that focused on service quality and cost effectiveness (Martin, 2000). Above all, BV policy represented a transition in the interpretation of the role of the markets: instead of being economic drivers (competition), they were seen as a source of innovation and improvement.

Furthermore, under BV there was a transition towards purchaser-provider relationships based on partnerships and networks (Ferlie et al., 2003). This transition is the focus of this research since it was not only the latest rhetoric in terms of public sector reform but also an aspect of government reform agendas worldwide, particularly in the UK. Indeed, the European Commission has manifested a clear interest in “branding” the concept of PPP in an attempt to “revive” government participation in the economy, thereby legitimising government proactiveness in this field (Greve & Hodge, 2012). Similarly, “the amounts of political capital so far invested in the PPP brand in places such as the UK, Australia and Canada suggest that there will be real hesitation before

completely abandoning a policy project” (Greve & Hodge, 2012, p. 219). Before considering the meaning and implications associated with this new approach in terms of networking and partnerships in public management, the next section discusses in more detail the process of outsourcing public services.

## **2.4. Public services externalisation**

The prevalence of private management of public services led to the widespread use of contracting out and PPP, which have transformed the traditional role of government as both employer and service provider (Grimshaw et al., 2002). Considering the financial incapacity of national economies to achieve optimal provision of public services and infrastructures and their need to activate economic regeneration, contracting out was defended as the only possible way to optimise public sector resources and eliminate inefficiencies (Jiménez Díaz Diaz, 2009; Grimshaw et al., 2002). Furthermore, the pressure to reduce public sector borrowing levels and the inflexibility of administration procedures, when considered in relation to the diversity of services provided by local governments and the volume of resources they consume, provide justification for the practice of service externalisation and introduction of modern management techniques (Torres & Piña, 2001). In this context, externalisation, or provision of public services by contractors, represents the aim to increase client satisfaction and efficiency and effectiveness of service provision through the establishment of a more market-oriented environment characterised by flexibility in management decision-making (Torres & Piña, 2001; Huque, 2005).

As has been mentioned, the widely held perception that the private sector is more economic, efficient and effective spread the belief that the public sector needed to be more “businesslike” (Huque, 2005). Also, contracting out was expected to result in reduction of the cost of service provision and to add value through the importation of private sector practices. As a result, as Davis (2004, p. 301) stresses, “the concept of outsourcing is a recognised business planning strategy; senior corporate management and facilities services have been progressively outsourced in the UK for many years”. Although originally this practice was limited to certain tasks in the public sphere, it has become a major instrument of public sector reform (Huque, 2005).

Outsourcing of contracts, in addition to offering public agencies more choice, varieties and flexibility, enhances efficiency, accountability, performance and quality by combining market competition with a more rigid performance control system (Huque, 2005); hence, the creation of quasi/internal markets. However, it is also argued that contracting out can increase costs and reduce quality. Furthermore, “market competition may create perverse incentives, increase rivalry and destroy trust relationships” (Huque, 2005, p. 71). Consequently, in order to maximise the potential benefits of contracting, it is necessary to understand the nature of the related costs and how they can be minimised.

Founded on these premises of effectiveness and low cost (Huque, 2005), contracting out, according to Ferlie et al. (1996), is the key tool in transactional management within the quasi-markets. However, despite contracting becoming an analytical field in its own right, the importance of this area has been underestimated and seen as a mere technical task instead (Bennett & Ferlie, 1996; Ferlie et al., 1996). Contracting out transfers public service delivery to private disposal, while the formal responsibility remains with the government. Furthermore, as Davis (2004) emphasises, the challenge is to turn outsourcing into an effective business plan.

As Davis (2004, p. 305) underlines, from the public sector perspective the outsourcing or externalisation of public services has significant implications. His argument is that a different mindset is required in outsourcing since “instead of assembling a full in-house operational team (and managing, monitoring and rewarding that team in the performance of its appointed duties), the outsourcer is now managing a single entity and making sure that this organisation is managing its people properly to deliver services back through the contract”. To this end, organisations responsible for outsourcing projects clearly identify and separate their core business activities beforehand (Davis, 2004). Table 2.4 introduces the different types of contracts, which come in a range of formats and can cover formal aspects of the working transaction, such as exposure and acceptance of risk, or be outcome/performance based.

**Table 2.4: Type of contracts**

<b>Cost-plus/ management fee</b>	<b>Guaranteed performance</b>	<b>Fixed price</b>	<b>Partnership</b>	<b>Concession rent</b>
<p>Contractor income based on a fee</p> <p>Client cope with net costs</p> <p>Replaced by fixed price and performance guarantee contracts</p>	<p>Retain some flexibility</p> <p>(Catering) services costs by contractors</p> <p>Client bearing other costs</p> <p>Bonus: maximise turnover</p> <p>Both share service revenues</p>	<p>Financial risk on contractors</p> <p>bonus effectiveness &amp; efficiency</p> <p>Associated to Government tendering and CCT</p>	<p>Equal partners sharing revenue &amp; costs</p>	<p>Rent paid based on profits percentages by contractors</p>

(Source: based on Wilson et al., 2001)

The most common type of procurement is based on prescriptive, output-based competitive tendering. Such contracting agreements include upfront high output specification, prescriptive standards and detailed terms and conditions. At the same time this represents both its main advantage and disadvantage since these prescriptive standards are required to be established beforehand. As Davis (2004, p.303) underlines, “how do you capture performance criteria, economic advantage and responsiveness to change -all in a manner in which the parties’ interests are aligned and risk and reward are appropriately apportioned in a long-term partnership?” This type of procurement characterises a contracting culture that is based on achieving savings and releasing value to both parties. The establishment of common profit margins means there is less conflict of interests between parties. However, beyond the potential added valued stemming from the pooling of resources and ideas, greater resources are needed in terms of management and assessment. As a result, planning and designing the right contract strategy to achieve the pursued added value represents a challenge (Davis, 2004).

Despite the high transactional costs entailed in contracting out, contracts govern the market system mainly because contracts facilitate competition and choice by providing clear specifications, performance criteria and a costing framework (Anonymous, 1990). However, within this particular context, “the language of politics is rhetorical, ambiguous and persuasive. It does not easily lend itself to the clarity of specification required in the devolved management model” (Anonymous, 1990, p. 5). In addition, “PPPs are more frequently discussed as projects but increasingly, questions are being asked about broader matters of organisation, policy, and the contextual and cultural relationship between the public sector and the private sector as we govern” (Greve & Hodge, 2012, p. 212).

Nevertheless, due to the need to make significant savings and minimise the amount of human and capital resources tied up in non-core operations, the outsourcing industry has been consolidated as an established sector in the UK. Over the past 15 years outsourcing has evolved as an accepted business model, with an estimated annual growth of over 10 per cent. Hence there has been a steady trend for organisations to transfer their in-house management and operational support teams to organisations whose core business is the delivery of support services (Davis, 2004). One of the leading public markets in contracting services, particularly non-core services such as catering provision, is the healthcare sector. These services, which are referred to as “facilities” or “soft” services, are among the services most frequently targeted for outsourcing. For that reason, the next section focuses on discussion of contracting out practices in this particular public subsector.

## **2.5. Public healthcare services management and contracting practices: simulating the market**

As discussed, the early years of privatisation and managerialism, based on contracting out processes, mainly CCT, generated public sector internal markets in which public organisations were still providing public services but were starting to compete with each other (Farnham & Horton & Farnham, 1999); the NHS reforms constitute the best representative example of this new era (Horton & Farnham, 1999). However, also, according to Ferlie et al. (2003, p.56), “health care reforms illustrate the major challenges that confront interventions designed to transform public services”. In particular, political intervention had traditionally led to uncertainty and unanticipated



outcomes in public healthcare, whilst one of the characteristics of the public market is that it is a managed controlled market. A variety of controlling approaches, such as consortium purchasing arrangements, locality purchasing, purchasing plan consultation, and central government regulation, determine the healthcare market (Walsh & Kieron, 1995).

As previously mentioned, after years of concern about the growing levels of public expenditure, increased pressure was put on local government, the civil service and the NHS to perform efficiently (Mailly, 1986; Kelliher, 1996). Since the early 1980s the English healthcare service has been characterised by continuous structural reform of the NHS (Levitt et al., 1995; Insight Research, 1995, Kelliher 1996), whilst the policy of competitive tendering has increased pressure on healthcare support services such as hospital catering provision (Bell, 1998). The main concern of the NHS and central government in the three decades of restructuring and reorganisation has been to achieve efficiency and effectiveness by means of better management (Hewison, 2003).

The challenge of creating a more effective NHS is closely related to objectives of improving value for public money, and using administrative and management resources more sparingly and effectively. Reforms have focused on service delivery along with recognition of the importance of individual performance for delivering effective services and the introduction of a more service-oriented culture (Puckett, 2004; Osteraker, 1999; Akhlaghi, 1996).

In the pursuit of the reform of management, the NHS first promoted a management type based on outputs, professionalism, competition, decentralisation and performance standardisation. This Conservative NPM governance period was characterised by the neo Taylorist management approach, based on mechanistic and rationalist principles of bureaucratic organisational control. Because these reforms failed to achieve the necessary improvements, they were replaced by a new phase of more diverse Labour reforms that pursued the same effectiveness objective but through an ideological and cultural management hybrid of traditional public services values and business-like orientation and which were to alter the shape and identity of health care organisations (Hewison, 2003).

The general rationale behind the adoption of outsourcing was that it could help healthcare to become more competitive efficient through the use of the provider's resources and reduction of the role of the state (Bell, 1998; Wilson et al., 2001). Business-like approaches were recognised as a necessity for the survival of healthcare. The concept of "internal market" came to life through the paper "Reflections on management in the NHS" (Enthoven, 1985), which set out the ideas of separating service funding from provision and different service providers competing to provide services on the basis of quality and cost (Bennett & Ferlie, 1996).

As a result, many non-core business services separated from the NHS matrix organisation (Kadefors, 2008; Lehtonen & Salonen, 2006; Salonen, 2004), allowing NHS organisations to concentrate on core businesses and competences. However, in order to combine hierarchy and planning with market operation, networks emerged which, rather than totally following the free market path, used certain market-like mechanisms (Walsh & Kieron, 1995). Although this initiative was originally regarded with caution by healthcare practitioners (Walsh & Kieron, 1995; Bennett & Ferlie, 1996; Bell, 1998), increased government pressure on healthcare funding drove forward the entire restructuring of the NHS, with the irrevocable implementation of a purchaser-provider split (Bennett & Ferlie, 1996). This resulted in the widespread adoption of the internal market approach (Walsh & Kieron, 1995), as outlined in the 1989 White Paper "Working for Patients" (Bennett & Ferlie, 1996).

However, as Bennett & Ferlie (1996, p. 52) emphasise, "the superficial illusion of change masks the underlying reality of continuity". Although outsourcing represented a strategic tool for introducing the necessary change in the NHS, the contracting out process immediately presented differences and particularities that distanced the introduced model from the concepts of internal markets, marketisation, and even contracting (Bennett & Ferlie, 1996). The adopted model was widely seen as a classical approach to contracting that failed to reflect the complexity of the NHS environment, but even more importantly, the requirements for its success, which comprised such elements as good communication systems and appropriate management skills, were either taken for granted or ignored.

Fundamentally, the system was not fit for conducting contracting relations since it lacked both the necessary information (on costs, caseloads, quality, outcomes, future planning) and skilled staff to fulfil those contracts successfully. Overall, the NHS environment was not at that time ready to implement management by contracts, in part due to its particular culture, history, and public as well political dependency (Bennett & Ferlie, 1996). Because of the incompatibility between public sector operations and free market principles, the idea embedding marketisation within publicly owned settings subject to political influences was reduced to the creation of a hybrid system of “quasi-markets” that attempted to combine regulation and accountability with business market principles (Bennett & Ferlie, 1996).

Apart from the general NHS scepticism linked to outsourcing and competitive programmes (Sullivan et al., 1990; Walsh & Kieron, 1995; Bennett & Ferlie, 1996; Bell, 1998), outsourcing represented a remarkably complex management option, particularly for this context. Outsourcing caused conflict, created, for instance, by the existence of dual lines of authority rather than alignment of goals and objectives between the involved parties (client and contractor), the inevitable relinquishment of control over the operation by the (client) organisation, or skills diversity among staff (Sullivan et al., 1990). In this regard, Bennett & Ferlie, (1996) pointed at the fact that despite the key strategic role played by management in this reform, due to *antonomasia*, NPM theory however received all the attention in the emerging and subsequent literature.

In the earlier years, there was evidence that neither purchasers nor providers were engaged in an appropriate system for developing stable services. Furthermore, outsourcing was criticised for failing to attach sufficient importance to maintaining valuable existing relationships (Bennett & Ferlie, 1996). Some researchers justified outsourcing on the grounds that it would bring in expertise and experience, provide access to economies of scale, thereby producing and delivering attractive options (innovation) and lowering operating costs. However, the required and expected results in terms of major cost savings and industrial relation reforms failed to materialise (Sullivan et al., 1990). As a result, language associated with competition was intentionally replaced by talk of partnerships and mature relations with providers (Bennett & Ferlie, 1996); this came to characterise the abovementioned era of Labour governance that

continued with reform of the public sector but on the avowed basis of collaboration rather than competition.

### **2.5.1. Catering provision and healthcare services in the UK**

The changes discussed above in relation to transformation of public sector management affected the whole public healthcare system and its range of services, including non-clinical services categorised as “facilities” or domestic services. These services include catering, cleaning, portering, laundry and security. Outsourcing of food services management, or any other service, entails the provision of services by a third-party organisation through a contract (Puckett, 2004). As a result of outsourcing being regarded as the most cost effective provision option, the management of catering services in public hospitals was handed over to external private food services experts for a stipulated fee and according to agreed specifications (Jackson, 2000; Wilson et al., 2001).

Since that time, the use of outsourcing in Europe has been growing as more companies choose to concentrate on their core business and core competencies. Apart from the potential cost-cutting benefits, outsourcing also represented a way of reducing risk. This points to a market with auspicious growth, as is verified by recent trends such as multi-service provision (Mintel, 2004). Private organisations were encouraged to start offering a range of services and skills due to the healthcare sector’s demonstrated eagerness to take on operators who offered multiple services. As a result, the range of services and the number of contracts put out to tender in the healthcare market has increased (Mintel, 2004).

Generally these contracts tend to be long term and require extensive investment, which usually means they are more affordable to private organisations than the public sector: a situation that generally translated into highly beneficial application of government-led PPP policies by means of private catering or general facilities services organisations (Wilson et al., 2001). In addition to this acknowledgment of the private contractors’ ability to provide better and cheaper services than in-house providers, mainly due to bulk-buying and economies of scale, another factor that has led to the consolidation of the outsourcing of catering is the level of specialisation involved in this market. Catering

provision requires specialist knowledge of such as food hygiene, health and safety, and hazardous substances legislation (Wilson et al., 2001).

Through the competitive tendering policies and privatisation processes in which the NHS has been engaged since the mid-1980s (Kelliher, 1996), the NHS has become the third most leading sector in the purchasing of catering services after the business and education sectors, thereby reducing costs and downsizing the number of employees. The industrial and public catering sectors have abetted the development of the contract catering sector within the UK hospitality industry to the extent that the public sector is now considered a reference point for future expansion of contract management, especially in the healthcare and education sub-sections (Wilson et al., 2001).

Following on from the introduction of privatisation and competitive tendering policies, the concept of “best value” was introduced into public services in 1998 by the UK Government. This built on the PPP approach (for explanation of these two concepts see sections 2.3 and 2.5), raised high competition, driving, in this case, contract catering organisations not only to demonstrate value in financial terms but also in terms of their ability to satisfy clients’ and customers’ needs (Wilson et al., 2001). On these lines and in pursuit of better care provision, the role of food services, from that time, gained increasing recognition (British Dietetic Association, 2002, Department of Health, 1995) to the extent of being identified as a healthcare industry key (non-clinical) service (Romano, 2004). As such, it was included in the subsequently influential NHS Redevelopment Plan (DOH, 2000), which focused on revitalising the whole service in terms of customers’ needs and on implementing theories such as consumerism that seek to enhance the patient experience (Puckett, 2004). Acknowledgement of the role of healthcare foodservices was not only driven by therapeutic motives but also by the need to add value through sustainable competition (DOH, 1996; Allison, 1999; Bremmers, 2004), which reflects the intrinsic (efficiency and effectiveness) pressures that the public sector has faced since the introduction of NPM strategies.

However, as Wilson et al. (2001) highlighted, catering contracts within the public sector have been characterised by being strictly controlled but even more so by being implemented by very reluctant public individuals (managers), which has culminated in poor quality client-contractor relationships. Particularly in the early stages, there was

clearly reluctance towards contract private providers in management terms because of the perceived risk and responsibility, evidencing the perception of the NHS as an extremely cautious institution (Bell, 1998; Walsh & Kieron, 1995). Hence, in the first tendering initiatives there was low representation of private organisations, only 20 per cent (Bell, 1998, Deakin & Walsh, 1996, Walsh & Kieron, 1995), which limited competition and private sector participation (Johnson, 1995). In these tendering processes, if an internal bidder won the contract, provision would remain in-house. Wilson et al. (2011) stresses that the fact that the majority of the bids (83% of 85% hospital catering units market tested) were won by in-house teams demonstrates that any significant growth took place in the provision of ancillary services.

On the other hand, the successive changes that occurred in the NHS provision chain brought problems such as the deterioration of service quality as a consequence of the preparation and production procedures being simplified and the use of less skilled and lower-priced staff in order to produce more food, more cheaply. Accompanying the reported decline in the quality of the service, it is claimed that the morale of the workforce has been affected by the introduction of unskilled, repetitive and unchallenging food preparation processes (Jackson, 2000; DOH, 2000; Prior, 1993; Wilson et al., 1997). Nevertheless, initiatives such as PPP have increased awareness of the need to collaborate in order to achieve common goals (Wilson et al., 2001).

Since the 1990s, when external service providers began to replace in-house providers (Salonen, 2004), new models of partnership governance have emerged. However, it is only more recently that academics and practitioners have started to develop new methods to manage these contractual relationships. There seems currently to be a trend and need to develop innovative contracts and management contractual forms to improve management of outsourcing processes (Salonen, 2004; Usher, 2004). Furthermore, in terms of generalised thought, there are still gaps in the knowledge about the relationship between management and quality of health care (West, 2001), and, in addition, few studies have focused on the implementation of management in health services (Hewison, 2003). It is evident that further research, based on a valid approach, is needed in order to fully understand these processes. This research intends to make a contribution by conducting an in-depth exploration of the nature of the

relationship and the characteristics of this new era of collaboration between the public and private sectors.

This research aims to achieve useful insights by focusing on the management function of these contractual strategies within this specific context. Furthermore, given the growing service culture orientation (Puckett, 2004; Akhlaghi, 1996), this research targeted another important element for service delivery management. The NHS has acknowledged the importance of individual performance for the successful delivery of support services by encouraging the empowerment of individual service providers (Akhlaghi, 1996). In addition, the quality of services in the NHS is closely linked to front-line staff and their interactions with customers. Hence, this research also focuses on the employment environment and climate from the staff perspective, thereby extending knowledge in the fields of public management, contract services management and hospitality.

There has been remarkably little research into support services and only a few studies have focused on control systems design and management within outsourcing relationships (Gietzmann, 1996; Van der Meer et al., 2000; Langfield-Smith & Smith, 2003; Lehtonen & Salonen, 2006). Furthermore, as this particular sector lacks a solid body of theory (Salonen, 2004), inter-organisational outsourcing relationships need to be grounded in general management and more specifically in relationship management literature (Salonen, 2004; Kadefords, 2008). The next chapter, chapter three, begins to address these issues by analysing the concept of PPP on both a conceptual and operational basis through a cross-fields literature review.

## **2.6. Conclusion**

This chapter focused on exploration of the origin and drivers of the now extensive practice of private participation in the provision of public services and infrastructure. In order to understand the concept of PPP and its implications, public sector management was reviewed with particular consideration of the series of changes this sector has undergone. This chapter explored the evolution and global trend of NPM, particularly in relation to the UK case. Although disparity among different political contexts, specific circumstances and country settings is to be expected, there is common agreement within the literature on the lack of generalisation and a universal public administration reform model (Hughes, 1998; Torres & Piña, 2004). However, the

review of the literature confirmed that for largely economic or quality assurance reasons there is a global predisposition to improve public management in terms of its structure and public services provision mechanisms.

The creation of a global market has led to more competition, both in private and public organisations. In response to these new societal circumstances, the OECD countries have implemented various reforms of their public administrative structures (Wright, 1997). However, it can be argued that this reformation-transformation process is still on-going and has yet to become a reality (Torres & Piña, 2001). In truth, contrary to the widespread image of public administration modernisation, public sector reform has not yet been achieved on a global level, due to the failure of implemented policies and changes to meet the objectives (Talbot, 2001; Torres & Piña, 2004).

The NHS has been highlighted as a difficult context in which to successfully implement leasing agreements (Ruane, 2001; Ferlie et al., 2003; Dorrego de Carlos & Martínez Vázquez, 2009), with the level of profitability of current private intervention procurement modes still being open to question. However, the healthcare sector in the UK is among the most representative because of the extensive use of contracts in its services provision. Ancillary, support, and facilities services represent the main target for private intervention (Intel, 2004), responding to the growth in service culture orientation and the need for greater efficiency and improvement of care provision in the public sector (Puckett, 2004; Akhlaghi, 1996).

Taking into consideration all these issues, this research focuses on the context of healthcare services provision in order to offer insights into the development and success of strategies aimed at improving efficiency and flexibility in the public sector. Due to the complexity of these crucial working relationships between public and private organisations, this research work concentrates on management issues as the crux of understanding the dynamics of these relationships. The next chapter discusses the current status of the discussed public sector reform, the move of NPM towards collaboration, and the role of partnerships in public contexts. The partnership concept is explored in relation to the relevant literature. In addition, the chapter deals with



particularities in terms of implementation and management of partnership, including those deriving from collaboration between public and private sector organisations.

## Chapter 3

### Collaboration and public-private inter-organisational relationships.

#### Partnership concept definition and management

##### 3.1. Introduction

The review of the context of this research in the previous chapter identified that partnership ideology is now at the centre of government attempts to reform the public sector, previous attempts based on competition and privatisation processes having proved inappropriate and unsuccessful. Hence, this chapter focuses on inter-organisational collaboration in general and between the public and private sectors in particular. Within the route advocated by government, partnership is presented as the key to achieving efficient provision of public services and infrastructure.

PPPs represent the latest and most extensive organisational form for the provision of public facilities and services. This chapter reviews the essence of the nature of the partnership concept by identifying its characteristics and elements along with the debate that surrounds this concept. After exploring the rhetoric and conceptual implications of partnership, public sector approaches and drivers are then discussed, with attention focused on the public healthcare context in order to categorise this form of collaboration into meaning and organisational structure. Having discussed partnership theory, attention moves to exploring governance structures of partnership collaborations. This review of the particularities associated with the management of PPP is intended to identify partnership factors that can potentially achieve a successful outcome, and conversely, those that limit or impede collaboration between the public and private sectors.

In reviewing the available literature in partnership this research attempts to identify *how to manage contractual relationships under partnerships principles. What are the differences between managing contracts from a partnership approach and from a transactional perspective?* To explore the complexity of partnership from the managerial perspective, in line with the discussed movement of the public sector reform away from privatisation and competition, the implications and requirements of such a transition are brought to the

fore. To this end, the present chapter first discusses the new rhetoric associated with the idea of collaboration in the public sector, and then reviews the concept of partnership. This chapter concludes with discussion of the management considerations and implications of this type of collaboration, including an evaluation of criteria for success associated with the idea of partnership working.

### **3.2. Public sector management approaches to collaboration: the recent preference trend towards partnership**

As discussed in chapter 2 the significant change that NPM movement brought in public administration based on the split of policy formulation to policy implementation in order to achieve greater professionalism, public services improvements and increase of effectiveness while maintaining an arm's length relationship still continues (Entwistle & Martin, 2005; Lowndes & Skelcher, 1998; Klijn, 2009). In truth, "all over the world there is an emerging attention for the cooperation between public and private parties" (Klijn, 2009, p. 2). Public management literature is characterised by expansive statements such as: "it is in partnership with others - public agencies, private companies, community groups and voluntary organisations that local government's future lies" (Blair, 1998, p. 13) or, even more grandiose: "whatever the conflicts, mistrust and tensions generated by market and hierarchy, there exists a continued potential for collaborative activity in pursuit of public purposes" (Lowndes & Skelcher, 1998, p. 332).

Just as the private sector and markets have been affected by globalisation, being forced towards inter-organisational production chains, alliances and partnerships on which they have become increasingly dependent, the public sector has had to turn to network collaboration in the pursuit of effectiveness and efficiency (Teisman & Klijn, 2002). Hence, due to the rise in demands and expectations of clients, this network society is now characterised by new forms of governance in which cooperation, and especially partnership arrangements, play an increasingly prominent role (Teisman & Klijn, 2002). The public sector has had to respond to global economic trends and whilst contracts in general represent the most frequent alternative to government direct delivery (Brown et al., 2006), collaboration has also been embraced by the public sector (Brinkerhoff, 2002; Jiménez Díaz, 2009).

Within intergovernmental interactions, PPPs have been largely supported as new forms of governance that fit in with the growing interdependence trend between all kinds of

societal actors. Contrary to the previously discussed methods of massive privatisations (Thatcher Government) during the early days, the public-private collaboration tool has been “shaped” to achieve a balance between private participation and public intervention for the procurement and provision of basic public infrastructures and services although, with ultimate responsibility always lying with the state. A new (legal) culture has been introduced into a concept of governance grounded in the Anglo-Saxon tradition. This metamorphosis introduced the principle of co-responsibility through partnership ideology (Dorrego de Carlos & Martínez Vázquez, 2009).

Hence, forms of governance based on partnership are regarded as appropriate for dealing with the complexity of an increasingly globalised network culture that have been introduced into the public realm (Teisman & Klijn, 2002). Partnerships in general and PPP in particular have led to the involvement of different actors and an approach to governance based on cooperation rather than central and steering control (Teisman & Klijn, 2002; Jiménez Díaz, 2009). The participation of a range of actors from the public, private and voluntary sectors has increased the complexity of public policy and project implementation. As Mackintosh (1992) emphasises, PPP, by its nature, involves both social and commercial goals, together with a wide range of processes, but also has increased mutual dependence between the involved sectors.

PPP procurement arrangements have been extensively accepted worldwide, particularly in Europe, Asia and Far East (Aziz, 2007), with many countries having recently developed NPM (Broadbent & Laughlin, 2002) and the phenomenon continues to grow (Dorrego de Carlos & Martínez Vázquez, 2009). Its acceptance as a valuable tool for the public sector (Jiménez Díaz, 2009) is based on advantages in terms of VfM and innovation that derive from the use of private capital and expertise (Nisar, 2007). Similarly, PPP is equally beneficial to private providers since it offers the prospect of engaging in long term projects with rewards guaranteed by the public sector (Jiménez Díaz, 2009).

Partnership working has become a central feature of all areas of public welfare in Britain, especially since 1997, with healthcare being one of the more prominent areas (Dowling et al., 2004). PPPs have, however, in defining collaboration between the

public and private sectors, gone beyond the mere supply of public services (Broadbent & Laughlin, 2002). Accounts of partnership management have stressed network forms of organisations, placing joint value chain interests before those of individual partners (Akintoye et al., 2003).

Hence, a transition took place from “traditional arm’s length” relationships based on dependence avoidance towards partnerships that emphasised close relationships as a means of obtaining greater benefits (Gadde & Snehota, 2000). This represented a move away from general rejection grounded in the fear of exposure to opportunistic behaviour (Parker & Hartley, 1997). In addition, the body of academic thinking supported partnership agreements as an optimal procurement strategy (Cox, 1993; Parker & Hartley 1997).

The preference for partnership as opposed to simple competition is based on factors such as the avoidance of unnecessary costs deriving from excessive tendering; the opportunity to form long-term contracts with fewer, dedicated suppliers; trust-based relationships; coordination of strategy; mutual benefits and sharing of risk. Competition, on the other hand, is associated with arm’s length relationships, frequent tendering processes, complex contingent claim contracting, lack of trust and reluctance to share information, adversarial attitudes and win-lose outcomes (Lamming & Cox, 1995).

Partnership collaboration is also associated with overall improvement, consistency and coordination between partners engendered by trust and mutual understanding, whilst the high level of integration reduces conflict and disagreement and thereby facilitates the decision making and planning processes (Danson et al., 1999). However, partnership is also associated with drawbacks such as difficulty in executing strategic action, being time consuming, confusion in roles and responsibilities deriving from shared decision making, and concealment of divergent interests and unequal power relationships (Danson et al., 1999).

Apart from containing the literature criticisms in terms of the public sector’s unwillingness to abandon its traditional approach and adopt new governance arrangements based on inter-organisational processes (Teisman & Klijn, 2002), relevant contradictions need to be considered. Firstly, contrary to the founding idea of organisational liberation, partnership is presented as an imperative to the extent that it is

difficult to find in contemporary policy any reference to collaboration as the central strategy for public provision. As Dowling et al. (2004, p. 309) emphasise, “the message is clear: the pressure to collaborate and join together in partnership is overwhelming. Partnership is no longer simply an option; it is a requirement”. Secondly, in spite of the extensive diversity of theories and frameworks to clarify the nature of such partnerships, there is no hard evidence of their benefits.

Overall, advocacy of partnerships is based on the concept of synergy whereby partners, in spite of possessing different assets and skills, establish compatible aims. However, partnerships are also criticised for one side of the joint venture being exclusively motivated by profit; partnership is even used as another word for privatisation of public policy and capital, or simply regarded as a measure wherein costs outweigh the expected benefits. Partnership has been accompanied by a “great deal of political debate”, not merely defending or opposing it, but also “within the concept, concerning its potential meaning and effects” (Mackintosh, 1992, p. 210), since the concept of partnership cannot be separated from its application to government policy.

Due to its use as “a partial euphemism and a token of political negotiation” (Mackintosh, 1992, p. 210), partnership schemes have been dogged since the beginning by ambiguity and conflict. This ambiguity arose mainly from the lack of proper definition that has resulted in continuous renegotiations of partnership arrangements, but also from oversimplification at the early stages of the inherent complexities, which reduced these arrangements to mere “cooperation between actors, where the actors agree to work together towards a specified economic development objective” (Mackintosh, 1992, p. 211).

In line with these observations, this research analyses partnership through a multidimensional perspective (Mackintosh, 1992) based on identifying the involved processes, dynamics, and particularities. This research considers refining the idiosyncratic dimensions of partnership from theoretical and practical foundations to be the first step in defining the concept of partnership. Hence, the next section focuses on offering insights about the concept of partnership through an extensive review of the relevant literature within both the general context and the specific context of partnership between the public and private sectors.

### 3.3. Conceptualising partnership

The partnership mechanisms introduced in the public sector, particularly in the Anglo-Saxon context, are extremely relevant (Dorrego de Carlos & Martínez Vázquez, 2009); hence, it is necessary to explore both the conceptual and technical meaning embedded in the partnership approach to public sector reform. The significance of this analysis lies in the fact that despite the widespread application of partnership schemes, the definition and practice are “often somewhat opaque” (Atkinson, 1999, p. 62).

In addition, partnership is not a neutral concept but rather a “discursive construct”; it aims to clarify the meaning of a reality. “[...] there is no single authentic mode of assigning meaning to terms such as partnership and empowerment [and] ... their meaning is constructed (i.e. produced and reproduced) in a context of power and domination which privileges official discourse(s) over others” (Atkinson, 1999, p. 59). Besides, power relations between participants in partnership frequently recreate economic, social and political dependency relations. However, disempowerment can also occur in partnership collaborations.

As chapter 2 illustrated, in all the strategies introduced for welfare state reform, the central government has determined the “rules of the game” by which public institutions must abide in order to access (scarce) funding (Atkinson, 1999).

Hence, bearing in mind governmental influence and the fact that partnership is a construct of meaning, this research uses the discursive construction of public-private partnerships within government reforms of the British healthcare system to explore what is understood by partnership and what it entails in practice (implementation). This section analyses the rhetoric of partnerships based on public and private collaboration and explores partnership connotations (cooperative and reformist characteristics) and multiple meanings by means of close linkage with the political context that engendered them. The review of the literature focuses on the relevant debates, particularities and dilemmas in both rhetorical and implementation terms from the contextual perspective of public healthcare.

### 3.3.1. Defining partnership

Since the concept of partnership first developed, its definition has been problematic. It has been defined according to various financial needs and without reference to coherent or unified criteria (Dorrego de Carlos & Martínez Vázquez, 2009). There is no definition of public private collaboration that this research can consider as starting point for analysis of the constituent elements. The acceptance by most researchers of the lack of clarity on the definition of partnership (Miller & Ahmad, 2000; Powell & Glendinning, 2002; Sullivan & Skelcher, 2002) has further undermined the “validity” of the partnership literature (Ling, 2000). In addition, partnership is related to terms such as collaboration, cooperation, and joint venture, which has led to disagreement between those who differentiate between these terms and those who regard them as exchangeable and identical (Miller & Ahmad, 2000; Powell & Glendinning, 2002; Dowling et al., 2004).

There have, nevertheless, been many attempts to define this concept. Table 3.1 presents definitions of this concept that illustrate the main associations and implications. As illustrated, these definitions basically relate this strategy of collaboration with the idea of sharing. Agreement – often through a legally-binding contract – on sharing risks and liabilities as well as benefits, along with the idea of cooperation are the main common elements, whilst long term sustainability is also linked to this form of public-private collaboration. Other views go further by emphasising that this form of inter-organisational collaboration requires closeness and is open-ended in nature (Schaeffer & Loveridge, 2002). As table 3.2 indicates, the partnership concept is repeatedly associated with certain values such as mutual trust, equity, and commitment to the achievement of established mutual aims and the effective use of each partner’s resources. Some definitions also highlight the need for mutual understanding in terms of each partner’s values and expectations. However, as the next section discusses, despite these commonly identified features, PPP collaborations can develop in a range of different forms.



**Table 3.1: Defining the partnership concept**

Source	Definition
NEDC (1991, p. 5)	"Partnering is a long-term commitment between two or more organisations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant's resources. The relationship is based on trust, dedication to common goals and an understanding of each other's individual expectations and values".
Eddelenbos, & Teisman, (2008)	An inter-organisational phenomenon. Partnership as a form of joint management via public –private networks.
Cox (1997, p.127)	"A long-term collaborative arrangement, where buyer and supplier are working toward common goals and mutual benefits, is just one type of relationship within a broad spectrum of relations".
Thompson & Sanders (1998, p. 73)	"Partnering is a long-term commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant's resources. This requires changing traditional relationships to a shared culture without regard to organizational boundaries. The relationship is based on upon trust, dedication to common goals, and an understanding of each other's individual expectations and values"
Peters (1998)	Continuing relationship which parameters are negotiated among the members from the outset, all participants can act on its behalf, bringing something into the partnership, sharing responsibility for the success of the partnership which is "enduring".
Audit Commission (1998)	A joint working arrangement where partners are otherwise independent bodies cooperating to achieve a common goal.
Roscнау (2000, p. 219)	"Authentic partnering, in theory, involves close collaboration and the combination of strengths of both private sector (more competitive and efficient) and the public sector (responsibility and accountability vis-à-vis society)".
Bresnen & Marshall (2000, p. 230)	"Partnering refers to long-term agreements between companies to co-operate to an unusually high degree to achieve separate yet complementary objectives" Also, "partnering has been defined as a long-term commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participants' resources".
Brown et al. (2006, p. 300)	"Partnership is a term that has come to be loosely applied to a broad range of collective bargaining relationships which place emphasis on mutual cooperation"
Savas (2000, p.178)	"A joint public-private arrangement that harness-more fully than conventional government arrangements do- the different strengths of the two sectors to provide public services and satisfy people's needs"
Osborne (2000)	A strategic partnership intended to realize the broader aims relating to the longer term issues involved in project and programme development

Linder (2000)	PPP used as a tool to achieve management reform, either by changing managerial practices or by changing the nature of a problem so that it can attract a private for-profit partner.
Schaeffer & Loveridge (2002, pp. 185-186)	"Close and open-ended form of collaboration". An open-ended agreement to work together in which the partners define the general purpose of the partnership but are open to new developments and opportunities.
Beck & Hunter (2003, p. 369)	"A generic term for the relationships formed between private sector companies or consortia in the development of public sector infrastructure projects sponsored"
Hardcastle & Boothroyd (2002, p.31)	Now an accepted alternative to the traditional state provision of public facilities and services  "A contractual relationship in which a private party takes responsibility for all or part of a government's (departments) functions. This contractual arrangement is between a public sector agency and a private sector concern, being resources and risks shared for both for the purpose of delivering a public service, or for developing public infrastructure. Outsourcing, deregulation, privatization between other have been used as measures to combining both resources from the public and private sector"
Klijn & Teisman, (2003)	PPP is described as a durable form of cooperation between public and private actors that enable those actors to develop products or services jointly, and to share risks, costs, and benefits in order to achieve a common aim.
Humphires & Wilding, (2003)	Partnering is a commitment between two or more parties in a collaborative relationship to create value by striving to achieve shared competitive goals and operational benefit through a spirit of mutual trust and openness
Institute for collaborative working.  (Formerly known as Partnership Sourcing Ltd.)	"Partnering is a commitment between two or more parties in a collaborative relationship to create value by striving to achieve shared competitive goals and operational benefit through a spirit of mutual trust and openness. It is important to recognise that not every relationship is a partnership but it can encompass the partnering ethos".
Armistead & Pettigrew (2004, p. 571)	A cross sector, inter-organisational group, working together under some form of recognised governance, towards common goals which would be extremely difficult, if not impossible, to achieve if tackled by any single organisation  "A partnership is a cross-organizational group working together towards common goals which would be extremely difficult, if not impossible, to achieve if tackled alone".
Constructing Excellence (2004, p.1)	"Partnering is a management approach used by two or more organisations to achieve specific business objectives by maximising the effectiveness of each participant's resources. It requires that the parties work together in an open and trusting relationship based on mutual objectives, an agreed method of problem resolution and an active search for continuous measurable improvements".
Koppenjan (2005)	A form of structured cooperation in establishing and running public services. Partnership can only exist if the collaboration takes on the form of an alliance model.

Edelenbos & Teisman (2008)	PPP consists of sustainable cooperation between public and private actors, who, from their own interests and perspectives, develop mutual products and/or services, and who share risks, costs, and benefits. The idea is to focus on achieving a common aim to benefit from the benefits from the collaboration itself.
Kwak, et al. (2009, p. 52)	"A cooperative arrangement between the public and private sectors that involves the sharing of resources, risks, responsibilities, and rewards with others for the achievement of joint objectives"
The European bank	"Generic term for the established relationships between public and private organisations, normally with the aim of introducing private resources and experience to help to enhance and hand public assets and services. This concept is used by a variety of agreements from strategic alliances, informal or flexible to DBFO contracts and mixed organisations"
British Columbia	"PPP are arrangements between government and private sector entities for the purpose of providing public infrastructure, community facilities and related services. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners"
British public sector union UNISON	"Any arrangement where a public service is delivered in co-operation with the private sector"
The Canadian Council for public and private partnership	"The association between public and private sectors is based on the ability of each part to accomplish in the best possible way specific public needs through sharing appropriately resources, risks and compensations"

**Table 3.2: Partnership concept values and assumptions**

Source	Values
Lane & Lum (2010)	<ul style="list-style-type: none"> <li>• Strategic advantage awareness</li> <li>• Pursuing efficiency and effectiveness</li> <li>• Sense of management responsibility and risk</li> <li>• Mutual trust</li> <li>• Win-win</li> <li>• High quality partnership equals competitive advantage</li> <li>• Flexibility is necessary because of the difficulty on indicating accurately, completely the working relationship.</li> </ul>
Edekenbos & Teisman(2008, p. 618)	Basic PPP principle: "bringing parties together, and keeping them together by creating a solid basis for sustainable collaboration"
Weihe (2008, p. 104)	"Genuine collaboration involving co-production, risk sharing, principal-principal relations in addition to trust, close-knit and equally relations" (intangible nature of partnerships)
Ysa (2007)	<ul style="list-style-type: none"> <li>• Ensuring partnership arrangement rather than self privileges</li> <li>• Commitment &amp; responsibility by all parties</li> <li>• Interdependence, solidarity, loyalty, trust, mutual support</li> <li>• Identity and similar culture; mutual understanding.</li> </ul>
Thomson & Perry (2006) <sup>1</sup>	<ul style="list-style-type: none"> <li>• Higher collective action</li> <li>• Deeper interaction, integration, commitment &amp; complexity</li> <li>• Long- term approach</li> <li>• Mutual goal sharing</li> <li>• Synergy</li> </ul>
Wettenhall (2007)	<ul style="list-style-type: none"> <li>• Mutual trust &amp; respect</li> <li>• Genuine partnership equals long-term &amp; relational contracts based on trusts</li> <li>• Benefits share</li> <li>• Horizontal rather than hierarchical relationships</li> </ul>
Geddes (2005)	<ul style="list-style-type: none"> <li>• Openness &amp; trust,</li> <li>• Integrity &amp; fairness;</li> <li>• Mutual support;</li> <li>• Shared belief in cultural change</li> </ul>
Mason et al. (2004)	<ul style="list-style-type: none"> <li>• Based on the success of the organisation.</li> <li>• Building trust, each party role legitimacy.</li> <li>• Maximum flexibility</li> <li>• Sharing success.</li> </ul>
Shaeffer & Loveridge (2002)	<ul style="list-style-type: none"> <li>• Egalitarian relationship</li> <li>• Conflict-free, coordinated decision making</li> <li>• Mutual trust</li> <li>• Complete, ongoing interdependence</li> <li>• Shared goals</li> <li>• Equal exposure to risk and rewards</li> <li>• High demand: commitment of resources, coordination of decision making, exposure to risk</li> <li>• Fully/ideal-type partnership: highly demanding; open, flexible commitment</li> </ul>
NAO (2001a)	<ul style="list-style-type: none"> <li>• Spirit of partnership: Understanding each partner's business</li> <li>• Common vision</li> </ul>

<sup>1</sup> Referring to collaboration

Gadde & Snehota (2000)	<ul style="list-style-type: none"> <li>• Closeness &amp; high integration</li> <li>• High level of involvement</li> </ul>	<ul style="list-style-type: none"> <li>• High interdependence</li> <li>• Mutual focus on the relationship</li> </ul>
Darwin et al. (2000) (relational contracting)	<ul style="list-style-type: none"> <li>• Long-term social exchange</li> <li>• Mutual trust</li> <li>• Interpersonal attachment</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to partner/s</li> <li>• Altruism</li> <li>• Problem solving</li> </ul>
Lambert et al. (1999)	<ul style="list-style-type: none"> <li>• Mutual trust</li> <li>• Openness</li> </ul>	<ul style="list-style-type: none"> <li>• Shared risk</li> <li>• Shared rewards</li> </ul>
Danson et al. (1999)	<ul style="list-style-type: none"> <li>• Consistency &amp; continuity</li> <li>• Mutual trust &amp; understanding between partners</li> <li>• Mutual involvement &amp; shared agreement in decision &amp; strategic planning (reduced conflict &amp; disagreement)</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination &amp; integration</li> <li>• Innovation &amp; operational improvement</li> </ul>
Lamming & Cox, (1995)	<ul style="list-style-type: none"> <li>• Long-term agreement</li> <li>• Coordinated strategies</li> <li>• Trust relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Mutual benefits (win-win outcomes)</li> <li>• Risks &amp; rewards sharing</li> </ul>

### 3.3.2. Categorising partnership

The diversity manifested within PPPs (English denomination) and PPCs (European Commission denomination) encompasses different levels of collaboration, type of project and form of private participation that distinguish different forms of implementation (Aziz, 2007). The level of responsibility and the different parties' roles (Akintoye et al., 2003) as well the nature of regulation and control are also crucial distinguishing elements (Aziz, 2007). Regardless of the PPP model adopted, the public sector always plays the major role in deciding the nature of the services, the service quality performances standards and who is to undertake any remedial action required (Akintoye et al., 2003). Generally, government retains some ownership rights and control over the nature of PPPs, and in particular over pricing of public services offered by private companies.

From a general and legislative perspective, partnerships can be broadly classified in two ways, contractual and institutional. From a legislative point of view all forms of partnership are contractual in nature, whilst partnerships comprising a number of different stakeholders are generally described as institutionalised (Dorrego de Carlos & Martínez Vázquez, 2009). Broadly speaking, partnerships can be classified as finance-based and service-based. This allows differentiation between contractual forms such as outsourcing, which covers operation and maintenance of services, and turnkey projects based on build and transfer; building intervention involving leasing and transfer contracts; financial and execution collaborations; and PPPs based on build, operate and transfer formats (Aziz, 2007).

In relation to the drivers behind specific ventures, Kernghan (1993) categorises partnerships in four types, which in principle are not exclusive of one another and can be present in the same partnership, when they may vary in terms of dominance. These four categories are collaborative, operational, contributory and consultative partnership. Of these, only the collaborative type directly links to “real” partnership, embodying characteristics of equal power sharing, consensus, and mutual dependence. In operational partnerships, on the other hand, efforts are directed to the sharing of work rather than of decision making in order to achieve substantial coordination. The other two types, contributory and consultative, centre on financial sponsorship and external

advice respectively, without any involvement in decision making (Kernghan, 1993). On similar lines, considering these drivers, Mackintosh (1992) distinguishes three institutional models: synergy, transformation and budget enlargement models, illustrated in table 3.3.

**Table 3.3: Partnerships models according to purpose**

<b>MODEL</b>	<b>PUBLIC Institution</b>	<b>PRIVATE Organisation</b>	<b>Joint Venture AIM</b>
<b>Synergy</b>	Serving social objectives	Pursuing private profit	Producing synergy from complementary assets, skills & powers
<b>Transformation</b>	Mixed (internal & social) objectives, Increased efficiency needed	Pursuing short term & narrow objectives, Socially Inefficient	Attempting mutual transformation of culture & objectives
<b>Budget Enlargement</b>	"Budget juggling". Suffering from financial constraint	"Risk shifting". Seeking public subsidy or risk reduction	Attaining funds from third party

(Based on Mackintosh, 1992)

Like the collaborative partnership type, the *synergy model* links to the “ideal” idea of partnership since the concept of synergy embodies many aspects of the definition and justification of partnership. As Mackintosh (1992, p. 213) emphasises, “much of the partnership language fits the synergy model”. The essence of this model is generation of additional mutual benefits from the union of resources and efforts. However, this form of partnership is not exempt from challenges and pressures as partners have different objectives and hence understanding of the other partner’s objectives needs to be precise and based on common ground and areas of mutual interest (Mackintosh, 1992).

The *transformational model* differs in that it directly connects to public sector transition and transformation towards efficient management, thereby reflecting the motive for the formation of the partnership. As chapter 2 explained, partnerships are formed to make the public sector more business and market-like, which in turn entails involvement of the private sector. Finally, the *budget enlargement* model considers partnerships as schemes for raising money. In this case, extracting a financial contribution from a third party is the “glue” for the joint venture. This view is considered particularly relevant at times of economic recession; hence, in light of the current economic recession that started in 2008, this model might become increasingly prominent in the coming years.

**Table 3.4: Partnerships typology according to grade of involvement**

	<b>Competitive</b>	<b>Cooperative</b>	<b>Collaborative</b>	<b>Coalescing</b>
Objectives	Non common even conflict objectives	Common objectives	Both parties strategic goals	Total objectives alignment
Mentality/ attitude	Win-lose mentality	Improved		
Focus	Short-term focus		Long-term (to accomplish these goals)	
Measurements	Any partnership measurement measures	Partnership measures	Specific and tied to team incentives	Common performance measurement system  Collaborative activities  Recognition reward programs
Environment	Coercive environment			Integrated culture to the purpose
Improvement	Little/any improvement		Improved processes	
Trust	Little trust, no shared risk and defensive position	Limited trust and shared risk, guarded information sharing	Openness, honesty and increased risk sharing	Implicit trust and shared risk  Commitment & competence leading to trust development

(Based on Thompson & Sanders, 1998)

In addition, further differences can be identified by taking into consideration the nature of the partnership. Applying contract theory to the partnership concept distinguishes three types of agreements: adversarial or classical, obligational, and relational (Saz-Carranza & Serra, 2009). Regulation in these three approaches varies along the following continuum: from tight control and low interdependence towards incorporation of some flexibility and alternative resolution techniques and then to an approach in which attention focuses on different aspects of mutuality, including execution, design, resolution, and expectations that characterise relational contracts (Gil, 2009). As table 3.4 illustrates, the spectrum of partnership ranges from non-common objectives, short term approach, defensive position and coercive environment to total alignment of objectives, transparent and trustful relationships, with shared risks and commitment to success (Thompson & Sanders, 1998).



Teisman & Klijn (2002) compare the differences on level of involvement and the roles of public and private parties in contracting out and partnership models. These differences vary from public sector supremacy in the design, decision making and execution of the collaboration project to joint decision and execution and mutual risk sharing. In theory, engagement in partnership projects implies that outputs specifications are commonly settled by public-private actors, risks are mutually shared, and joint development and production schemes are in place. Contracting out, on the other hand, is characterised by limited participation of a private partner in setting specifications, whilst any proposal requires public approval (Teisman & Klijn, 2002).

To address this difficulty in defining the concept of partnership, Dorrego de Carlos & Martínez Vázquez (2009) suggest focusing on the common characteristics of this new philosophy of public administration. Hence, the following aspects have been identified: contracts are usually long term (20 years); usually partnerships are used as a remedy for financial constraints/limitations; task and risk sharing; private institution remuneration; and separation from related legal concepts such as contracting out and privatisation. Regarding this latter aspect, public-private collaborations generally are regulated by such factors as established rights, obligations, competences, remuneration, whilst contracting out is the specific leasing of responsibilities with minimum risk transfer, the public administration bearing maximum responsibility on the results, whereas privatisation is regulated by the public institution's regulative formula.

Narrowing the focus to the kind of service delivery involved in these inter-organisational collaboration agreements, Ventovuori & Lehtonen (2006) for instance, not only make the distinction between “arm’s length relation” and strategic partnering but also argues that collaboration strategy changes according to the kind of relationship adopted. Furthermore, Klijn et al. (2008 a) emphasise that relationships need to be more collaborative when higher or significant added value is expected to be obtained. The arm’s length approach however, is argued to be directed at non-strategic and standardised services; services providers are selected on price, specifications are unambiguous without consideration of mutual goals, and interaction is limited to operational levels and tends to be problem-driven. Conversely, strategic sourcing partnerships entail longer term, mutual strategic goals and shared vision, extensive

information sharing, a written management model and in-depth negotiations to select the service provider and define specifications (Ventovuori & Lehtonen, 2006).

Taking this discussion further, Ventovuori & Lehtonen (2006) raise significant criticisms of the practical application of partnering agreements. Apart from claiming that partnership in some cases might not represent an “optimal” choice, it is also argued that commonly there has been a lack of education and knowledge about types of collaboration and the associated differences, advantages and disadvantages. In addition, strategy decisions have commonly been based on price. Generally, activities and processes conducted prior to outsourcing and the associated management strategies demand further research attention (Ventovuori & Lehtonen, 2006). Hence, this research aims to contribute to bridging this knowledge gap.

Despite the diverse forms and lack of specific regulation and standardised legal systems within the European context (Jiménez Díaz, 2009), overall there is a common aim linking the different forms of partnership: to achieve more efficient use of public resources and minimise the cost through appropriate risk transfer to the private sector (Aziz, 2007; Akintoye et al., 2003). However, although partnership rhetoric emphasises the benefits, in practice, partnerships can present complexities and difficulties (Vagen & Huxham, 2003), which the literature has tended to overlook (Mason et al., 2004). As Lowndes & Skelcher (1998, p. 331) emphasises, “the design of partnerships and their management over time has been little informed by theory”. Hence, the next section of this research focuses in detail on the complexities of PPP management.

### **3. 4. Managing partnerships: particularities, considerations, and implications**

Although this chapter has presented some level of communality, the various definitions presented evidence the lack of agreement in this area. This ambiguity (Dorrego de Carlos & Martínez Vázquez, 2009) leaves the way open for a new approach to the concept of partnership (Klijn et al., 2008a). Partnership particularities are approached differently depending on the research area. Hence, NPM literature concentrates on the organisational forms of partnership, whereas governance literature focuses on management strategies (Klijn et al., 2004 and 2008b). This research has taken on board

Klijn et al.'s (2008b) argument that the success of a partnership is affected more by managerial strategies than by the organisational structure. Hence, taking a managerial perspective, this section discusses the partnership approaches used in public-private collaborations in order to determine the types and roles of governance structures employed in the development of this kind of partnership.

Both policy makers and researchers have highlighted the general improvements and higher efficiency achieved through close cooperation between public and private partners. Such cooperation can involve combining the partners' assets and powers and even adopting new objectives, strategies and operating procedures (Mackintosh, 1992). Partnership involves a higher level of participation than more traditional client-supplier or principal agent relationships, for instance, through involving the private side in the decision making process; it is a co-production that involves a higher level of coordination as well as additional transactional costs (Klijn et al., 2008a). Although partnerships are linked with closeness and integration, as suggested by Gadde & Snehota (2000), this research focuses on understanding the behaviour manifested in the relationship rather than trusting on such "loosely" attributed positive views on the concept of partnership.

The involvement of different actors and the combination of resources, perceptions and strategies increases the complexity of partnership interactions and behaviours (Teisman & Klijn, 2002). In addition, rather than emerging in isolation, partnerships emerge from particular social, economic and political circumstances. Whilst this explains the variety of origins and characteristics, at the same time it makes comparison between partnerships more difficult. Hence, differences occur in size, resources, membership, configuration, evolution stages, and institutional context (Danson et al., 1999). In this particular context, chapter 2 argued that NPM has strongly influenced the way partnerships are managed to the extent to be the organisational form of partnership a matter that has centred the main debates in partnership literature and government texts (NAO, 2002; Klijn et al., 2007; Klijn, 2009).

As discussed in the previous chapter, the use of different mechanisms to carry out reforms in the public sector created a hybrid system in which "hierarchical, market-

based and collaborative frameworks” coexist (Grimshaw et al., 2002, p. 477). The PPP system presents significant difficulties relating to the allocation of resources, the need for management to undertake monitoring activities (Torres & Piña, 2001), and the emergence of certain forms of conflict. Apart from conflicts generated by the dynamics between parties, such as those involving power or trust (Wilson & Boyle, 2004), PPP is also affected by conflicts of interests, diverging management aims (Wilson & Boyle, 2004), and conflicts of values (Grimshaw et al., 2002).

Socially and politically the private and public sectors are inherently different. For instance, there is disparity in terms of “priorities” and “mindsets” between public and private organisations, particularly in finance terms; whilst the private sector has a profit imperative, public organisations are budget driven, sometimes at the expense of quality considerations (Ruane, 2001) and social goals (Grimshaw et al., 2002). Meanwhile, other barriers and impediments have emerged since the initiation of PPP implementation. In this respect, Aziz (2007) identifies specifically the lack of legislation on PPPs’ statutory authority; unfamiliarity with PPP implementation mechanisms; the related bureaucratic government processes; general opposition; and lack of dedicated revenue sources or innovative financing tools. Other problems cited as affecting partnership arrangements are secondary and residual risks such as unwillingness of managers to relinquish control, and partners becoming complacent or reverting to adversarial relationships.

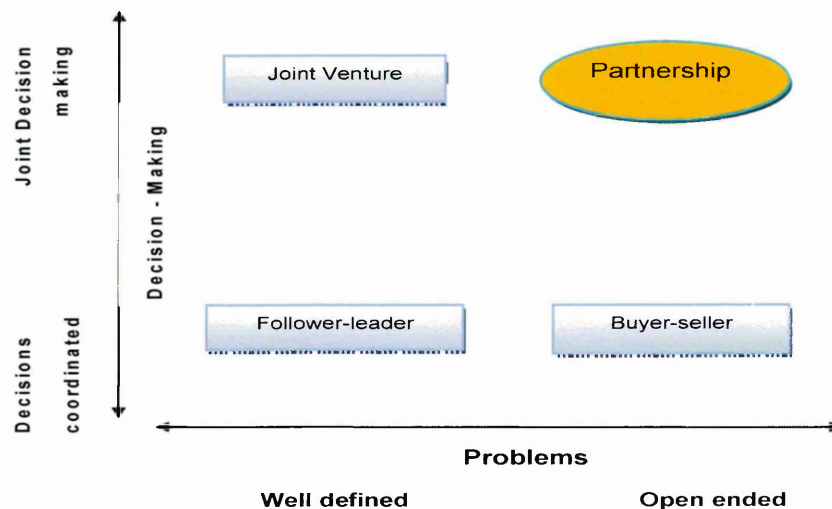
As already discussed in section 3.3.2, in both theory and practice partnership can take a wide variety of forms: from the strongly contractual, such as the previously discussed PFI projects in the UK, to the informal, loosely contracted (Hodge & Greve, 2005; Ghobadian et al., 2004; Klijn et al., 2008a), such as project groups and tightly organised consortiums. These two main categories, contractual and loosely coupled are the main distinguished forms of PPP (Klijn, 2009). But, independently of the form adopted, partnerships demand effort in management terms (Klijn and Teisman, 2003, Klijn et al., 2008a).

The value added by collaboration is expected to be achieved through intensive cooperation (Klijn, 2009), that is, by adopting more integrated ways of working (Cousins, 2002). The various parties need to be fully engaged and this requirement

differentiates PPPs from principal-agent or traditional-supplier relationships (Klijn, 2009). However, the level of collaboration and involvement should be established according to the particular characteristics of each individual case and be fit for purpose (Balasubramanian & Tewary, 2005) in terms of the organisational needs (Schaeffer & Loveridge, 2002). There is no single optimum relationship model (Schaeffer & Loveridge, 2002; Klijn, 2009; Balasubramanian & Tewary, 2005); as Klijn (2009, p. 7) states, “one cannot find definitive statements about which organisational form is the best for partnership”.

Nevertheless, considering that cooperation is about the extent to which participants correlate and coordinate decisions, this process can take varying forms: from the adoption of formal or informal agreements to a total merging of efforts towards the achievement of the established goals and objectives (Schaeffer & Loveridge, 2002). Hence, public-private collaboration can be categorised into the following four “typical” forms: leader-follower; buyer-seller, joint venture, and partnership, as illustrated in figure 3.1 and table 3.5. Leaving aside the two first forms, leader-follower and buyer-seller since they correspond to the transactional, traditional approaches, the latter two forms require particular attention in this research since the joint venture and partnership forms are commonly referred to as being similar; therefore, it is necessary to identify the differences between them.

**Figure 3.1: Public-private cooperation great scope**



(Source: adapted from Schaeffer & Loveridge, 2002, p. 182)

**Table 3.5: Public-private modes of collaboration (formal structure)**

	<b>Leader-Follower</b>	<b>Buyer-seller</b>	<b>Joint venture</b>	<b>Partnership</b>
Purpose	Likely to be specific	Limited, specific	Limited & specific	Broad, general, open ended
Decision making	Independent (leader), dependent/conditional (follower)	Negotiated & competitive	Coordinated, egalitarian	Joint, cooperative, & egalitarian
Rewards	Individual	Individual, distribution depends on market strengths that determine cooperation terms	Shared, strong correlation	Shared , strong correlation
Risks	Individual but correlated, limited	Individual  Action sequenced (acting first entails higher risk) and market influenced  Limited	Shared, established, limited	Shared, unevenly distributed but strongly correlated
Formal agreement	Subject to level & size of investment by the leader	Depends on complexity of transaction	Yes	Yes
Duration	Limited Short to long (most likely to short to medium)	Limited individual exchange relationship but open ended purposes  Short to medium (depending on complexity of transaction)	Limited or open ended;  Medium to long (depending on complexity)	Open ended, long

(Adapted from Schaeffer & Loveridge, 2002, p. 184)

As illustrated, the finality of the partnership form of collaboration is based on complementarity and it is consequently referred to as a “close and open-ended form of cooperation” (Schaeffer & Loveridge, 2002, p. 186). In contrast, although joint ventures can result in close cooperation, they are mainly project based forms. For that reason, joint ventures are not open-ended agreements but instead are dedicated to a specific purpose, with financial commitments and risks established up front. On completion of the project the collaboration ends- therefore, it is of limited duration.

Any form of collaboration must first of all be fit for purpose. Hence, it is necessary to evaluate the characteristics and needs of partners but also to match these needs and expected outcomes with the associated risks since, as table 3.5 illustrates, the distribution of risks determines the form of cooperation. In terms of this latter aspect, partnership is the form of collaboration that entails the highest exposure to risk since, as Schaeffer & Loveridge (2002, p. 185) emphasise, “an ideal-typical partnership makes high demands on the partners in terms of their commitment of resources, coordination

of decision making, and exposure to risks”. The implications of this statement in relation to PPP management are discussed in more detail in the following subsections.

Some authors recommend that above all the research area of PPP management should be approached with a degree of simplicity and common understanding (Montanheiro et al., 2000), whereas others either argue the need for new management techniques appropriate to PPP (Baker, 2012) or call for detailed study and clear definition of management targets (Akintoye et al., 2003). But more importantly, despite the numerous debates around partnership, two basic issues have tended to be overlooked: the adaptation of partnerships to individual circumstances, and how to approach partnership collaboration (Ruane, 2001).

The past 20 years have seen a shift to new organisational forms of public service delivery termed “partnership working”. However, as Diamond (2006) emphasises, a more focused analysis of the experiences of those involved in collaborative work is needed, not only because of the flaws in the partnership concept but also because these new structures provide an important site for learning and reflection across the public sector.

Furthermore, as Mason et al. (2004) argues, the extant literature on partnership fails to provide insights on the development of partnership relationships and their complexities in terms of the main parties involved, and these particular issues require further exploration. Hence, this research aims to contribute to the research knowledge through exploration of both the partnership parties and the particularities of the specific context (healthcare sector) and (food) services. In the following subsections discussion focuses on the management implications deriving from the concept of partnership.

### **3. 4.1. Management implications according to partnership rhetoric**

The terminology of PPP can be narrowly applied to public and private sector collaboration for public services and infrastructure provision, or to a multitude of cooperative activities, or alternatively, different disciplines can use different terminology for the same concept. In consequence, as discussed earlier, there is a lack of agreement on the meaning of PPP (Schaeffer & Loveridge, 2002). However, regardless of this acknowledged vagueness, the term *partnership* transmits a sense of egalitarian and

conflict-free decision making and relations between parties in addition to "the existence of mutual trust, complete interdependence, and shared goals" (Schaeffer & Loveridge, 2002, p. 185). As Danson et al. (1999, p. 3) emphasises, "despite its ambiguities, there is much that seems intuitively appealing about the idea of partnership. Some see it as an alternative to decision-making based on hierarchy, top down control and centralised administration".

However, despite the common values associated with the idea of partnership, discussed in sections 3.3 and 3.3.1, the pervasive use of PPP conceals a wide range of differences in implementation (Schaeffer & Loveridge, 2002). To get at the essence or the ideal form of partnership, some authors have highlighted the open-ended nature of the agreement to work together, which offers the flexibility and ability to respond to emerging needs or opportunities (Schaeffer & Loveridge, 2002). Others have emphasised the traits of sharing responsibility for success (Peters, 1988) in terms of going beyond pursuit of a specific purpose (Beauregard, 1998) and maintaining a continuing relationship based on mutual responsibility. In Schaeffer & Loveridge's terms, full partnership is exemplified by equal sharing of the risks and rewards of joint activities and of decision making. Other important factors include close collaboration between parties and complementarity of strengths in the form of the competitive and efficient nature of the private sector combining with the responsibility and accountability of the public sector (Rosenau, 2000; Beauregard, 1998).

Generally, the "ideal-typical partnership" is associated with a high level of demand since in order to succeed a "high degree of ongoing interdependence" is required (Gray, 1985, p. 918). In addition, the achievement of success requires the setting of broad and open ended goals to which commitment is total (Schaeffer & Loveridge, 2002). Furthermore, the spirit of partnership is based on an understanding of each partner's business and a common vision of how best to work together as partners (NAO, 2001a). This links with the issue of integration since "The basic principle of PPP is that of bringing parties together, and keeping them together, by creating a solid basis for sustainable collaboration" (Edelenbos & Teisman, 2008, p. 618). However, as Klijn and Teisman (2003) highlight, the method for achieving this goal is not so self-evident.

Interdependencies and the number and pluriformity of participants play a crucial role and can seriously complicate the collaboration (Edelenbos & Teisman, 2008). In sum,



these complex associations emphasise that PPP requires a specific management approach. The following section views these complexities in the context of the implementation of partnership.

### **3.4.2. Implementing partnership**

The particular implications of partnership take the partnership concept beyond traditional demand-supply-chain relationships, mainly because of the level of equity in sharing risk, investment and profit in the pursuit of a win-win scenario based on common interests and mutual trust. Attention is therefore directed to how to manage these relationships accordingly, stressing the importance of having an appropriate management plan (Usher, 2004). The areas of main focus in contract partnership are: the contract's total costs; agreed specifications and service quality; definition and accountability of all risk areas; specification of duties, roles and responsibilities; level of flexibility to adapt to varying requirements (in delivery services terms); regular information on service provision performance in terms of innovation, improvement and investment in service provision; and level of customer orientation (Usher, 2004).

**Table 3.6: Partnership intensity levels and management components**

	<b>Low partnership levels (Coordination)</b>	<b>Medium partnership levels (Integration)</b>	<b>High partnership levels (Alliance)</b>
<b>Partnership levels</b>	<ul style="list-style-type: none"> <li>• Partners recognising each other as partners</li> <li>• Limited activities &amp; planning coordination</li> </ul>	<ul style="list-style-type: none"> <li>• Significant level of integration</li> <li>• Multiple division &amp; functions activities</li> </ul>	Equivalent to strategic alliances
<b>Planning</b>	<ul style="list-style-type: none"> <li>• Ad hoc basis</li> <li>• Task oriented</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly scheduled</li> <li>• Processes focus</li> <li>• Jointly performed</li> </ul>	<ul style="list-style-type: none"> <li>• Systematic both scheduled &amp; ad hoc</li> <li>• Relationship focus</li> <li>• Jointly performed at multiple levels</li> </ul>
<b>Operational control</b>	<ul style="list-style-type: none"> <li>• Independent performance measures</li> <li>• Changes can be suggested</li> </ul>	<ul style="list-style-type: none"> <li>• Jointly developed measures</li> <li>• Focus on individual performance</li> <li>• Changes after obtaining approval</li> </ul>	<ul style="list-style-type: none"> <li>• Jointly developed measures</li> <li>• Focus on relationship and joint performance</li> <li>• Changes without approval</li> </ul>
<b>Communication</b>	<ul style="list-style-type: none"> <li>• Very limited mainly on critical task issues</li> <li>• Primarily one-way</li> </ul>	<ul style="list-style-type: none"> <li>• More regular including multiple levels</li> <li>• Open and honest</li> <li>• Limited number of scheduled communication</li> <li>• Two-way but unbalanced</li> </ul>	<ul style="list-style-type: none"> <li>• Planned as part of the relationship that includes all levels</li> <li>• Sharing the “same language”</li> <li>• Systematized method of communication</li> <li>• Balanced two-way communication flow</li> </ul>
<b>Risk/reward sharing</b>	<ul style="list-style-type: none"> <li>• Very low tolerance for loss</li> <li>• Limited willingness to help the other gain</li> <li>• Fairness evaluated by transaction</li> </ul>	<ul style="list-style-type: none"> <li>• Some tolerance for short-term loss</li> <li>• Willingness to help the other gain</li> <li>• Fairness is tracked year to year</li> </ul>	<ul style="list-style-type: none"> <li>• High tolerance for short-term loss</li> <li>• Desire to help other party gain</li> <li>• Fairness measured over the life of relationship</li> </ul>

(Source: based on Lambert & Knemeyer, 2004)

In addition, it is argued that the level of investment in management components such as planning, operational control, communication, and risk and reward sharing determines the level and intensity of partnership in inter-organisational relationships (Lambert & Knemeyer, 2004). As table 3.6 illustrates, varying from low to high partnership levels, adopting a partnership approach entails intrinsic costs derived from the extra human resources, communication, coordination and risk sharing needed to maintain the tight relationships with which the term is associated (Lambert & Knemeyer, 2004).

At a strategic level, Cousins (2002) highlights five dimensions that require to be appropriately balanced in order to achieve success: performance measures, skills and competencies, costs and benefits analysis, portfolio of relationships, and organisational structure. However, clearly specified objectives, clear understanding and selection of

relationship type, relationship development and maintenance, and selecting partners according to specific needs (Thompson & Sanders, 1998) are also required in the implementation of partnership collaboration.

Management of inter-organisational relationship processes needs to be structured to take account of these emphasised areas in order to meet the objectives of the collaboration. However, the management and measurement of the collaborative working relationship and the processes involved have tended to be ignored in related literature areas such as industrial marketing, purchasing and supply, trust, and marketing (Cousins, 2002). Although integration can be enhanced by the sharing of an overall purpose and vision, influential factors exist within the created relationship. Lambert & Knemeyer (2004) for instance, emphasised that once the expectations and goals are clearly stated, attention needs to be directed to elements that facilitate and support the venture. These mainly consist of compatibility between the parties in terms of corporate cultures and management philosophy and techniques based on mutuality and symmetry. This idea aligns with the previously discussed claim that partnership collaboration entails significant levels of dependency and uncertainty between partners due to the high level of mutuality and integration involved (Lambert & Knemeyer, 2004).

Consequently, it is important to stress that partnership also represents a precise strategy in terms of the significant costs and resources involved. For that reason, the benefits and added value from partnership working need to outweigh these expenses in order to justify it as the best solution in that particular situation (Lambert & Knemeyer, 2004). As some authors have pointed out, partnership is not the only means of achieving efficiency in inter-organisational collaborations and neither is partnership always either achievable or appropriate (Gadde & Snehota, 2000; Lambert & Knemeyer, 2004). As Williams (2013, p. 27) stresses, "It is important not to assume that collaboration is a panacea and relevant to all forms of public service planning and delivery".

Level of integration has in the past been used as an indicator of quality of management (Lambert & Knemeyer, 2004). In addition, regarding the association of partnerships strategies with long-term commitment, it was not fully recognised that long-term relationships do not always require this high level of involvement or that short-term

supplier relationships can play a part (Gadde & Snehota, 2000). As Parker & Hartley (1997) emphasise, particular sourcing methods used to be surrounded by myths that still persist in “manipulative” forms of academic thinking through value-laden language; sometimes merit is implied, whereas in other instances the meaning is pejorative. The latter is the case in relation to competition, which is associated with adversarial rather than collaborative patterns. In order to gain a broader understanding of the implications of implementing partnership working, it is necessary to explore the criteria for achieving the success of these types of inter-organisational collaboration, as the next subsection explains.

### **3.4.3. Evaluating partnership: success criteria and factors**

As Huxham (2003) emphasises, in terms of effective partnership working, the search for useful theory tends to generate more questions than answers. Furthermore, this is a highly divergent and complex field in which “there has been little progress towards a general theory of collaboration (by which we mean partnership working)” (Armistead & Pettigrew, 2004, p. 572). Further research on leadership, partnership skills, processes and effectiveness measures, emergent learning, and trust is needed (Huxham, 2003). Despite the extensive range of advice on how to conduct partnerships and the ingredients for successful relationships from both academic (Hudson et al., 1999; Ling, 2002; Powell et al., 2001) and government sources (DOH, 1999; NAO, 2001 b), the definition of success and related terms such as effectiveness has tended to be ambiguous (Dowling et al., 2004). This lack of relevant knowledge is believed to gravely limit the value, type and role of collaboration in the delivery of public services (Sullivan & Skelcher, 2002).

Moreover, it seems that, especially within the public sector environment, this transition towards collaboration is defended uncritically and success is optimistically predicted. This stance takes for granted the understanding of the successful ingredients, as official documents reveal, when in fact there is a lack of clarity on meaning (Dowling et al., 2004). On the other hand, the mentioned over-focusing on the attributed benefits of partnership has also contributed to dismissal of the negative aspects of collaboration, such as the associated delay and cost (Powell & Glendinning, 2002; Dowling et al., 2004).

Obtaining successful outcomes is vital for the public services in the sense of achieving improvements and added value that balance out any extra costs derived from entering into partnership. There is scant evidence of the success of partnership (Dowling et al., 2004), even though there is evidence of the effectiveness of partnerships in improving policy development and programme delivery. As they “do not provide a quick fix for political, economic, and social problems” (Kernghan, 1993, p. 76) and entail many associated difficulties, the contribution of partnership in real terms is questionable.

The difficulty lies in prescribing success requirements in the absence of a clear classification of partnership types (Kernaghan, 1993). Sufficient data and theoretical material (concept and models) exist in the field of inter-organisational relations to explore partnerships through hypotheses and questions about success factors. However, such studies have not focused on the context of public and private and hence this research attempts to make some contribution to bridging this gap.

In terms of success factors, some key areas have been identified in the literature. Moreover, as table 3. 7 illustrates, success is associated with particular values. Kernaghan (1993) highlights synergy between the parties, understood as genuine sharing of power, work, support, and information. Synergy also entails blending of resources and an effective problem solving approach and, more importantly, an equal balance of power based on interdependence. As Greer (2001) points out, partnership is not in need of a lead partner; however, strong leadership is needed (Trafford & Practor, 2006).

**Table 3.7: PPP success associations**

<ul style="list-style-type: none"> <li>• Specific monitoring mechanisms</li> <li>• A sense of commitment</li> <li>• Solidarity to the partners</li> <li>• Clear focus</li> <li>• Outcomes matching partner's expectations</li> </ul>	Lane & Lum (2010)
<ul style="list-style-type: none"> <li>• A clear, extreme commitment achieving outcomes</li> <li>• Trust</li> <li>• Open communication</li> <li>• Right environment</li> <li>• A good plan</li> <li>• Strong leadership</li> </ul>	Trafford & Proctor (2006)
<ul style="list-style-type: none"> <li>• Formal organisational relationship supplemented by the personal relation</li> <li>• Psychological contract substituting legal contract</li> <li>• Informal understanding &amp; commitment supplement formal organisational agreement</li> </ul>	Thomson & Perry (2006)
<ul style="list-style-type: none"> <li>• Aligned expectations between parties (realistic) {This alignment as the aim of partnership}</li> <li>• High communication</li> <li>• Coordination</li> <li>• Risk sharing</li> <li>• (Tight relationships)</li> </ul>	Lambert & Knemeyer (2004)
<ul style="list-style-type: none"> <li>• Task understanding</li> <li>• Risk sharing</li> <li>• Technical level</li> <li>• Responsiveness</li> </ul>	Kim & Park (2003)
<p>(Client perspective)</p> <ul style="list-style-type: none"> <li>• Commitment assurance</li> <li>• Trust</li> <li>• Good communication</li> <li>• Good cooperation</li> <li>• Services operation needs &amp; costs anticipation</li> </ul>	Shapiro & Shapiro (2003)
<ul style="list-style-type: none"> <li>• High interdependence</li> <li>• Broad open goals</li> <li>• Open commitment &amp; involvement</li> </ul>	Schaeffer & Loveridge (2002)
<ul style="list-style-type: none"> <li>• Goals &amp; rules share</li> <li>• Communication</li> <li>• Mutual trust</li> <li>• Commitment</li> <li>• Partners compatibility</li> </ul>	Blomqvist (2002)
<ul style="list-style-type: none"> <li>• All parties inclusion</li> <li>• Mutual dependence/interdependence</li> <li>• Equal power</li> <li>• Empowerment</li> <li>• Synergy &amp; share of power, work, support, information &amp; action.</li> <li>• Clear objectives. Narrowly focused</li> <li>• High formalisation (organisational structure &amp; procedures)</li> </ul>	Greer (2001) Kernghan (1993)

This harmony between parties is characterised by integrity, fairness, mutual support and culture adaptability (Geddes, 2005), and an environment of understanding and respect (Greer, 2001). In addition, the importance of formalisation is highlighted as crucial to success (Kernaghan, 1993; Geddes, 2005), either represented by the legal or

organisational structure or procedures, or through contractual, representational or transactional mechanisms. Narrowly focused objectives (Kernaghan 1993; Geddes, 2005) are essential for manageability and easier measurability, whilst it is also necessary to establish clear partnership operation strategy in relation to those objectives (Greer, 2001), and a plan of the relationship (Geddes, 2005).

Hence, partnership entails restructuring in order to integrate the parties' resources and capabilities to the extent that both partners become value-adding partners (Jack & Phillips, 1993). However, usually very little reflection or adjustment takes place regarding the governance processes and the reorganisation of institutional structures (Teisman & Klijn, 2002). The process of forming a partnership also involves building the trust (Trafford & Practor, 2006) necessary to foster a collective vision, thereby creating mutual appreciation of the benefits of collaboration and enhancing the ability to act and assume risks; and incentivising conflict management skills. However,

“Conflicts are likely to occur where and whenever people come together. When people work together to pursue common goals and make choices based on what's best for the collective, the potential for conflict increases. In this context, however, conflict, if managed constructively, can result in greater mutual understanding and initiate new opportunities for mutual benefit” (Jack & Phillips, 1993, p. 397).

For that reason, as Schaeffer & Loveridge (2002) highlight, it is necessary to avoid conflicts that might prevent mutual beneficial cooperation and to focus throughout the process of partnership on conflict resolution. Armistead & Pettigrew (2004, p.577), for instance, identified the need to be on the “look out for viruses and vigilant in maintaining a healthy life style to minimise the chances of contracting the virus”. These “viruses” include poor communication, blocking actions through organisational structures, lack of partnership working skills, the “job's worth” syndrome, self-indulgence, “power plays”, defensiveness and other manifestations of “skilled incompetence” (Argyris, 1999).

**Table 3.8: Public-private differences and tensions in collaboration**

	<b>Public Actors</b>	<b>Private actors</b>	<b>Tension</b>
<b>Core business</b>	Objectives: (sectoral) public objectives Continuity: political conditions	Objectives: realising profit Continuity: financial conditions	Political risks versus market risks in annual figures
<b>Values</b>	Loyalty: devoted to a self defined public cause; controllability of process and behaviour; emphasis on risk avoidance and preventing expectations	Competitive; devoted to consumer preferences; controlled by shareholders (results); emphasis on market opportunities and risks and innovations	Cautious and slow versus dirty and quick
<b>Strategies</b>	Guarantee substantive influence (primacy of the public) Minimizing cost-overruns	Search for market Expanding return on investments	Defensive versus aggressive Not losing versus winning
<b>Consequences for PPP</b>	Looking for agreed procedures, formal transparency and public dominance leading to high interaction cost	Emphasis on market development and profit leads to minimize interaction costs	Cross-border interaction does not generate added-value

(Teisman & Klijn, 2004, p. 29)

Furthermore, managing conflict resolution acquires even greater importance in the particularly complex case of public-private collaborations since dealing with differences between these two sector organisations and the saving versus making money dichotomy (Cousins, 2002) generate tensions, as table 3.8 illustrates. However, despite the intrinsic difficulty associated with cooperation processes, incompetent management has been identified as one of the major reasons for their failure (Huxham, 2003). In addition, inter-organisational cooperation literature has mainly focused on PPP design and governance structure rather than management and implementation aspects (Saz-Carranza & Serra, 2009).

However, more recent empirical evidence has directed attention to management issues and co-operative behaviour as more relevant success determinants (Saz-Carranza & Serra, 2009; Dyer et al., 2007). As some views pointed, the main concerns of contract management relate to social behaviour and the willingness and ability to work with others (Gil, 2009). Along these lines and regarding the mentioned management incompetence, relational contract theory draws attention to an important aspect in the exploration of PPPs. This theory affirms that all contracts have a relational element since any economic exchange takes place in a relational context (Gil, 2009). This dimension of PPP is now explored further.



### **3.5. The relational dimension of partnership**

Focus needs to shift from transactional exchanges and inter-organisational relationships to the vitally important relational aspects of collaboration. As Donaldson & O'Toole (2007, p. 33) state: “relationships are processes rather than discrete transactions”.

Evidence, especially within the dyadic buyer-seller contexts, indicates a general move away from purely transactional exchanges (Meehan & Wright, 2011). As a result, the idea of getting away from exchange relationships and building value-laden business relationships by focusing on relational issues is emerging in modern economies, which are increasingly adopting a service-oriented approach that emphasises the creation and maintenance of long-term relationships with customers and involved stakeholders (Kotler, 1991) and not exclusively in service organisations.

The relationship approach considers the co-operation and trusting relationships (with partners, stakeholders and customers) and collaboration within the organisation. However, the development of the relationship “inherently relies on the single most unpredictable variable-people” (Usher, 2004, p. 357) that implies higher complexity. The shortcomings deriving from the previously discussed transactional approaches in the marketing discipline encouraged the appearance of the relationship marketing (RM) concept in the late 1970s (Gummesson, 2004). RM theory focuses attention on the management of the interaction process rather than processes stemming from exchange. The RM concept calls attention to the existence of a relationship between two parties since it creates additional value for both the customer and service provider over the value of products and/or services in exchange (Grönroos, 2000).

In recognition that good relationships play a crucial role in the success of organisations, particularly in inter-business networks, relationship-based management approaches continue to expand into a diverse range of applications (Zineldin & Bitner, 2004; Smyth, 2008; Cheung & Rowlinson, 2011; Möller, 2013). Overall, this conceptual use of the term RM constitutes a modern paradigm in the disciplines of industrial marketing and services marketing since the 1980's (Grönroos, 1989). However, before its broad spread and acceptance, a relationship perspective emerged from the so called Nordic School of Thought (Gummesson, 1983, 1987; Grönroos, 1980, 1983) and other

conceptualizations, such as long-term interactive relationships, marketing through networks and interactive marketing were used (Coviello et al., 1997).

**Table 3.9: RM definitions**

Source	Definition
(Berry, 1983, p.25)	RM is a strategy to attract, maintain and enhance customer relationships
(Berry, 1983, p.25)	RM is attracting, maintaining and - in multi-service organisations - enhancing customer relationships. Servicing and selling existing customers is viewed to be just as important to long-term marketing success as acquiring new customers
(Grönroos, 1990, p.5)	Marketing is to establish, develop and commercialise customer relationships (often but not necessarily always long term relationships), so that the objectives of the parties involved are met. This is done by a mutual exchange and keeping of promises
(Grönroos, 1994, p.7)	RM is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises
(Ballantyne, 1994, p.3)	RM is “An emergent disciplinary framework for creating, developing and sustaining exchanges of value, between the parties involved, whereby exchange relationships evolve to provide continuous and stable links in the supply chain”
(Gummesson, 1994, p.80)	RM is marketing seen as relationships, networks and interaction
(Grönroos, 1999, p.407)	RM is the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises
(Gummesson, 2002, p. 3)	RM is marketing based on interaction within networks of relationships

Although RM has mainly emerged as an “umbrella philosophy” (Egan, 2003), it has produced common main ideas such as the level of importance given to the maintenance and promotion of the relationship (Ravald & Grönroos, 1996), the focus on creating value (Grönroos, 1994; Hawkins et al., 2011), and building sustainable relationships (Hawkins et al., 2011) characterised not only by long timescales (Grönroos, 1994) but also by long-term trust (Webber & Klimoski, 2004; Jeffries & Reed, 2000). However, despite the different definitions of RM (see table.3.9 with some of the most representative in chronological order) and many common denominators, there is no agreement or consensus in defining or limiting what it constitutes (Grönroos, 1996; Harker, 1999); furthermore, any consistent theoretical development is yet to take place in the field of RM (Cooper, 1979).

Broadly RM is characterised by a long-lasting and ongoing process (Dwyer et al., 1987). Overall the main interest is centred on the relationship between buyer and supplier of the product or services and its management. However, in search of relationship implementation success, other parties in this process such as suppliers, partners, distributors, financing institutions, customer's customers, even political decision makers are required to be involved and included in the management of this relationship, which is then conceived as a network of relationships (Gummesson, 1999).

**Table 3.10: Main differences between traditional marketing approach and relationship marketing**

	<b>Traditional</b>	<b>RM</b>
<b>Focus</b>	Single sale	Customer retention
<b>Orientation</b>	Product features	Product benefits
<b>Time scale</b>	Short	Long
<b>Service level</b>	Little customer service	High customer service
<b>Commitment</b>	Limited	High
<b>Customer contact</b>	Moderate	High
<b>Quality</b>	Concern of production	Concern of all

(Source: Ballantyne, 2000)

Overall, the concept of RM evolved from the perceived weaknesses of the transactional marketing approach that is based on the concept of marketing mix and the former 4Ps of marketing (product, price, place and promotion) which has been represented as an unsustainable paradigm. In truth, this transactional perspective is too restrictive and fails to contemplate the key issues and complexities of the interaction process of the transactions and encounters (Ballantyne, 2000). Table 3.10 introduces the main differences between these two approaches.

The relationship approach's underlying philosophy is based on co-operation and trusting relationships and is seen as enhancing a market-oriented management approach (Gummesson, 1994). From the Nordic School's perspective, the marketing function's

key elements are the involved dynamics and interactive processes. As mentioned before, it is necessary for its successful implementation that all involved parts of the organisation can collaborate and support each other in order to provide a quality service, which will end in customer satisfaction. In consequence, the internal interface between marketing, operations, human resources and other functions is of strategic importance to success (Grönroos, 1994). In this way, the relational marketing approach demands the development of relations, networks, and interactions.

In this way, the Nordic School is characterised by innovative thoughts on marketing that stress the importance of services marketing, the gradual shift in focus from goods and services to value along with integrating the marketing function with other functions and general management (Gummesson, 1996). This relationship approach, originally rooted in the area of industrial and service marketing, moved the discipline towards a multidisciplinary approach by also considering the network approach, business-to-business marketing, traditional marketing management and other management disciplines like quality (Gummesson, 1994, 1999; Gummesson et al., 1997; Grönroos, 1997, 2000; Edvardsson and Gustafsson, 1999). Since this research aims to provide elucidation around the issues of partnership and collaborative relations between organisations of diverse nature towards the successful completion of services provision, a relationship approach is considered able to offer a more holistic understanding of these processes.

However, apart from agreeing on the fact of basing this marketing perspective on adding value throughout the process of exchange rather than merely as a result of delivery of a core product as mentioned earlier in this section, no universally acceptable definition of RM exists. This situation is followed by continuous debates about what it is, when it is appropriate, who should be included in the relationship and even when a relationship may exist between the relevant parties, hence leading RM towards different types of relational roles. As a consequence of this misunderstanding of the differing roles and types of variability of RM that can be formed by and between organisations, RM programmes have been credited with little success (Ballantyne, 2000).

As previously discussed, this characteristic and difficulty is shared with the partnership concept. The described common factors of RM failure in the literature are inappropriate strategy, incompetence, not recognising how relationship objectives evolve, as well as not recognising the factors that add value in the relationship (Harwood & Garry, 2006). In truth, in order to succeed, and common to all marketing relationships, there is also the need for trust and commitment as well as those of addressing issues of risk, flexibility, power and return on relational investment (Ballantyne, 2000). From this relational perspective approach, the research aims to identify those factors that add value to the client-contractor relationship. With this in mind the next sections addresses the key factors emphasised by the RM philosophy along with the main objectives and aims of adopting this kind of strategy.

### **3.5.1. RM foundational factors**

Following the previously mentioned Nordic angle, it is possible to highlight a range of determinants and components that constitute the foundations of RM. Overall, the foundations of RM are trust and confidence, commitment, cooperation, communication and shared values (Lindgreen, 2001). These values encourage the development of a common culture that assists in relational management by minimising inter-firm conflict (Gil, 2009). In this vein, the philosophy of RM highlights the relevance of maintaining strong relationships within the organisation as a precondition of developing relationship with customers.

In successful and strong relationships it is crucial to have and maintain two-way communication processes (Anderson & Weitz, 1992; Dwyer et al., 1987; Ganesan, 1994). Communication allows an understanding of the exchange partner's intentions and capabilities to be reached. Furthermore, dialogue enhances the development of trust and confidence between partners. As Ballantyne (2000) emphasises, dialogue can be considered as a mutual interactive reasoning process from where knowledge is generated. From this perspective, it supports mutual understanding and building shared meanings, apart from gaining insights into what partners can do together as well as for one another through access to a common meaning or shared field of knowledge (Wikström & Normann, 1994).

Developing an in-depth understanding of these values is of vital importance for a relationship approach where the customer's internal values are at the centre of marketing exchanges rather than being merely the products or the transactions themselves (Grönroos, 2004; Bohm, 1996). RM communication attempts, when possible, to create a two-way or even multi-way communication processes across the involved stakeholders in the network. Resulting from these communication efforts, a supportive response to enhance and maintain the relationship. Furthermore, this network in full is part of the relationship with the customer, whose effect impacts the relationship development itself. Hence, in order to succeed, resources, competencies and processes have to be brought together with the customer's value-generating processes (Håkansson, 1982). In this way, RM grounded in the Nordic School's vision differs from the American school of thought by focusing on the management of the interaction process instead of the exchange of the product.

Another vital factor for the development of RM is trust, which brings loyalty and profits to the relational exchange by encouraging working together towards a common end as well as adopting a positive attitude (Anderson & Weitz, 1992; Dwyer et al., 1987; Ganesan, 1994). Experience, satisfaction and empathy build trust (Conway & Swift, 2000). Apart from enhancing loyalty, high profitability and refraining opportunistic behaviour (Anderson & Narus, 1990; Anderson & Weitz, 1992; Morgan & Hunt, 1994), the positive attitude generated increases the level of understanding between either customer or client-contractor.

Trust, which is “considered to be an important feature in a successful inter-organisational relationship” (Webber & Klimoski, 2004, p. 1000), is defined as “involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk” (Boon & Holmes, 1991, p. 194). “The extent to which a person is confident in, and willing to act on the basis of the words, actions and decisions of another” (McAllister, 1995, p. 25). Furthermore, trust is an orientation toward others that is beyond rationality since it leads towards higher vulnerability towards opportunistic behaviour (Jeffries & Reed, 2000).

Furthermore, trust is likely to be seen as a mediating variable and determinant for developing commitment (Morgan & Hunt, 1994; Chaudhuri & Holbrook, 2001). Both trust and commitment used to be linked in the literature of RM with the shared premise of giving to the relationship a significant relevance to one or two parties (Morgan & Hunt, 1994). Because of this connection, commitment is considered a vital factor for the development of a relationship (Conway & Swift, 2000). Attention to the trust issue has also been a focus of RM theory (Egan, 2000; 2001). This attention is reflected for instance by an ongoing “investment” in activities which are expected to maintain the relationship (Blois, 1998) since commitment is “an intention to continue a course of action or activity or the desire to maintain a relationship” (Hocutt, 1998, p 195).

As emphasised earlier in this section, enduring relationships are an essential part of relationship management but generally it is accepted that long-term buyer-supplier relationships are critical for business success in today’s competitive landscape. Merely targeting and meeting a customer’s needs especially in the services industry is no longer sufficient for being seen to be either successful or for achieving effectiveness (Webber & Klimoski, 2004:). With different methods of provision and clear market changes, boundaries between customer/client and service provider are becoming vague, leading them to be both participants in the production and delivery of the service (Webber & Klimoski, 2004).

Without exception from the viewpoint of both academic and practitioner, trust, at the organisational and interpersonal levels is considered to be an important factor in the success of such long-term relationships and inter-firm relationships (Jeffries & Reed, 2000). However, the study of trust, although largely present and extensively reviewed in the literature, still lacks clear conceptualisation and substantial supporting evidence.

**Table 3.11: Definitions of trust**

Trust definitions	Common themes of trust definitions	
Personality theorists focusing on individual personality differences in the readiness to trust and on the specific factors that shape this readiness.	<b>Risk</b>	Dirks & Ferrins, 2002 , Deutsch 1958, Kee & Knox, 1970, Sheppard & Sherman, 1998
Sociologists and economists focusing on trust as an institutional phenomenon.	<b>Vulnerability</b>	Dirks & Ferrins, 2002, Kramer 1991, Mayer, Davis & Schoorman , 1995, Mishra 1996, Rousseau, Sitkin, Burt & Camerer, 1998, Whitener, Brood, Korsgaard & Werner, 1998
Social psychologists focusing on the interpersonal transactions between individuals that create or destroy trust at the interpersonal and group levels	<b>Dependency or interdependence</b>	Giddens, 1990, Mayer et al, 1995, Whitener et al, 1998) with degrees of interdependence actually possibly altering the form trust may take (Sheppard & Shermann, 1998)
	<b>Belief or expectation</b>	Deutsch, 1958, Giddens, 1990, Lewis & Weigert, 1985

(Source: Worchel, 1979; Burke et al., 2007)

Trust has been the centre of many debates and it accounts for a wide range of definitions as table 3.11 illustrates (Anderson & Narus, 1990; Bagozzi, 1974; Ganesan, 1994; Geyskens and Steenkamp, 1995; Gulati, 1995; Moorman et al., 1992; Ring and Van de Ven, 1994; Shapiro, 1987). Among the dimensions of trust highlighted are honesty, safety, credibility and previous experience (Egan & Greenley, 1998). Some authors even support the idea that trust emerges from specific factors originating in the buyer-seller interaction (Sako, 1992). Similarly, four types of trust, generalised trust (based on general shared behaviour norms), system trust (the institutional written rules), process-based trust (derived from the history of interactions) and personality-based trust (the individual's willingness to trust) have also been identified (Johnson & Grayson, 1999). But overall, a connection between an organisation and customers has to be generated in order that they can trust one another in this process or dialogue of reasoning together.

Across organisations there are two major definitions, "confidence or predictability in one's expectations about another's behaviour, and confidence in another's goodwill" (Webber & Klimoski, 2004, p. 1000). Within collaborative relationships, trust can be



defined as “a type of expectation that alleviates the fear that one’s exchange partner will act opportunistically” (Webber & Klimoski, 2004, p. 1000). However, on widespread evidence throughout the literature, a one-dimensional nuance driven by rational assessment attempts, rather than the consideration of the emotional side, has been taken in preference. A fact that has been emphasized by the traditional conception is that “organisations are incapable of emotion” (Jeffries & Reed, 2000, p. 875). Despite these foundations, trust is differentiated into two aspects that tend to be understood as separate constructs, “cognitive-based trust” and “affect-based trust” (McAllister, 1995). Either at individual or organisation level, trust is multidimensional in nature. Table 3.12 illustrates the different definitions and dimensions applied at both individual and organisational levels taken into consideration for this research.

**Table 3.12: Dimensions of trust**

<b>Definitions</b>	<p>“Confident positive expectations about another’s motives with respect to one’s self in situations entailing risk” (Boon &amp; Holmes, 1991, p. 194).</p> <p>“Confidence or predictability in one’s expectations about another’s behaviour” (Webber &amp; Klimoski, 2004, p. 1000).</p>	
	<b>Affective-based Trust</b>	<b>Cognitive-based trust</b>
<b>Individuals</b>	<p>“Grounded in reciprocal interpersonal care and concern or emotional bonds” (Webber &amp; Klimoski, 2004, p. 1000)</p>	<p>Grounded in individual belief about peer reliability and dependability as well as competence (Webber &amp; Klimoski, 2004)</p>
<b>Organisations</b>	<p>Belief on the other partner’s care and concerns for, or emotional bond to oneself (Webber &amp; Klimoski, 2004)</p>	<p>Belief about the partner’s reliability, dependability and competence (Webber &amp; Klimoski, 2004)</p>

In this way, “reciprocal interpersonal care and concern or emotional bonds” define affective trust, whereas cognitive trust is “grounded in individual belief about peer reliability and dependability as well as competence” (Webber & Klimoski, 2004, p. 1000). Applied to the client-provider or networking relationships, these two aspects or dimensions of trust and their relationships or avoidance, generate other dimensions of trust. Table 3.13 presents these situations graphically.

**Table 3.13: Types of trust and relationships**

	<b>Low Affective Trust</b>	<b>High Affective Trust</b>
<b>Low Cognitive Trust</b>	“Skepticism”	“Blind faith”
<b>High Cognitive Trust</b>	“Calculated risk”	“Commitment”

(Source: adopted from Webber & Klimoski, 2004)

Whereas some authors (Webber & Klimoski, 2004) defend the interrelationship between these two aspects of trust, affective and cognitive dimensions, others (Jeffries & Reed, 2000) provide evidence for raising awareness about the fact that one dimension can be present without requiring the other to be developed. In either case, what actually seems to be acknowledged is the fact that exploring both dimensions necessarily provides better understanding about trust and its related behaviours and factors.

By focusing on interpersonal and inter-organisational trust theories, this study calls attention to the complexity of the inter-organisational relationship that emerges between public-private organisations in PPP agreements. Aspects of interpersonal trust, affective and cognitive, are considered and applied to the client-provider relationship. After discussion of the main determinants of RM conceptual pillars, the next section centres on the aims and purposes of RM and the suggested instruments to achieve these objectives.

### **3.5.2. RM main objectives**

Among the different aims that a marketing strategy can adopt, there are some key goals. Adding value is a core issue for RM and organisations need to be able to identify how to provide superior value to customers. However, as a relationship is a process over time, equally the creation of value is also affected (Ravald & Grönroos, 1996; Grönroos, 2000). Likewise, customisation plays a key role in adding value by suiting the services or products to the specific customer's needs and wants. But overall, an appropriate alignment between resources such as physical product elements, service elements, information and other resources together with competencies with customers, leads to the perceived customer value.

Another purpose of RM is keeping promises since not to do so not only has a bad effect on the relationship between buyer and seller, but can also generate (front-line) employee dissatisfaction by generating a sense of being “ill prepared” (Fabien, 1997). This aspect is even more relevant for the services industry. In addition, having a good experience and customer satisfaction are also central for RM. Having and maintaining long term relationships are derived from good experiences, which leads towards satisfaction as well as developing further the relationship (Conway & Swift, 2000).

Satisfaction is an important component of relationships in its own right in the way that it can influence other factors such as experience, trust, commitment and fulfilment of promise (Hocutt, 1998). Customer confidence (reduce anxiety, faith in product or service provider, feeling of trustworthiness of the provider), social benefits (personal recognition by employees, customer being familiar with employees, the development of friendship with employees) and in some cases a special treatment (extra services, special prices, higher priority than other customers) are the recognised benefits of RM within the service industry (Gwinner et al., 1998).

Finally, developing and maintaining customer loyalty is another dimension of RM since it contributes to the relationship development by generating feelings of affection, a sense of belonging towards both the relationship itself and the organisation (Sin et al., 2002). As Shoemaker & Bowen (2003, p. 48) illustrate,

“A loyal customer is one who values the relationship with the company enough to make the company a preferred supplier. Loyal customers don't switch for small variations in price or service, instead they provide honest and constructive feedback, they consolidate the bulk of their category purchases with the company, they never abuse company personnel, and they provide enthusiastic referrals.”

Furthermore, having a strong personal relationship enhances commitment towards its maintenance (Sin et al, 2002). However, although, commitment and loyalty are both related concepts, they present significant variations, since loyalty is not always derived from a positive attitude as long-term relationships do not require having a positive

commitment (Liljander & Strandvik, 1993). Taking these RM aspects into consideration expands the “traditional” focus on customer satisfaction that characterises RM by seeing satisfaction itself as just one dimension of the different issues that interact in the process.

This research extrapolated all the above factors that applied to the inter-organisational relationship generated by the adopted partnership. In fact, by introducing these ideas, it is possible to scrutinize the connection and similarities that the concept of RM shares with the rhetoric of partnership and with the associated ideas of the NPM reform. Adding value, achieving improvements and collaboration are some of these common ideas. With the introduction of strategies, such as outsourcing and PPP, as described in chapter two, the idea, or even more the need, of the public sector was adding value in response to increasing pressures for higher efficiency and this way collaboration was enhanced. Equally, customer satisfaction relates to the purposive customisation generated within the public sector.

In consequence, these arguments support the useful and appropriateness of adopting a RM approach to explore partnership relationships. This research examined the potential of relationship marketing in offering new insights and a contribution to the already presented difficulties and contradictions in implementing and maintaining partnership work. Once introduced this parallelism and potential contribution within the NPM reform, specifically within collaborative inter-organisational relationships, attention focuses now on the RM instruments that the literature identifies.

### **3.5.3. RM key instruments. Internal relationship management concept.**

The RM is mainly rooted in the services management field that places the interaction between buyer and seller at the top of the organisational hierarchy in the belief that the performance of the interaction determines profitability in the customer value generating process. However, in order to develop solid relations with customers the philosophy of RM also emphasises that strong relationship within the organisation need to be boosted and maintained. This idea conforms to the so called internal relationship management (IRM) or internal marketing (IM) concept that once again nowadays is emerging as a central theme of increasing importance in both academic and practitioner discourse.

There is actually a need for management to view the organisation as a market where internal suppliers and customers, conform to an internal supply chain (Foreman & Money, 1995). IM views employees as customers in the interior of companies, and jobs are viewed as internal products. Hence, serious attention is given to the needs of employees and attempts to go through employees' satisfaction in order to increase customer satisfaction and maintain relationship with customers. As a result, by satisfying the needs of "internal" customers, an organisation should be in a better position to deliver the service quality desired to satisfy external customers (Barnes & Morris, 2000).

Hence, employees today are increasingly considered as a resource for the marketing function. If the employee is seen as a "customer", it becomes possible to define an internal market where these internal customer's needs are satisfied, while at the same time the organisation's objectives are attained. Along these lines, IM may contribute to employees feeling that management cares about them and that their needs are met, encouraging positive attitudes towards work (Caruana et al., 1998; Pitt & Foreman, 1999; Simkin, 2002). Furthermore, IM is regarded as a solution to the problem of delivering consistently high service quality. It thus focuses on employee satisfaction and motivation, because much of what customers buy in service encounters is employee labour or human performance.

In truth, IM is introduced as the answer to problems of employee commitment where traditional internal communications programmes have failed (Hogg, 1996). These facts, as argued in chapter two, are of particular interest to the hospitality industry due to its characteristics and difficulties with staff retention or satisfaction levels. However, despite its importance, IM is still an area of marketing in need of more extensive research in aspects of both implementation and theory (Caruana et al. 1998; Pitt & Foreman, 1999; Simkin, 2002). Hence, the relevance of the proposed study of partnerships on healthcare outsourced services.

The IM concept in the service sector is crucial to excellent service provision and successful external marketing (Greene et al., 1994), which calls for an exploration in detail (Hwang & Chi, 2005). Several experts (Thomas, 1978; Grönroos, 1990; Kotler, 2000) have consecutively proposed a conceptual framework of service marketing,

known as the “Service Triangle”, to incorporate the concepts of IM, external marketing and interaction marketing into a more intensive concept. In the development of these strategies in order to “gain” customer loyalty, attention shall be given to the value of employees’ contribution to the organisation. Kotler (2000) explains that IM is more important than conventional external marketing. Research reveals that the concept and action of an enterprise's IM upgrade employee job satisfaction (Tansuhaj, et al. 1991; Rafiq & Ahmed, 2000; Conduit & Mavondo 2001) and in turn, improve the organisational performance (Pfeffer & Veiga, 1999; Nebeker et al., 2001). Table 3.14 summarises previous research about IM that mainly can be divided in four categories (Hwang & Chi, 2005):

- a) Employee as an internal customer and jobs as products (Sasser & Arbeit, 1976; Berry, 1981; Greene et al. 1994; Cahill, 1996; Hult et al; 2000).
- b) Developing customer- orientated awareness and behaviour by complementing the external marketing strategy with a similar programme at the internal market (Piercy & Morgan, 1991; Grönroos, 1985; Heskett, 1987; Grönroos, 1994; Pfeffer & Veiga, 1999; Conduit & Mavondo, 2001).
- c) HRM orientation training and encouraging employees to provide better services (Joseph, 1996; Cooper & Cronin, 2000).
- d) Internal exchange between the organisation and its employees (Bak, 1994; Cahill, 1996; Pitt & Foreman 1999).

**Table 3.14: Internal marketing approaches**

Approach	Source	Concept/aim	Target & strategy/ implementation
Behaviour Approach	Berry (1976, 1981) Sasser & Arbeit (1976)	Jobs (internal products) that satisfy both the employees' needs (internal market) and organisational goals  Greater job satisfaction  Job satisfaction	Front-line staff.  Assumption: employees as customer, jobs as products  Marketing programme based on communication with staff. Developing staff potential and motivational levels through remuneration  Job re-engineering and internal communication to achieve customer-minded front line staff  Front-line staff  IM implemented through internal market research and job re-engineering to enhance attracting jobs to retain excellent service providers
	George (1977)	Greater job satisfaction	Front-line staff  Dealing with front-line status and pay concerns to improve customer service
	Grönroos (1983)	Customer consciousness  Sales and service-minded staff  Retaining service-minded staff	Entire organisation and all employees  A broader relationship management paradigm for developing the require "state of mind" that leads into customer service effectiveness  Integrated within the marketing function because any employee influences customer's value and therefore has a responsibility in marketing

	Tansuhaj et al. (1987; 1988)	Increased levels of job satisfaction and commitment to the organisation	<p>Front-line staff</p> <p>Assumption: strong relationship between IM and consumer satisfaction</p> <p>Implemented through communication with employees. Organisation marketing specialists (marketing and sales departments) in charge.</p>
			<p>Assumption: IM the best approach to establish service orientation</p> <p>Coordination between human resource and marketing departments to improve company's service orientation</p>
	Foreman & Money (1995)	Various objectives depending on targets (specific employees groups or the entire organisation)	<p>Specifically targeted</p> <p>Implemented through communication, development participative management, motivation and rewards</p>
	Piercy (1995)	Strategic alignment	<p>Those with an influence on the marketing strategy implementation</p> <p>Removing interdepartmental barriers to develop and implement the organisational market objectives</p>
	Wasmer & Brunner (1999)	Alignment between employees' objectives & organisational objectives	<p>All employees</p> <p>Through formal and informal internal market research and communication "selling" the organisational objectives internally</p>
Lings & Greenley (2005)	Improve the internal climate and increased job satisfaction	<p>Front-line staff</p> <p>Internal-marketing programme's four major domains: formal information</p>	



			generation, informal information generation, information dissemination and responsiveness
<b>Holistic Approach</b>	George (1990)	Effective internal exchanges	All employees
	Ahmed & Rafiq (1993; 2000; 2003)	Increased marketing strategy through alignment, motivating and integrating employees into organisational strategies' implementation  Increased productivity and job improvements	All employees  Applying marketing techniques along with human resources management practices to facilitate organisational market objectives implementation  Planned effort to achieve employee satisfaction, customer satisfaction and inter-functional coordination through employee empowerment  A cultural framework and an instrument to achieve strategic alignment while building customer service competence by managing internal relations through internal communication
	Varcy (1995)	Employees' needs satisfaction as both individuals & service providers	Front-line staff  Implemented through internal communication based on customer service awareness
	Varcy & Lewis (1999)	To change management	All employees  The philosophy and behaviour that allow the organisation to react to its macro and micro environments through change.
<b>Mechanistic Approach</b>	Gummeson (1987)	Increased levels of productivity & efficiency	All service value-creation chain employees  Implementation through communication with employees and culture change mechanisms

	Naudé et al. (2003)	Increase job satisfaction & market orientation	All employees involved service value-creation chain  Individuals and organisation characteristics influence implementation
	Ballantyne (2003)	Knowledge renewal	All employees  Re-engineering service procedures and operations by using input from both internal and external environments
<b>Cultural Approach</b>	Lings (2004)	Increased levels of job satisfaction	Front-line staff  Internal-market orientation as the organisational philosophy with three major dimensions internal market research, communications and response

(Based on Pitt & Foreman, 1999; Gounaris, 2006)

Along with the variety of conceptions of IM, limitations were also identified (Varey, 1995; Varey & Lewis, 1999). Discourse pointed towards a broadened IM concept to approach management issues that require strategic treatment. In this way, the IM concept has evolved through three distinct but closely related phases: employee motivation/satisfaction phase; customer orientation phase; and strategy implementation/change management phase (Rafiq & Ahmed, 2000). The initial concept has been extended by including the customer-conscious employee management at the second phase and the corporate/functional strategy implementation at the third phase. Especially, IM is conceptually much broadened at the third phase as a vehicle for strategy implementation or as a cross-functional integration mechanism within the organisation.

Despite its conceptual broadening, the IM in this research lies in the “employee motivation/satisfaction” phase, which focuses on employee motivation and support for high service quality, that is, for achieving the expected outcomes and success of the mentioned inter-organisational collaborative relationships (Rafiq & Ahmed, 2000).

#### **3.5.3.1. Internal relationship management critical elements.**

With an increasingly competitive business environment, exceptional service and customer satisfaction are the day-to-day organisation premises. As explained earlier, the service sector features highly intensive contact with customers. Hence, as the delivery of the service occurs through human interaction, the quality of the service cannot be independent of the quality of the service provider. In fact, the quality of service achieved relies entirely on the impressions customers have of the service person during the course of providing a service, the so-called “service moment of truth” (Lovelock, 1996; Zeithamal & Bitner, 2000).

As Rogers et al. (1994, p.16) emphasised “to the customer, the individual represents the service firm”. During these “moments of truth” (Norman, 1991), the employees are the image and face of the organisation provoking by their intervention either positive or negative consequences during the relational process. As Swartz & Iacobucci (2000, p.325) emphasise, “From the customer's perspective each individual staff member represents the organisation, and the sum of all interactions (direct, indirect, and/or non-visible) with such staff is used by the customer to form an opinion and perception of an

organisation and an opinion of the strength of his or her personal relationship with that organisation”.

In RM theory, all employees interacting with internal or external customers, are considered as “part-time marketers” that represent the organisational core values (Gummesson, 1987; Langeard & Eiglier, 1987). Although distinguishing between full and part-time marketers according to the contact with external customers respectively (since all employees are considered part-time marketers) a more rich and complex judgement process takes place as a result of the outcome of various interactions during the supplied service (Swartz & Iacobucci, 2000).

In fact, service companies are increasingly paying more attention to customer-contact employees to achieve the desired profitability and market-share goals. A people-oriented approach, rather than a profit-oriented one, started to be adopted (Malhotra et al., 2004). More than ever organisations are realising the importance of the personal aspect, especially the employees' role in the success of the delivery of the service quality, value and satisfaction. “Taking care of customers” calls for taking care of organisation employees (Hartline et al., 2004). The IM perspective suggests that for successful encounters and exchanges with customers, firstly effective internal exchanges among employees and between employees and service firms must occur. In summary, to successfully manage organisational external relationships, service organisations must be prepared to do an excellent job internally managing the organisation.

Acknowledging the potential impact of services employees on service quality leads to striving for an understanding of the specific dimensions that shape employee's attitude towards the job. Thus, as Parasuraman and Berry (1991) stated, management should give more attention to attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. The literature supports the fact that the highest level of perceived service quality is delivered by service employees who are satisfied with their jobs, exhibit high levels of self-efficacy and skills, and commitment, and display low levels of role stress (Hartline, 1996; Schneider & Bowen 1985; Singh, 2000). However, despite job satisfaction being a critical issue, only a few studies focus on the importance of organisational commitment and job satisfaction in

relation to service quality (Malhotra et al., 2004). As this aspect is seen to play an important role in the final results and achieved outcomes of the collaborative inter-organisational relations between public and private sectors, it was also considered in this research.

An internal market orientation brings measures of empowerment, internal relationship management, and both internal and external communication (Bruhn, 2003). This relationship perspective implies a move away from traditional management approaches, such as from top-down towards flattened organisational structures, where employees can add value to the provision and delivery of services and they can have more responsibility and autonomy provided that the staff are also supported by the rest of the organisation (Grönroos, 2000). Taking this view, employees supporting departments and management all form a requirement for success (Grönroos, 2000).

As Rafiq & Ahmend (2000) claim, service management needs to recognise and make systematic use of dimensions such as employee motivation/satisfaction, customer orientation/satisfaction, inter-functional coordination/integration, marketing-like approach, and corporate or functional strategies implementation. In addition, the intrinsic purpose of developing strong relationships within the organisation is translated in organisation management into finding ways of leveraging human resources management activities to enhance marketing performance, especially at the frontline (Hatline et al., 2004). Nevertheless, the marketing literature is still underdeveloped with respect to the intriguing and vitally important linkages between managerial practice and marketing performance (Hatline et al., 2004).

Considering the nature of the research context based on the provision of services, all these issues inevitably need to be considered since they are directly related to the expected outcomes of the discussed collaborations between public and private organisations. Consequently, before injecting customer-oriented service commitments into the overall management organisational philosophy, which in part was and is the objective of the public sector especially of the NHS reform as earlier discussed, the concept of IM through focusing on employees' job satisfaction should be emphasised

(George, 1990; Grönroos, 1985; Heskett, 1987; Cooper & Cronin, 2000; Rafiq & Ahmed, 2000).

On this premise this research is based on allocating a relevant role and position to the internal environment and the staff linked to the common aim of customer satisfaction, whilst having an active and decisive, if not privileged, role in its achievement. The IM concept is also extended by including the public and private relationship within the scope of internal relationship management, placing this relationship within the aforementioned internal environment, which is totally decisive to both the climate and dynamics inside the whole organisation. That is, all members of staff are involved in delivering the contracted service, in this case, outsourced public foodservices in order to achieve satisfactory results and the levels of customer satisfaction required.

Overall, due to the research problem being based on services provision, this service-relational oriented approach is of vital importance since it directly relates to the expected outcomes of PPPs. This research was formulated around the aim of determining how the relational aspect of the inter-organisational relationship affects the development and success of PPP and how this knowledge can be translated into management terms. Because these ideas about services marketing are mainly embedded in the private sector, the next section focuses on the role and connection between public management and marketing principles. In this way, it not only emphasizes the relatively recent need of the public sector to build relationships mainly as a result of increasing engagement with different activities such as collaboration and partnerships (Rees & Gardner, 2002; Wise, 2008) but also the fact that public administration and marketing disciplines have starting to converge as they have evolved (Kaplan & Haenlein, 2009).

### **3.6. The relevance of relationship management and services management in public sector**

As the previous chapter discussed, the VfM ethos and best value regimes increased collaboration and partnership formulas as alternative ways for seeking efficiency and effectiveness in public services provision (Kaplan & Haenlein, 2009). Public sector reforms have led to “hybridity” and new forms of public governance, working across

organizational boundaries for the design, management and delivery of public services (Newman & Clarke, 2009). Hence, as Wise (2008, p.317) stresses referring in particular to public health, developing and maintaining partnerships is key to success in meeting public sector demands nowadays mainly because “collaboration is not an option it is necessary for success”. As a result of these pressures, mainly reflecting central government funding restrictions and the low level of public user satisfaction, the relevance of marketing in the public sector gained prominence recently (Peattie, et. al., 2012) not that its practice, however, is exempt from new challenges (McLaughin, et al., 2009).

On the other hand, as regards the marketing discipline, particularly the mentioned move away from transactional ventures towards collaboration, the more recent models of RM have become increasingly suited to the nature of public sector and its objectives (Rees & Gardner, 2002; Kaplan & Helein, 2009; Wright, et al., 2012) thanks to the emphasis on the importance of the intangible dimensions of service delivery (Grönroos, 2004) (quality and nature of the relationship) and particularly on relationship building (interaction processes) (Wright & Taylor, 2005; McLaughin, et al., 2009). Although, either within marketing or public management literatures marketing within the public sector is appropriately covered (Peattie, et. al, 2012), as Kaplan & Helein (2009, p. 200) stress, “marketing and public administration have started to approach each other and that these evolutions have laid the ground for public marketing.” As a result, there is expected to be an “increasing importance of public marketing over the coming years” (Kaplan & Helein, 2009, p. 197), which represents the bridge between public administration and marketing disciplines.

With the focus on building and managing long-term relationships to deliver value (Peattie, et. al, 2012; Wright et al., 2012), two broad types of RM theories can be distinguished: market-based or consumer-oriented, and network-based RM or inter-organisational oriented (McGuire, 2012). The latter emphasizes the involved relational processes and the management of interactions by highlighting elements such as trust, commitment, interdependency, mutual exchange of promises and collaboration (Laing, 2003). In particular this network-based RM model is transferable to public services because of its collaborative nature and value maximization (McGuire, 2012). As Grönroos (1999) claims, RM is a key theory for services which include public services.

However, the validity of its contribution to the public sector management debate and more specifically to the ongoing political debate about the UK NHS has recently started to be acknowledged (Zolkiewski, 2011).

Both RM and service management literatures comprise an alternative framework for understanding public services and public sector governance (McGuire, 2012; Osborne, 2010). As McGuire (2012, p. 543) stresses, the common focus on value of RM and services management is also “recognized as a significant point of departure in thinking about relationships for public services”. Furthermore, “public versus private is an old debate in public management but structural reform has changed the focal point from mode of exchange to concepts of value” since driven by the services’ dominant logic” (Grönroos, 2000), higher effectiveness is achieved through service co-creation, that is jointly created (Gummesson, 1998; Wright et al., 2012;) that points toward the shared responsibility for value creation between providers and consumers. In this way, the concept of public value reconciles two different cultures and belief systems (Hutton & Massey, 2006). However, this service logic is not acknowledged in terms of implications for management and marketing in public management (McLaughlin et al. 2009; Osborne, 2010; McGuire, 2012).

Since the public sector needs to rely on other entities for their performance and success, relationship management and its appropriate application is of crucial relevance (Wise, 2008). As McGuire (2012, p. 551) stresses, “service delivery systems are complex and relationships between funders, service providers and users are central to the effective working of these networks”. Furthermore, as Osborne (2006) highlights, to this level of complexity, traditional public management approaches have not made any contribution or offered any guidance. However, there are two issues regarding RM in public services that call for consideration. On the one hand, there is the ambiguity and vagueness that accompanies the conceptual elements and scope of RM and on the other the heterogeneity and uniqueness embedded in public services (McGuire, 2012; McLaughlin et al., 2009).

In particular, this public sector uniqueness highlights the necessity of being selective about the concepts and tools to be applied in public services along with its intrinsic



complexity. Political rather than economic driven objectives; multiple end users, social rather than individual benefits seeking based on legitimacy, social justice and equity; and separate service payment from actual consumption (no direct payment) are the distinctive characteristics (Laing, 2003). Furthermore, as a result of these core defining characteristics, the public sector incurred tighter political regulation and accountability leading to an “organizational culture dominated by procedure and compliance” (Laing, 2003, p. 433) rather than a customer-focused services delivery. From a services marketing perspective, the acknowledgement and appreciation of these differences are necessary for effective management (Wright et al., 2012).

Despite the increase of services management-based discourse in the public sector (Caemmerer, & Banerje, 2009), generally, the potential of marketing in the public sector is largely little known and ideas such as RM “have not yet made their way into public administration” (Kaplan & Helein, 2009, p. 2009). The growing trend towards relational approaches in marketing and organizational management has been of limited application in the public realm (Laing, 2003), transactional models of marketing remaining dominant instead. As McLaughlin et al., (2009, p. 38) state, despite the emphasis and prominence of relational governance in public policy particularly on trust as a governance mechanism, “it is surprising that RM has made only marginal contribution to marketing practice and organisational management for public service organisations”.

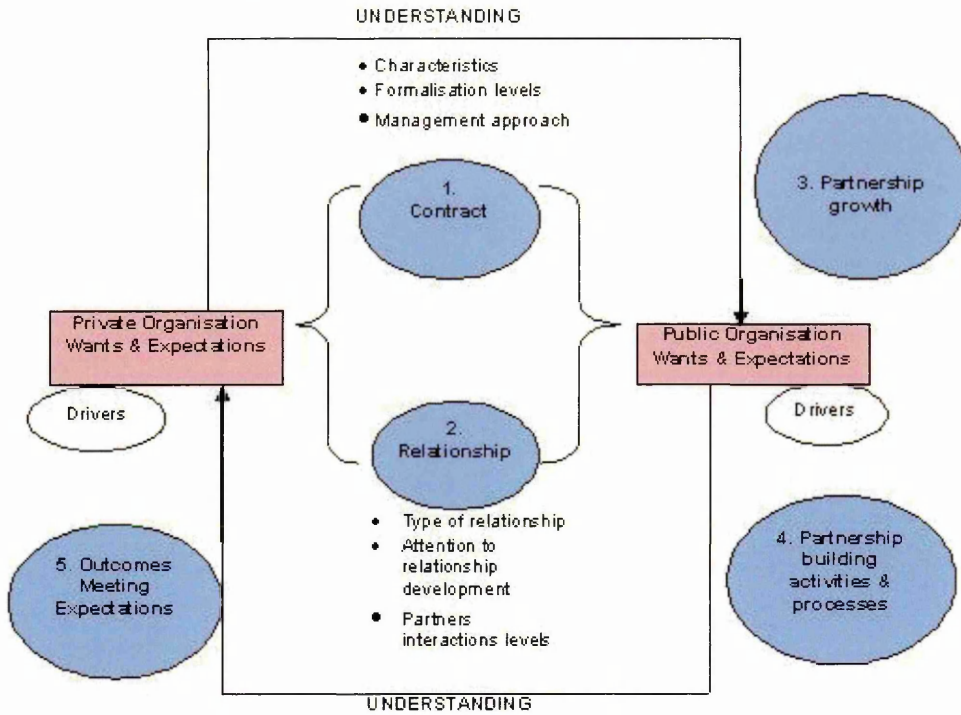
Even more controversy is still present questioning the appropriateness and value of marketing in public services organizations (Peattie, et. al., 2012). However, as Wright et al., (2012, p. 445) underline “the debate should now focus not on whether marketing is appropriate, but how it can be best used in public non-profit services organizations”. In addition, in particular in the selected research context, there is limited research into the role of inter-organisational relationships within the NHS (Zolkiewski, 2011). Basically, empirical research on either the assimilation of such organisational service orientation along with the development of appropriate management strategies to this end is largely limited (Caemmerer, & Banerje, 2009). Hence, this research attempted to confront this lack of knowledge in the public sector by analyzing PPP relationships from a relationship perspective in order to assist the management of this type of collaboration.

Despite acknowledging RM contribution to improving public services performance (Laing, 2003, Osborne, 2010), according to McGuire (2012) these two issues, the ambiguity of RM and the complexity of transferring its ideas and techniques, are disregarded. This research in seeking to enhance understanding in PPP management took into consideration McGuire's (2012, p. 552) observation: "the suggestion to avoid pitfalls of indiscriminate transfer of RM concepts and associated techniques is to elevate the analysis of context [...] identifying the salient features of context that are likely to affect the success of RM". As Grönroos (2006) states, context is central to services however, it has enjoyed limited exploration in public management (Pollit, 2004). Generally, marketing required to be adapted according to the each public context and its characteristics (Laing, 2003) or at least considering the specific nature of each public services organisation (Wright, et al., 2012). By paying particular attention to understanding the context in which these public-private collaborations take place, this research also contributed to this gap.

Furthermore, departing from the new public governance reform strategies in general and the public sector's engagement with customer services oriented delivery processes in particular, this research explored the degree of correspondence between the practice of partnership working with the relationship-oriented paradigm. To this end, special attention is paid to investigating socio-relational elements such as attitudes, behaviours and beliefs to work within a collaborative partnership framework, that is, the internal environment, along with the specific characteristic of the selected context of public services (the external environment). By so doing, the actual potential contribution of RM in assisting in the management of PPP was also explored. By taking the insights from services management and RM literatures in particular along with the collaboration field in general, this research attempted to offer a framework to relationship management in public services that highlights the contribution of RM and relational capital that it is more in tune with public policy's emphasis on inter-organisational collaboration and joining-up governance to achieve major performance effectiveness.

This research has so far observed similarities and made connections between relationship marketing, the rhetoric of partnership, and the associated ideas of the NPM reform. This justifies the exploration in this research of the potential of the RM concept to shed new light on the implementation and maintenance of partnership agreements.

**Figure 3.2: Research theoretical framework**



Based on the discussion conducted in this chapter, a theoretical framework was developed for the analysis of PPP, as figure 3.2 illustrates. This theoretical model presents the contractual dimension, the dynamics of the processes, and the relationships involved in the adoption and development of PPPs. This exploration of partnership includes processes and activities that affect or make a contribution to the development of this type of inter-organisational collaborative relationship and makes the assumption that the relational dimension is crucial to the outcome of the PPP.

### 3.7. Conclusion

This chapter ends on a note of ambiguity. This is due in part to the fact that this field of literature has focused mainly on practical application and this means that the concept of partnership remains undefined despite years of widespread execution. As a consequence, this “reality” has remained as the “status quo” in partnership conceptualisation. In search of clarification and understanding about this type of collaboration in the light of the discussed literature, this study focuses on exploring what working according to partnership foundations entails. To this end, given the discussed vagueness around the concept of partnership, the research dedicates particular attention to exploring how the concept of partnership is understood and materialised in

practice by means of equal consideration of views from public and private sector organisation.

In particular, the research targets the relevance of the socio-relational dimension, that is, the relationship itself and its dynamics, and the level of formalisation. In addition, attention is directed to identifying the key determining factors in the development of PPPs along with any intrinsic particularity of this specific context that either positive or negatively distinguishes this form of inter-organisational collaboration. The research considered the pressures, influences and limitations that potentially limit or affect the working relationship by focusing on general environment characteristics. The chosen area for analysis of the conceptual and managerial ambiguities identified in this chapter is outsourcing of public food services. The next chapter introduces and discusses the research design. Due to the fact that the research questions mainly relate to explorative enquiry, case study methodology was selected as the most appropriate form of design.

## Chapter 4

### Study research methodology

#### 4.1. Introduction

As clarified in the literature review, the aim of this study is to explore the phenomenon of partnership as applied in public domains under the NPM reforms and to increase understanding of the particular study context. It examines the dynamics generated between the two sectors and goes beyond the associated practicalities to focus on the rhetoric of the concept of partnership and how public and private organisations make sense of and apply this concept. This chapter introduces the research strategy developed to achieve this aim.

The view of partnership that the review of the literature presents, characterised by a lack of agreement and ambiguity over the concept of partnership, together with the fact that there is no single form to limit or classify PPP collaboration types, was the motivation for the current research. Firstly, in order to find answers to the suggested research questions, it is necessary to articulate a “fit for purpose” research strategy. Hence, this chapter illustrates the development of the research design for the data collection and data analysis processes, justifies the methods employed, and discusses the associated advantages and challenges. The overall research intention was to collect primary and secondary data, to analyse results, contrast primary interpretations, and make sense of these to draw final conclusions.

#### 4.2. Research strategy: case study approach

This research focuses particularly on the practicality of the design and adopted methodology in terms of being “fit for purpose”. The study is of an explorative nature and mainly asks “how?” and “why?” questions types (Easterby-Smith et al., 1991) to explore the singularities and characteristics of working relationships created between public and private organisations for the delivery of a public service (catering provision). Hence, case study research was considered to be the best suitable methodology. Case studies in qualitative research are investigations of “bounded systems”, with the focus being either the case or an issue illustrated by the case(s) (Stake, 1995). A qualitative

case study provides an in-depth study of this “system,” through a diverse array of data materials that situate that system within its larger “context” or setting. Case study research is usually a systematic and holistic account of a network of relationships that intends to provide a rich picture encompassing a host of events and factors (Gummesson, 2003).

However, this research adopted case study as the guiding strategy behind the study rather than as a mere investigative method. Apart from providing overview of the context (Hartley, 2004), case study research entails a precise design that includes data collection procedures and methods, and data analysis processes (Yin, 2003). In particular, case study research is characterised by its flexibility, sharing with qualitative research methodologies such as grounded theory or ethnographic research the quality of not being entirely defined (Robson, 2011). However, unlike these two research strategies, case study research requires some theoretical development around the stated research phenomenon prior to the formulation of the research design. For these reasons the research design was guided by the review of the literature on inter-organisational collaboration and partnership.

Generally, case study design is concerned with inductive analysis and focuses on processes in the relevant social context. To avoid the case study being merely a description, a precise theoretical framework is required to connect the obtained research information. In addition, the sampling strategy, data collection methods, analysis approach, and the role of theory (inductive vs. deductive) all need to be determined. Regarding this latter aspect, from the researcher’s own experience one of the more complex aspects of using case study approach is the involvement of “flexible thinking”. Case studies allow the merging of inductive and deductive logic, acknowledging in this way the introduction of novel concepts and paradigms, which is essential to theory development and improvement (Eisenhardt, 1989). Case study research can hence be seen as “the attempt to illuminate a decision or set of decisions, why they were taken, how they were implemented, and what was the result” (Yin, 1994, p. 12).

However, it is necessary to emphasise the fact that case study research is not concerned with generalising the research findings but with the researcher generating theory from

findings and her/his power of interpretation and analysis (Bryman, 2003). Hence, generalisation is based both on the relevance of the findings and the determination of clear boundaries of the case(s) investigated. Furthermore, understanding the complexity and particular nature of the case, its specific context, together with the research topic constitutes the focus and strength of case study method. Generalisation should be built on robust theoretical foundations that can be projected to other contexts or situations (Robson, 2011; Robertson & Dearling, 2004; Yin, 2003). In this regard Gomm et al. (2000) expressed the naturalistic view that generalisation should be about the particular case or similar cases rather than a population of cases.

By means of analytical rather than empirical generalisation, case study research “gives access to the inner lives of people, to the emergent properties of social interactions and/or to the underlying causal mechanisms, which generate human behaviour” (Hammersley et al., 2000, p. 234). Case research is therefore considered as a way of revealing theoretical relations in situ, uncovering the casual processes linking inputs and outputs with a system, and making it possible to see causal relationships that occur in particular instances, thereby providing a direct insight in vivo. Once explained the research strategy, the next section discusses the overall design and methods to approach the introduced research objectives and aim.

### **4.3. Research design and the nature of the research**

After illustrating the aim of this research by illuminating the research questions, presuppositions, and units of examination, this section explains the methods and research methodology selected for the current research. Justification of a research design generally starts through establishing connections between the chosen research methods and the proposed research questions. For that reason, the nature of the current research and the researcher’s stance are discussed first. On these lines, it is necessary to discuss the researcher’s ontological and epistemological stance in exploring the research problem.

Ontological assumptions not only influence the researcher’s choice and use of methodology but also limit the understanding of the research problem (Fay, 1987). The choice of research methodology for this study was influenced by the researcher’s

ontological assumption that the reality is independent of our cognitive skills and structures as observers; that creates a sense of inaccessibility in terms of any effort to understand that reality. Although the aim is to adopt a “neutral” position, the process of making sense and creating theory is understood from a subjective epistemological view. For that reason, it is necessary to be aware of the inevitable influence of the researcher on the perception and interpretation of the reality observed and to minimise bias in the process of making sense and creating theory. These ontological and epistemological foundations led to the choice of case study research.

Case research is framed to explore a specific phenomenon in relation to particular distinct events by asking about the causes that generate them. To this end, as Easton (2010) emphasises, it is necessary to spot the involved key entities, the powers they generate, along with the implied relationships. As a result, the process of collecting data involves a continuous inquiry about why either ongoing or past events happen together with the consideration of any problem or issue associated with the interpretive process of making sense of the obtained empirical data in relation to the involved entities and their actions. Thus the research process is one of continuous reflection in pursuit of a valid although not unique or complete mechanism or mechanisms about what caused the events highlighted by the research. As Easton (2010) stresses, generalisation of theory takes place through consideration not only of the nature of entities but also the interactions of the involved mechanisms and power relationships. However, it is necessary to have in mind that no philosophical approach represents the “right answer”.

Generally, the qualitative approach and methods adopted for this investigation were regarded as appropriate to explore the focus of this study, the concept of partnership, in terms of understanding people's meanings and social interactions. As stated before, this research aimed to gather insights around the experience of public and private organisations working in partnership by looking at how this concept of partnership was understood and implemented by those actively involved in this type of collaborative relationship. The adopted qualitative approach is further supported by the fact that the resulting data is considered as richer and deeper than that obtained from quantitative methods (Veal, 1997; Easterby-Smith, 2002).



In addition, a qualitative approach is appropriate for reflecting the phenomenon under study, which involves people orientation and social interactions. Qualitative methods can facilitate understanding of how partnership was understood and implemented by those actively involved in the adopted collaborative relationship. Although, qualitative research can be approached using a variety of data sources and following different strategies, mostly three categories stand out: interviews, observation and documentation (Mason, 1996), and for that reason they represented the main sources used in this research.

#### **4.4. Case study approach to empirical research**

A multiple case strategy was adopted by selecting a range of public hospitals outsourcing catering services. In selecting the sample, practical matters such as time, money, level of collaboration, and relevance to the research questions determined the final decision. As stated by Yin (1994), when all cases are subject to and are faced by similar external issues and constraints, a smaller number of cases such as four or five is appropriate to compare, contrast and replicate findings consistently and accurately. Furthermore, in order to facilitate replication and the process of cross-case analysis, similar circumstances, conditions and contexts were factors considered for the selection of the sample for this research. As Yin (1994) argues, theoretical replication is achieved by identifying the circumstances under which the research phenomenon is likely to occur or be found. In this way, when the findings of two or more cases converge, the same theory is supported and hence it is possible to predict similar results with similar circumstances.

As mentioned in the previous section, the design of case study strategy is also characterised by the encouragement of using multiple sources for data collection with the aim of achieving complementarity between the different methods (Yin, 2003) and allowing balancing each particular methods weakness (Easterby-Smith et al., 2002) whereas increasing the strength and validity of the obtained findings. This principle known as triangulation is not limited to data collection methods since triangulation can also be theoretical, empirical (data to collect) and by using different investigators.

This presented research focused on mainly three types of triangulation. Theoretical triangulation by combining concepts of partnership, relationship management, and collaboration; data triangulation by using different collection methods (semi-structured

interviews; focus groups and documentary records); and empirical triangulation by bringing participants' impressions and insights from three different levels, public, private, and staff sides, all integrating parts of the generated form of collaboration called partnership. This aimed triangulation was adopted with the purpose of getting a "rich" amount of evidence to facilitate the understanding of how partnership was adopted and developed in this context of public services and increase the reliability of the obtained findings (Yin, 1994).

## **4.5. The research process.**

### **4.5.1. Accessibility and ethical considerations**

This research project was reviewed and successfully approved internally by the faculty of Organisation and Management Research Ethics Committee within Sheffield Hallam University. In addition, as applies to all research conducted within the healthcare sector, this research was presented to and reviewed by the Northern and Yorkshire Research Ethics Committee and approved on behalf of the Central Office for Research Ethics Committee (COREC).

Close attention was paid to issues of confidentiality. All information collected during the research was used exclusively for this study and with the agreement of the involved individuals and organisations. Special attention was paid in terms of any financial or corporate information gained from the participating cases and private organisations. Likewise, the anonymity of participants was fully respected.

The process of obtaining ethical approval in the NHS was as follows. Following instructions, and due to the fact of being listed the proposed research as taking place in more than one domain, once completed and before submitting the NHS REC Application Form, Central Allocation System (CAS) was contacted by phone in order to book the research application in with an appropriate Research Ethics Committee (REC). At the time of booking filtered questions about the research project and applicant's details were made (see table 4.1 for further information)

**Table 4.1: Requested research project information**

<b>Information about the research project:</b>	<b>Applicant's details:</b>
<ul style="list-style-type: none"> <li>• What is the title of the research project?</li> <li>• Is your study a Clinical Trial of an Investigational Medical Product (CTIMP)?</li> <li>• Is your study a clinical investigation or other study of medical services?</li> <li>• Does your application relate to a research tissue bank</li> <li>• Is your study taking place in more than one domain</li> <li>• Are there any conflicts of interest which will preclude the application going to particular RECs? For example, do any of the investigators sit on a REC? If the answer is yes, which RECs are involved? Do any of the Investigators have a close personal or professional relationship with anybody who sits on a REC? If the answer is yes, which RECs are involved?</li> <li>• Will any of the research be carried out in a prison or with people in prison?</li> <li>• Will the research involve any adults with incapacity in Scotland?</li> <li>• Has this application ever been rejected by an REC? If the answer is yes, are you applying for an appeal? Which REC rejected the original application? What was the original reference number?</li> <li>• Are there any reasons why it may be preferable for the application to be reviewed by a particular REC? For example, have any applications for related projects been previously reviewed by a particular REC (Eg. pilots, sub-studies, extension studies, follow-ups)? If the answer is yes, which REC reviewed the previous application (s)?</li> <li>• Are there any personal preferences for going to a particular REC (e.g. due to location of chief investigator)? If the answer is yes, which REC is involved?</li> </ul>	<ul style="list-style-type: none"> <li>• Full name of principal contact</li> <li>• Contact details of principal contact (position, department, organisation, address, phone, mobile, fax &amp; email)</li> <li>• Full name of chief investigator (CI) if different from principal contact</li> <li>• Contact details of CI if different from principal contact (position, department, organisation, address, phone, mobile, fax &amp; email)</li> </ul>

Once this information was provided, the researcher was informed of the first available meeting at which an appropriate REC could consider the application. From the time of booking, the first available meeting was in 6 weeks time. After agreed and allocated a space, a unique reference number was provided to be added to the application form before submission. The application form was sent directly to the allocated Northern and Yorkshire REC within the indicated four working days.

The researcher was invited to attend to a meeting with the allocated research committee to respond to any questions from members. The documents reviewed were the application form, investigator and tutor curriculum vitae, covering letter and, letter from sponsor. During the approximately twenty minutes that took the committee meeting with a total of ten members including the chairman, ethics co-ordinator and assistant ethics co-ordinator, the ethical aspects of the introduced research project that required

clarification were discussed. Thirty days later, the committee issued a final ethical opinion on the application.

Obtaining the final REC approval took three months. In addition, the research also needed to be independently reviewed and approved by the Research and Development Department (R &D) Office of each NHS Trust where the study was conducted to obtain permission. Although, the REC and R & D approval processes were separate processes that could be undertaken simultaneously, the final R & D approval could not be issued until a favourable ethical opinion was given by the nominated REC. After submission to R & D, four weeks were generally needed by NHS Trusts to review and approve the research.

The approached R &D offices required a standard ethics form for the study entailing the following documentation: REC approval letter and supporting documentation, research protocol, participant information sheets, questionnaires and consent forms on headed papers with version number and date, lead researcher's signed and dated one page curriculum vitae, and signed sponsorship letter, all in hard format with original signatures and relevant contact names and details.

Furthermore, R & D offices also required written approval from information governance departments in order to have access to records and, since staff were the principal subject group, a signed authorisation from the service manager. Apart from confirming the involved departments' support for the study and the receipt of a copy of the protocol, a name person to act as supervisor whilst working the researcher within the Trust was also necessary to be nominated and specified. On the other end, the obtained R & D Trust office's approval entailed various conditions incumbent upon the researcher such as the provision of an annual report, notification of adverse events, notification of any changes in the protocol, access for monitoring, the establishment of a project file, etc.

#### **4.5.2. Sampling and participant consent agreement**

Since the central thrust of the research was to focus on the complexities of working public and private organisations in partnership for the provision of healthcare support

services such as hospitality/food services, the investigation first set out to develop a list of NHS Trusts that outsourced those services, especially locally around South Yorkshire. At the time of conducting this research, this information was not available in any database or from any health institution and was only accessible through direct contact with each NHS Trust.

As table 4.2 illustrates, a total of 99 Trusts from different regions in the UK (North West, North East, Yorkshire, West Midlands, East Midlands and East of England) were approached by contacting their corresponding chief executives via mail (see appendix 1) and making follow up calls in order to confirm that catering services were outsourced and to be directed to the person in charge of those service, normally Estates directors, facilities managers, and/ or hospitality managers. As a result, the research obtained the collaboration of two different major private food services providers working in partnership with acute NHS Trusts in a total of seven sites (cases) of which five were successfully completed in term of data collection.

**Table 4.2: Contacted research sites**

AREA	NUMBER OF NHS ORGANISATIONS CONTACTED				
North East	8				
	In-house	Outsourced	No response	No interested	No time
	2	5	1		1
North West	29				
	In-house	Outsourced	No response	No interested	No time
	13	13	3		
Yorkshire	15				
	In-house	Outsourced	No response	No interested	No time
	9	7		1 (outsourced)	
East Midlands	8				
	In-house	Outsourced	No response	No interested	No time
	0	8		1	1
East of England	18				
	In-house	Outsourced	No response	No interested	No time
	6	10	2	1	1
West Midlands	20				
	In-house	Outsourced	No response	No interested	No time
	8  (1 going to outsource as part of a PFI in 2 years time)	12			
Total NHS Trust contacted	99				

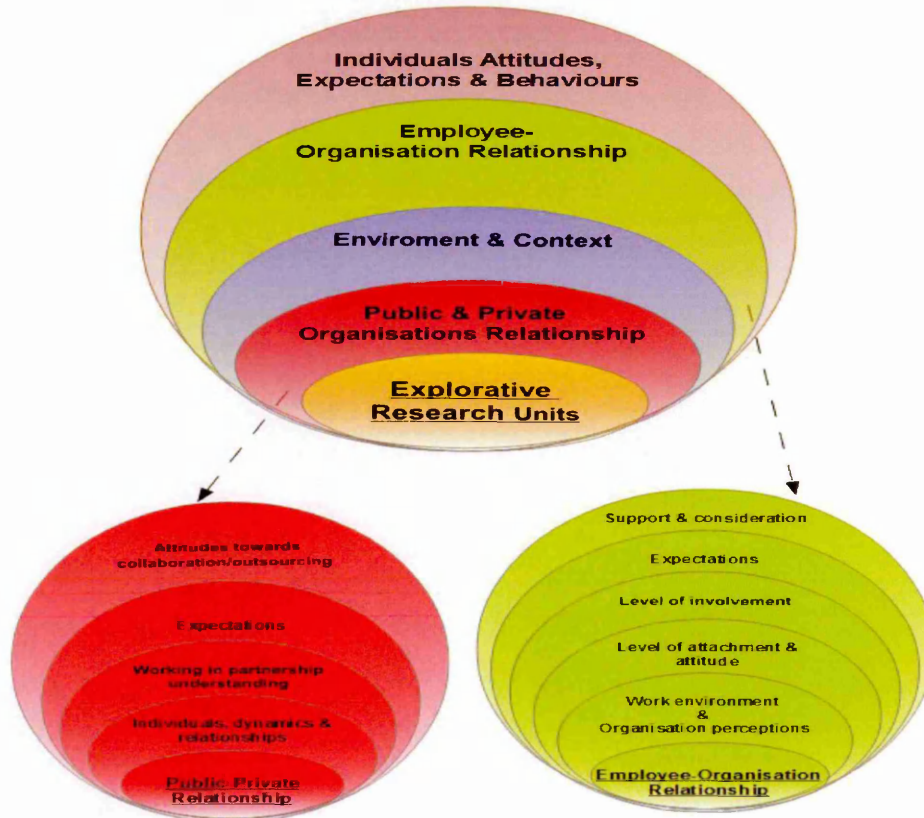
According to the research protocol approved by COREC, each participant case was introduced to the research topic by means of a research protocol (see appendix 2) followed by an informal power point presentation in situ. Likewise, a participant information sheet and consent form were handed to and signed by each corresponding institution. Apart from obtaining individual participants' consent, it was also necessary to apply for research approval from each individual NHS Trust's internal research ethics committee before starting the fieldwork.

#### **4.5.3. The start of the fieldwork**

First a pilot study was conducted in order to test and refine the focus and design for the research (Yin, 1994; Miles & Huberman, 1994). The purposes of this pilot case were to pre-test the research design and to provide an extra case for comparison with cases in the main study. Following that first contact within the field, the cases were approached individually and introduced to the research through the arrangement of meeting presentations and discussions on each site followed by fulfilment of the required ethical procedures. The research process then involved a period of meetings and visits to introduce the research, and finally, the required interviews, focus groups and documentary data collection. The time schedules of this process varied according to the availability of the selected cases and their participants.

#### 4.5.4. Data collection: starting to gather perceptions

**Figure 4.1: Research target units of exploration**



As figure 4.1 illustrates, the research mainly covered three areas of interest related to the stated purpose of increasing understanding about the embedded dynamics and particularities of public-private collaborations in partnership. Firstly, the context and environment is explored. However, mainly the research attention is directed toward understanding the relationship between public and private organisations working in partnership, which in this study involves examination of interactions between the created partnership organisation and ancillary services staff. Hence, there are two relationships at the centre of the study: the relationship between public and private organisations and the relationship between the partnership organisation and employees. In terms of relational dynamics, the research also pays particular attention to attitudes, expectations and behaviour of the involved individuals, particularly at the public-private organisational level.



The individuals approached to participate in the study were as follows. From the public side: a) NHS hospital manager in charge of foodservices; and b) NHS facilities and estates department managers were approached. From the private organisation a) unit manager/ catering manager, b) catering operations managers, c) HR managers from both private services organisations, and c) services staff, especially front-line staff, were approached. In addition, discussions were held with relevant associations like PSL (Partnership Sourcing Ltd.) and external catering advisors that were contracted in some of the researched NHS Trusts.

This research approached seven NHS Trusts, of which a total of five were able to comply with the data collection schedule. The corroboration of data was achieved by triangulating research methods and through research participants and documentary data. The interviews were used as the tool to collect insights on both sides of the public-private partnership. These interviews were complemented by the collection of relevant documentary data on either side in regard to the established contract, formal procedures, meetings and any other material of interest for the general understanding of the cases. In addition, this research considered the relationship between the employees involved in the delivery of the target services and the created partnership organisation. At this particular level, focus groups discussions were conducted with catering services staff.

From the exploration of partnership at the managerial level: internal interactions, the organisational climate and understanding of working in partnership within the particular chosen setting, both NHS and private foodservices managers were interviewed through individual face to face semi-structured interviews. Each interview took no more than one and a half hours. A semi-structured format was selected in order to give flexibility whilst having at the same time some structure and guidance. These interviews essentially focused on partnerships issues; relationships with the other partner; contract issues; and service delivery issues.

On the other hand, the partnership organisation-employee relationship was explored through conducting focus groups with the staff of different private food services providers. This process was inspired by RM theory that as discussed in chapter 3,

focuses on the management of organisational interactions. More specifically by IRM theory that argues the relevance of the organisational internal market whereby all individuals particularly staff, are integrated within the organisation and considered as premises for service quality and customer satisfaction on the basis of internal satisfaction and commitment within the organisation.

Hence, the views of general staff on the production and delivery of the outsourced services, origin and end of the adopted inter-organisational collaboration between public and private organisations were considered in this study. At this level, attention focused on exploring organisation core values with particular reference to members of staff and their perceptions, expectations and interpretations of these values. Staff perceptions about private company understanding and level of engagement with the dyad customer focus-staff focus as the premise for achieving better service quality were considered and the issue of comparison between public and private organisations was also addressed in these discussions.

Within the research area of understanding the extended business phenomenon of collaboration between public and private organisations under the framework of the partnership concept, it is possible to distinguish a sort of longitudinal line of research, distinguishing between past, present and future. This is because the study was structured based on the following topics: drivers, meaning and expectations, which correspond to the past; the present dynamics of those involved in the created partnership between public and private organisations on each site; and finally, the participants' views about the continuation of these particular collaborative relations in particular and the future of PPP in general. The methods used for this study are illustrated next.

#### **4.5.5. Interview schedule: semi-structured face-to-face interviews**

As mentioned before, the public-private interface was approached through semi-structured interviews with the directly involved parties from both sides. Semi-structured interviews were chosen as an effective tool for exploratory and explanatory research purposes (Saunders & Lewis, 1997) that allows the collection of data on the particular phenomena from the views of the participants (King, 1994). A total of 32 interviews were conducted. Up to seven interviews were conducted per site, including interviews with the head of estates, estate facilities manager, hotel services manager, soft and hard

facilities managers, on the public side; and site contract manager, assistant catering manager, human resources division on the private side.

The purpose of interviewing is “to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena” (Kvale, 1983, p. 174) that is, being able to understand the research problem from the particular perspective of the interviewee (King, 1994). Qualitative interviews are considered most appropriate when research focuses on the meaning of particular phenomena for participants and individuals’ perceptions of processes within an organisation (King, 1994). Interviews are characterised by being less structured, using open questions, and focusing particularly on the singularity of the issues highlighted by the interviewee rather than generalisations (Kvale, 1983).

For these reasons and in order to understand the “reality” of partnership from the perspective of those involved, interviews were chosen. These interviews followed a semi-structured format that allows the flexibility to adapt questions as necessary and alter the sequence of questions, probe for more information, or even investigate further unexpected relevant issues. Nevertheless, the same points were covered in each interview in order to provide a unified underpinning structure for all the conversations. Annexes A and B in appendix 3 illustrated the format used to guide the interviews with the client and contractor organisations.

#### **4.5.6. Focus groups schedule**

Staff perceptions and opinions about general partnership experience and the created working environment were gathered through focus group discussions. Discussion outcomes were contrasted between the services organisations. A total of 15 focus groups discussions, each lasting about one hour and an hour and a half, were held with catering services staff including supervisors, managers and general staff members. Focus groups offer the opportunity to study collective sense-making (Bryman, 2001).

However, at the same time, a high level of complexity is involved, not only because of the volume of data to be organised and analysed (Bryman, 2008), but also due to the difficulty of managing the discussions.

Hence, in order to extract substantive issues and the main themes derived from these conversations, a standard design was put in place. This level of structure not only allowed comparison across groups and reduced variability from group to group and the collection of coherent sets of opinions and experiences (Morgan, 1997), but also was effective for the researcher in terms of task moderation and group dynamics management. Projective research techniques were used in group discussions with catering food services staff in combination with critical incident technique (CIT) questions. The researcher thereby attempted to increase the level of involvement, “fun” and engagement among the participants. These techniques encourage “respondents to express private feelings and to say things that might be threatening or embarrassing” (Catterall & Ibbotson, 2000, p. 245) otherwise. Likewise, they overcome some of the response barriers associated with direct questioning, such as those that occur during the course of face to face interviews.

The author attempted to maintain a simple format (see appendix 4, annex D, illustrating the combination of themes and projective questions) of interview design, avoiding too much detail or stylisation in order to allow "fluent" responses from the participants (Catterall & Ibbotson, 2000). The researcher focused particularly on first impressions and interrelations in order to overcome any “first moment uncomfortable tension” or excessive formality by putting certain less usual methods in place. For instance, drawing was used as a main ice breaking technique. In addition, group interrelations and dynamism were particularly encouraged to promote participant interaction, with the use of activities such as “pen and paper” self-completion of statements like “the best thing about working here is...” allowing participants to share thoughts and formulate questions.

These tools were considered as a good way to stimulate the discussion and promote group interaction in order to explore the research issues in a more relaxed way. However, CIT (Flanagan, 1954) was used to move participants to specific situations such as, for example, to recall in time when they started working for the organisation and to consider the current moment in order to explore their level of expectations and evolution, or to direct the conversation towards the description of particular colleagues referred to as good or bad examples in the organisation (e.g. staff reward programme nominations). Basically, CIT makes able to collect information in context through the

participants' reflections, perspectives, attitudes and feelings about those issues of relevance to informants (Chell, 2004).

The focus group discussions were arranged according to site time availability and at times when job disruption would be minimal. As part of the selection criteria, invitation leaflets were distributed to the respective case catering manager or assistant catering manager to be allocated within the catering staff common areas, asking for replies to go to either the catering office or to the researcher. The final number of groups in each case was dependent on the level of response and interest among the staff. However, the level of active intervention from site management in the organisation of those meetings was significant. Hence, this to some extent compromised the level of willingness on the part of the staff to be involved in these discussions and the randomness of the resulting sample that the author had sought.

The size of the discussion groups varied across the different locations between a maximum of seven and a minimum of three people. The reason behind this small number of participants was based on Morgan's (1997) statement that conducting small group discussions provides a clearer sense of each participant towards the discussion's topics since participants have more opportunity to speak. It also facilitates management of the conversation, with less potential for disruptive dynamics such as uncooperative participants, "experts", or friendship pair disruption. The researcher was committed to minimising her involvement and consequent potential for bias in her moderator role and focused on gaining the participants' views, own words, understanding and interpretation of the schedule questions and topics. In addition, any possible preconceived or expected ideas of what could emerge from the research discussions were hardly avoided in order to not limiting information gathering to just those views supportive with the research targets areas but also compelling any opposing data to the original research thoughts and assumptions.

#### **4.5. 7. Documentary sources**

Documentary sources (see table 4.1) relating to each of the cases involved in this research were collected by the author. These concerned issues of contract arrangement, service specifications, communication and regular meetings between both parties, satisfaction surveys for both customer and staff, and hospital profiles. The purpose was

to gain understanding of the particular case and its context and to enable comparisons to be made with the (primary) data deduced from the direct interviews and focus groups in order to make the overall data more coherent and consistent. Furthermore, conducted consultants' reports facilitated by some Trusts were also used in order to validate and extend the research findings.

**Table 4.3: Case documentary evidence guide (secondary data)**

<b>1. General information:</b>
<ul style="list-style-type: none"> <li>✓ Contract details: start and expiration date.; contract specifications</li> <li>✓ Hospital size</li> <li>✓ Number of &lt;company name&gt; food services staff working in the hospital:</li> <li>✓ Number of previous NHS staff transferred to &lt;company name&gt;</li> </ul>
<b>2. Services Specifications</b>
<ul style="list-style-type: none"> <li>✓ Catering service level specification &amp; agreement with the NHS Trust</li> <li>✓ Services provided by &lt;company name&gt; in the Hospital (catering to restaurants &amp; functions; vending, domestic; portering, cleaning or others)</li> </ul>
<b>3. Operational</b>
<ul style="list-style-type: none"> <li>✓ Staff policies and procedures</li> <li>✓ Staff training programme</li> <li>✓ Staff rewards or similar methods</li> </ul>
<b>4. Administrative</b>
<ul style="list-style-type: none"> <li>✓ Organisation chart</li> <li>✓ (Front-line and management) catering staff job description</li> <li>✓ Organisational internal policy evidence</li> <li>✓ Staff satisfaction surveys example</li> <li>✓ Meeting agendas and quarterly meetings Trust and services provider organisation</li> </ul>

Finally, in-depth and where possible prolonged contact with the field was pursued, in order to capture data from the perceptions of its “actors” from the “inside”, their “understanding” and “use of language” in order to obtain a holistic view of the context (Yin, 2003) and to understand the reality and dynamics of how partnership developed and was approached by the involved participants and related individuals. This “observational process” dated from the early stages of getting in contact with the selected cases and their members- including cases that in the end were not included in this study. Anything that in particular struck the researcher during each interaction was

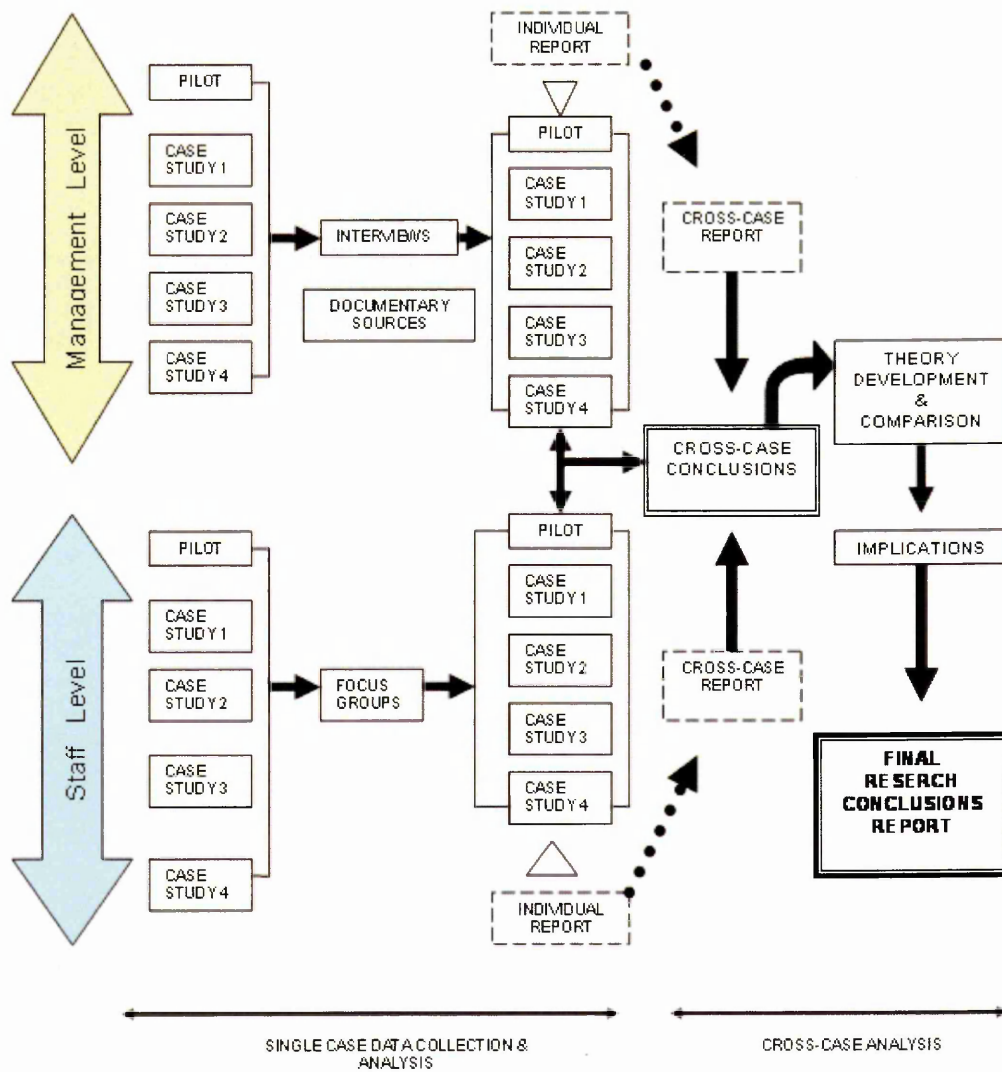
recorded in a research diary -one for each case. In addition, in each of the final sites selected particular attention was paid to its facilities and services areas. Following any such visit or indirect contact with the participants, observations and the researcher's own perceptions were recorded.

The researcher observed the services by either having a meal or drink, mingling like any other customer or hospital staff member on each site. Furthermore, in some cases the researcher was invited by the Trust to assess patient food at regular inspection meetings. Similarly, the researcher attended quarterly meetings between some trusts and their food services providers as well as other specific meetings conducted by and within the private catering organisation, where issues such as new menus, dietary evaluation or new product launches were discussed. Hence, those situations provided overall a rich "in situ" contact within the range of cases under study and their involved people.

#### **4.6. Data analysis: interpretation and theory development**

Focus then turned to what specifically could be learned from the cases. As it was mentioned earlier in the discussion and justification of case study for this research, understanding the case under study itself and its processes within its context was the primary aim. Taking into consideration this emphasis on the case itself, the research was based on five distinct NHS Trusts, each being considered as an individual case study. The overall process is illustrated in figure 4.2, which describes the units of data collection, the various methods used to deal with the obtained information that moved the study on from individual research cases to a cross-case analysis.

**Figure 4.2: research data collection and analysis process design**



Source: based on Yin (1989)

Firstly, each location was analysed individually to understand the organisational structure and how internal relationships were built by exploring both partners organisations' views and producing an individual contrasted report of each case. This "within case analysis" allowed comparisons and conclusions to be drawn across cases by identifying common patterns and differences among the various sites under investigation. The aim was to develop and link categories of information via constant

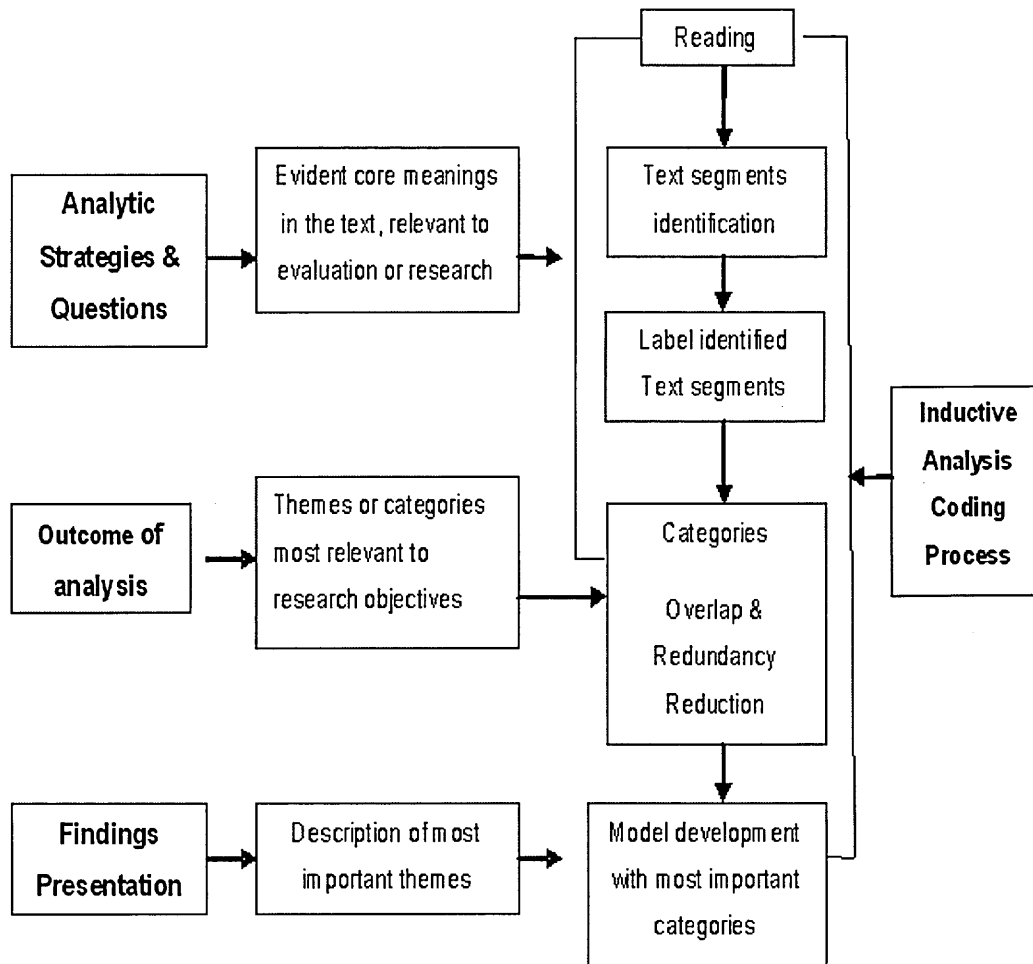


comparison, thereby providing a stronger basis for the identification of causal relationships (Gomm et al., 2000). Cross-case analysis allows patterns and idiosyncratic differences to be discerned from one case to the next, unveiling relationships between the study variable(s) (Eisenhardt, 1989). It was expected that these patterns and particularities would provide indications of what was happening in NHS Trusts in terms of managerial issues with regard to the provision of ancillary services and collaboration between the public and private sectors.

#### **4.6.1. Analysis of the information**

Having conducted the different individual and group conversations, transcriptions in a verbatim style were completed at different periods of time and often interrupted or delayed by alterations to field work arrangements. Each transcription/conversation was broken up into segments (phrases, sentences or words) in order to allow analysis of their content. A spreadsheet was used in order to cut and paste into rows the relevant segments according to the author's interpretation. Each text fragment from each conversation was analysed by looking for commonalities by which to define categories and was re-examined subsequently to assign it to one or more of the resulting categories. This process of identifying text segments, creating categories to which allocate these text segments, reducing overlapping and redundancy among categories, and forming themes corresponds to an inductive approach to analysis of qualitative information (Cresswell, 2002). The analysis process is the core of theory building, and it is subject to the own researcher decisions on selecting emerging issues and the way they are captured (Eisenhardt, 1989; Glaser & Strauss, 1967; Yin, 1989).

**Figure 4.3: General inductive approach**



Source: based on Thomas (2006)

Using an inductive approach (see illustration figure 4.3), the research findings were “deduced” by drawing frequent or relevant themes from raw data. These categories were differentiated into more general forms derived mainly from the evaluation and research aims. This process of identifying categories was achieved by multiple readings, condensing and summarising the copious text data; establishing robust, clear, justified relationships between research objectives and primary research findings; and finally, by means of inductive analysis: developing a model or theory that summarised the raw data and linked key themes and processes (Thomas, 2006).

In order to identify the major themes, it was necessary to conduct rigorous and systematic reading and coding of the transcripts. Coding text fragments allowed analysis

in relation to particular themes, documentation of relationships between themes, and identification of themes important to participants (Thomas, 2006). In this sense, the conducted analysis process shares communalities with grounded theory; however, the final aim was to identify core meanings relevant to the research problem rather than generating or discovering theory from the data. This research adopted a “general inductive approach” rather than following the “pattern coding” suggested by Miles and Huberman (1994). This means that more focus was put on data reduction and displaying processes in order to summarise themes or categories rather than looking for causes or explanations and relationships among people/cases (Thomas, 2006).

Although the author was unable to analyse each conversation straight after completion, as was suggested by Lofland et al. (2004), an informal “post-visit” analysis, based on observations and note reports was conducted after each interview, focus group or visit to any of the research cases. In addition, before starting the “proper” data analysis, the researcher felt the “necessity” to engage with the audio files by listening to them several times and to engage again with the participants, trying to get deeper insights and “hints” from recalling the moment of the conversation and any anecdotic situation or relevant issue that arose during these encounters. As Glaser & Strauss (1967) emphasise, the process of data analysis arises simultaneous and incrementally while gathering the data. This overlap between data collection and analysis contributed to obtain a more complete access to the pursued research reality as a result of undertaking any needed adjustment for instance, in the interview protocol questions.

Initially, the use of computer software such as NVivo7 was considered for this task; however, the content analysis was finally conducted by in-depth reading and immersion in the transcribed data as the broad themes and topics had been “well defined” at the data collection stage (semi structured and focus group guidance) and this facilitated the analysis and this “manual” approach. Although the chosen approach was much more time consuming it was a more insightful way to relate to the data. In this way, within-case analyses were conducted focusing on seeking the evidences that address the selected literature-based themes and assumptions, contribute to the research aim, and describe the case and its particularities.

Once, explored each case individually and recorded the high important findings, the emerging patterns (themes) from each case report were compared and contrasted (Eisenhardt, 1989 and Yin, 1989). This cross-case analysis approached the main relevant themes by primarily focusing on identifying similarities between cases (reductive process) but also on differences and particularities that were contrasted until verifying their uniqueness to a single case. This process entailed reducing and merging themes that ended in a higher focus on the relevance of the resulted content analysis of the data. As a result of addressing content analysis and for the purpose of this research presentation, reporting lengthy individual cases summaries were avoided. In truth, although PPPs were evaluated on a case by case basis, as the analysis process developed, attention diverted to the main and most relevant themes rather than the particularities of the cases. Moving away from cases specifics to “general” commonalities, the analysis primarily explored the involved processes, dynamics, factors and conflicts in public-private partnering unless any case singularity was of crucial relevance for the purpose of this research.

The conducted analytical process allowed the development of a robust list of categories by means of categorical saturation that was arrived at when no new codes emerged in relation to the resulting categories. The themes with categories in common were then further examined and grouped in order to reduce the final number of themes. The final themes for this research were: a) site background; b) participant background and role; c) outsourcing market (perceptions, attitudes, believes) and future; d) environment and context; e) partnership meaning and associations; f) (partners’) relationship judgement; g) individuals attitudes and behaviours; h) perceptions about the partner and public vs. private differences; i) management issues (strategies & structures): organisational practices, contract related issues, communication, conflict; j) success and limitations; k) services particularities; l) staff related issues.

During this process, the researcher particularly avoided placing any particular “a priori” interpretation or observation on each theme, but simply tried to ensure that the themes were made up of a cohesive group of categories and thus comments. Further details and descriptions of key categories along with suitable quotations from the text to illustrate the meaning of these categories will follow in the next chapter, which is dedicated to research findings. In addition, during the analysis process the researcher’s own

observations and reflections came into consideration in order to look in particular at less overt messages of symbols, signs and unspoken language. Using this information to “complement” the outcomes from conversations offered a richer view of the involved participants and their perspectives. These observational recorded notes about research participants, the case context and particularities were reviewed in similar way to how the researcher approached the analysis of interviews in order to reaffirm the final interpretations (the final themes and categories).

Finally, in seeking consistency and to assess the “trustworthiness” of the analysis process, the researcher had originally intended to provide an evaluation report for the participants to approve the categories and interpretations made from the research conversations, but this was not feasible, mainly due to time limitations. However, each conducted interview and focus group ended with a recap of the main discussed issues to allow for participant ratification or clarification when needed. Furthermore, the researcher's supervisors followed the analysis process using clear outlines of research evaluation objectives, the categories developed, description of each category and some of the raw text from which the initial categories were developed.

#### **4.7. The challenges of qualitative research**

In qualitative research there is an interest in gathering multiple perspectives from participants involved in the research context. However, the researcher has to bear in mind that the participants’ “world” and what these actors take as real in fact is subjective (Hatch, 1997). Hence, the “reality” and its interpretation through the research process will be always subjective. Because the research makes use of interpretive activities for the exploration of the management reality of partnership and its complexities, it is necessary to be aware of this subjective aspect as a limitation of the reality explored by this study. For that reason, during the data collection process the author attempted to minimise her own involvement in “in situ” research arrangements in the interests of objectivity (Vidich & Lyman, 1994). Hence, the researcher limited the visits to the different sites to the number required for data collection and avoided involvement in the daily business operations.

Overall, the aim of the selected methodology was to interpret the “social world” in the way individuals experienced it in order to answer the proposed questions on partnerships between public and private organisations within a complex and political environment. It was first necessary to understand the participants’ world and reality, and the meaning of their experiences and how they were reflected in their adopted behaviour in order to understand the main and critical issues of partnership from theory and practice. For that reason the mentioned triangulation was seen a key for this research. Adopting different perspectives, that is, using different angles for the same research topic in this case, the commitment to analysing both involved parties in partnership work: public and private; and using different methods with the same research question, how partnership was understood and developed within the public-private collaboration, expands and enriches the outcomes of the research process.

However, developing an understanding of the meanings of the participants and their reality introduces a main difficulty as well as limitation of this kind of methodology since analysis of the data involves interpreting the meaning of human actions through the verbal explanations of individuals, that is, the individuals’ own interpretations. On the other hand, qualitative data analysis has the advantages of reducing, structuring and “detextualising” the data. Furthermore, the researcher was also aware that the interpretive process, the fact of extracting and creating meaning, is exactly that, a process, not a fixed phase of research or an end in itself. Besides, in accordance with grounded theory, the research aimed to understand the “social reality” rather than proving anything.

In terms of data analysis, as explained by Thomas (2006), the adopted general inductive approach reduces the development of theory to the presentation and description of the most important relevant categories. Likewise, in comparison to other research analysis approaches, such as phenomenology or discourse analysis, it might be the case that the grade of theory and model development achieved is not as strong as can be achieved by these other means. However, the produced findings, which will be illustrated in detail in the next chapters (chapter 5 and 6), defensibly address the evaluation aim and objectives and the stated research questions by critically exploring and identifying the underlying elements and factors that were operating in this particular research situation as well as

the ways in which they combined and interacted and hence provide strong foundations for the expansion of knowledge.

Indeed, the holistic and idiographic approach of case study research adheres to the general principles of the related corpus of knowledge and theory (Gomm et al., 2000). As Robson (2011) argues, when the data of the particular case(s) provide the necessary theoretical foundations, findings can be projected to other contexts or situations. Hence, through expanding the knowledge and understanding of a specific case, research findings can be illustrative of wider patterns and thereby contribute to expansion of concepts and theories and their applications (Robertson & Dearling, 2004).

#### **4.8. Conclusions**

This chapter provides a detailed account of the research framework for this study and describes the methods used to achieve the research objectives. The overall research design and the data collection process were introduced, followed by explanation of qualitative data analysis techniques. These tools and techniques were justified in terms of their contributions, bearing in mind their limitations and implications for the final research outcomes. The next three chapters (chapters 5, 6 and 7) present the primary research findings derived from the analysis of the full transcribed interviews and focus groups, and the review of the researcher's reflective field notes and documentary data collected.

## Chapter 5

### Research findings. Part 1: The public sector's perspective

#### 5.1. Introduction

This chapter introduces the results obtained from the semi-structured interviews and focus groups discussions. The main research findings are introduced in three chapters. Firstly, this chapter focuses on the partnership experience from the public partner organisation perspective, that is, the public sector experience of working in partnership with the private sector. Chapter 6 then focuses on the experience of partnering from the perspective of the private partner organisation. Finally, chapter 7 offers a cross-organisational overview of these two results chapters to lead in to the discussion of the findings in chapter 8.

This chapter is structured according to the main themes obtained from the data analysis process in regard to the public sector experience of partnering with private services organisations for services provision. The information presented in this chapter derives from the interviews conducted with facilities and estates managers (the client partner organisation) across the approached research cases. Appendix 14 illustrates these extracted views schematically in the form of a summary. The discussion starts by presenting views of the NHS organisation as the “client partner” in this collaborative relationship by describing the relevant issues in the context of this inter-organisational relationship, such as general characteristics, drivers and challenges. Then, the client organisation's adopted approach partnership is discussed in terms of general perceptions, attitudes and beliefs. The chapter also focuses on the understanding and meaning attached to the strategic idea of working in partnership along with the management implications. Finally, the dynamics, expectations and relationship involved in this form of collaboration, including the perceptions and impressions that each partner has about the other, are considered.

#### 5.2. Research context background particularities

As discussed earlier, collaboration with the private sector in the provision of services formerly categorised as “ancillary services” in the public domain has become a common



practice. For that reason, “soft services” such as catering were selected as the target services in conducting this research. This section first presents information relating to the context and market in which the research is embedded.

In this regard, the context of political dependence in which these services and collaborative relationships existed was referred to in one way or another throughout all the different conversations with client partner participants. Informants mainly argued that outsourcing was a government driven strategy, putting the government at the centre. As the key player, the government had the final word on all decisions regarding either formats and standards or the continuation or cessation of PPP. For example, many of the interviewees argued that PFI was the only procurement method in operation at the time. As case 4 between others clarified, “it was a Government driven initiative, so people didn’t have a choice, it was a Government initiative that new hospitals would be put for, well built under the PFI, and that’s what we’ve got here” (C.4, soft services performance manager). Furthermore, as case 1 head of estates illustrated,

“Each says: I want this, they {contractors} gonna change, they got actually the respond to the market. My view is it wasn’t done for one reason, it was done to get the money off the balance sheet. Get it off the balance sheet rather than keep it on the balance sheet – which was good for the government but not necessarily good for NHS trusts” (C.1, head of estates & facilities management)

On similar lines, cases 3 and 5 made the suggestion that running a healthcare sector without political influence could enhance the chances of success. For instance, case 3’s director of estates suggested: “What there should be is a hospital board of governors so a health service board of governors and the government of the day gives them a pile of money every year and says manage it with no government interference” (C.3 director of estates).

Contracting out was described as an isolating experience, particularly in the early days of this procurement policy. Some of the interviewed cases, such as cases 7 and 5, were amongst the first NHS organisations in the country to adopt these strategies and felt that they were pioneers, as case 5 illustrates in the following quote:

“(Name of the city) was one of the first fourteen the government allowed to go ahead so the first fourteen had a blank sheet of paper, there was no contract, there was no details just go and do it so you had fourteen different contracts. You may know now that the government have standard clauses so you don’t argue about should you have car park penalties and all that because there are standard clauses and when we started we had the highest legal bill in the country from the lawyers producing the contract”

But also these cases’ representatives described those early procurement contracts as examples from which others could learn, but lamentably from their mistakes, as this quote from the service performance manager in case 7 illustrates: “We were one of the first PFIs in the country so we were quite a test case if you like and I think a lot of other people have learnt from where we went wrong. Maybe our contract and everything isn’t as good but we have got what we have got”. Participants involved in these two early outsourcing examples manifested a general feeling of abandonment and lack of support from government in the adoption of contracting out practices. This view was shared by other cases, such as case 3, who also maintained that the government should give the support, guidance, and resources necessary to achieve any suggested or imposed change.

In addition, in terms of these early years, many research participants referred back to the past, discussing negative experiences that accompanied the market in general and the participation of the private sector under the CCT policy. As case 7 argued: “It {contractor} is an external provider and with a lot of people that doesn’t sit especially in the 1990’s when we went through compulsive competitive tendering” (C.7, service performance manager). This could explain the still present reticence towards private services organisations. However, as case 7 emphasised: “we got cheap services and service that sticks in people’s minds and it is not like that now”.

Some research informants acknowledged that both parties were adversely affected by those negative experiences from the past since client organisations suffered unsatisfactory outcomes whereas contractors lost contracts. Similarly, case 6 claimed that those negative experiences led to the spread of false assumptions, such as the association with providing NHS organisations better services. As the general facilities manager in this case emphasised:

“People have a perception and it is an incorrect perception that contractors will provide you with a poor service because they are doing it with cheaper labour and they will want to make a profit and they don’t care about the service and it is not the experience we have had with contractors in fact it is quite the reverse...people had quite poor experiences in the nineties with contractors and they have come so much through that because they lost contracts from it” (General facilities manager C.6)

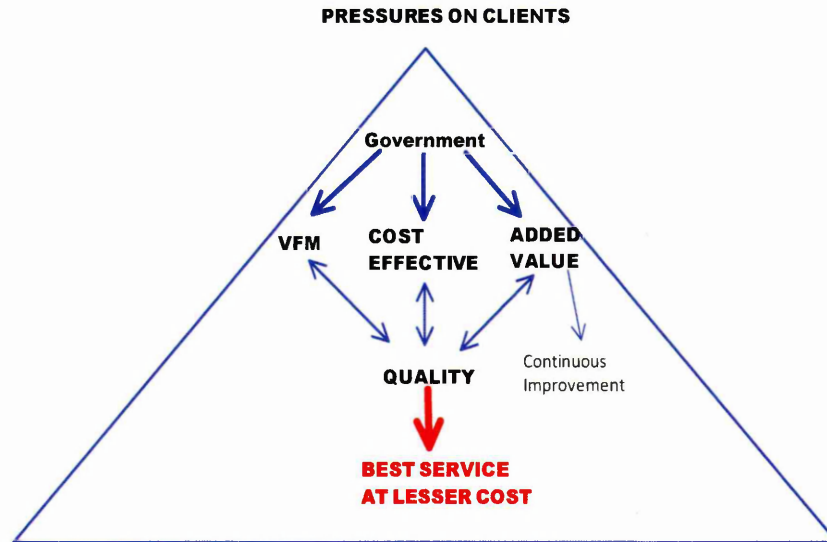
But more importantly as the director of facilities services in this case argued, “The South of the country has always had more contractors than we have and you move further North and there is still this great sort of NHS brand you know if it is providing for the NHS it should be provided by the NHS ...they still feel we should manage everything that we have responsibility for” (director of facilities services, C.6). In fact, some participants acknowledged that intrinsically there was the stereotype that the NHS was “good” and the contractors were the “bad guys”, with tensions always being present between them. For example, in case 6 the general facilities manager referred to this situation by affirming that: “it is a bit of a mistrust of contractors you know what are they in it for, they are in it for profit and they’re not in it for us and sometimes there is a feeling that yes it could be managed better if it was in-house” (director of facilities services, C.6); however, as the director of facilities services added:

“I think there have been great moves to move the emphasis away to say you know they may not be directly employed by the NHS but they are still providing a service on our site so there are still some tensions that I don’t think you will ever erode because they are historical so unless the people left you are not going to change it but I think there has been great roads you know to move away from it [...] there is still a bit of stigma attached to contractors in the wider world so around the site people don’t necessarily accept contractors. Those of us who work with them on a daily basis accept them but sometimes people out on the wards and stuff don’t feel we should be buying in contract provision. They believe it should be NHS instead” (director of facilities services, C.6)

Nevertheless, as the majority of the cases argued, set against this superiority attributed to the NHS as a whole was a lack of resources (not only financial) and management skills that placed the public sector in an inferior position compared to private services providers. In addition, a significant number of cases (C.3, C.5, and C.6) acknowledged the fact that some people, especially previous Trust services managers, still engaged in disruptive behaviour in order to make the contract fail. For example, case 7 affirmed that “it didn’t go down very well because they thought they [contractors] were intruding

on their patch” (service performance manager, C.7) when explaining the relationship with the private services organisation at the start of the contract. The mentioned rejection of the contractors was said to have continued as long as those particular client employees remained within the organisation.

**Figure 5.1: Clients’ pressures**



Generally, the pressure to achieve cost effectiveness, VfM and constant services improvement generated a highly competitive environment, as figure 5.1 illustrates, in which the NHS as a whole was competing to provide high quality services at the lowest be cost. However, the majority of the participants also acknowledged the high level of competition to which contractors were exposed as well as their dependence on reputation, with word of any mistakes liable to spread by means of the network of communication between hospitals. Similarly, all informants highlighted that due to the level of investment, resources and skills required in the generated market, NHS organisations were not able to compete with private services organisations.

Furthermore, although as informants illustrated, “foundation status” was associated with greater control, strength, influence, financial ability and balance of power, NHS organisations remained to some extent subject to central government influence. As the facilities manager in case 3 emphasised: “as you are foundation trust and you can make a lot of your own decisions and if you can generate any surplus cash you can re-invest it rather than giving it back to the government so that is a good thing but that is providing

they give you enough money in the first place” (C.3, facilities manager). Even more interesting was that some participants associated possession of this status with a higher level of demand. Foundation Trusts were highlighted as being much more demanding in terms of their expectations of their contract and services providers.

Additionally, the fact that the client-contractor relationship was politically dependent was reflected in the various changes manifested within this context. Hence, some Trusts felt they had gained better accessibility to resources such as capital and others experienced less of a “push” towards outsourcing. As case 6 argued:

“(services provider B) recognise that we do have money so if we are unhappy with the service we could quite happily look to take it back ourselves in house and develop it ourselves which we haven’t had the opportunity to do in the past but I think there has been some sort of sudden shifts there so we both now recognise I think that we are on a bit more of an equal footing” (C.6, director of facilities)

By the time the fieldwork was conducted, the private services organisations were said to be experiencing greater pressure in the market than in the earlier days. Contractors were having difficulty expanding their business, number of contracts and general level of intervention in healthcare after the initial boom in outsourcing and PFI projects during the 90s, according to some research participants. Hence, the roles and relative influence of the two parties changed and, as many of the NHS participants emphasised, due to the reduction in the number of contracts, contractors were tending to suffer a decline in their profits and in their influence in their dealings with clients.

### **5.3. Client’s approach to contracting**

The client public organisations claimed that they adopted a pragmatic approach based on the premise of “fitting to purpose”. They argued that this was the most appropriate approach to outsourcing since all services were different. This distinction or individualisation of public services was in order to take account of differences in the kinds of service and the complexity in establishing contract specifications. Similarly, another point to be considered was the impact of the associated lack of ownership that outsourcing generated (cases 6 and 1). In addition, apart from this pragmatic decision making on the best formula to deliver the relevant services, it was always imperative to

achieve the best deal (cases 1 and 3). Case 1 emphasised that outsourcing was a tool rather than a medium, something useful in order to achieve good provision of those services; a means rather than an end. Case 3 emphasised that the decision to outsource and its particular format were always dependent on the particular circumstances of the site. Furthermore, case 1 argued that “I think competitive tendering or contracting out is a good method of delivering a service as long as it is for the right reasons and it is not done for well we are skint and we have got no money but we are trying to save a few pennies here” (C.1, hotel services manager).

In addition, the public sector’s main drivers were argued to be cost effectiveness and transfer of risk (staffing levels). For instance, cases 3 and 4 mentioned that the most desired risk transfer was that related to staffing as staff shortages, mainly due to sickness, were a major issue for NHS organisations. This situation was stated to be particularly difficult for those regions with a small population, as in the case of site 5. Meanwhile, for case 6 the drivers towards outsourcing were financial and quality issues.

The client profile was characterised as being efficiency, outcome and improvement oriented. NHS organisations were always looking for the best deal and lowest cost because of the significant financial pressures and limitations. Furthermore, there was generally a good disposition towards working with private services providers, largely because NHS saw a negative attitude as being ultimately detrimental to patients., as case 1 emphasised: “I work with them because I need to, I need to make that successful” (C.1, head of estates); or case 5 admitted: “-Interviewer-: do you think it is a good thing or a bad thing having the private sector on board? –Participant-: Reality is they will be on board, that is the reality” (C.5).

However, there seemed to be a hidden aspect of this intense competition as indirectly Trusts and the government were supporting a decline in employment terms and conditions for soft services such as catering services provided by private facilities organisations. Meanwhile, the AFC was attempting to institute equal rights and conditions for all staff working directly or indirectly within the NHS, which was having a potentially major impact on the outsourcing market as a whole because of the cost implications.

In the process of making decisions on outsourcing, the experiences of other hospitals were in some cases used as a reference for compiling selection criteria. Previous experience of using a private services provider within the NHS was taken into account in selecting a private provider (internal reputation), whilst case 3, for example, avoided selecting a contractor based on (cheaper) price since this was argued to represent a risk and could arouse suspiciousness. As this case facilities manager argued: “They certainly weren't the cheapest but I could have gone for the cheapest in anything I provide but I tend not to [...] because you can bankrupt the company if you are not sure that they can provide the service for that price so have somebody else” (C.3, facilities manager).

It was commonly found across the cases that the client organisations were not particularly attached to any specific practice or procurement route, rather they manifested themselves as being open to any option that offered good service at low cost. Furthermore, generally, outsourcing represented a double learning experience. The client learnt to how to approach outsourcing and its bureaucratic process as well as learning from the contractor's management practices. This is illustrated by case 7, which stated that through developing different surveys and reports over the years of the contract, the trust found out what it needed to do to provide the services. Also, case 1 used PFI standards as reference for other services and potential outcomes. In addition, some cases showed an interest in learning from contractors and how they operated.

The adopted outsourcing approach gave private services organisations full freedom to manage the service. However, this freedom was greater on the retail side as there was much more regulation and monitoring of patient services. Case 4 raised an interesting point in commenting that they attempted to make the outsourced services seamless by not making visible that they were subcontracted but rather part of the overall service provided within that hospital. This was illustrated by the facilities manager when arguing that “They are our service provider, we are here to monitor their performance, make sure they are delivering the service we expect in the contract, that it's a seamless service, and that anybody coming into the Trust wouldn't realise that we've sub-contracted out services, and they still see it as a total Trust package of healthcare in {city name}” (C.4).

## **5.4. Outsourcing perceptions, attitudes and beliefs**

This section deals with the general perceptions and attitudes manifested towards collaboration with private sector organisations. From the public client organisation's perspective, discussion on the outsourcing market includes formal aspects and in particular the contract and the operational system put in place, including PFI. The discussion then turns to the most recent policy initiated in this context at the time this research was undertaken, namely the AFC.

### **5.4.1. General market and system perceptions**

The attitude generally manifested across cases was the common acceptance of outsourcing of non-core business. This was mainly due to the association with VfM. Although there was acknowledgement of the negative aspects of PPP, benefits such as the quality of the services and general improvement of the facility were recognised as delivering not only on price but on adding value. However, the general perception was that this collaborative strategy was not equally beneficial to both parties and that outsourcing, especially PFI projects, mainly benefited contractors (C.3, C.1, C.7). For instance, case 7 claimed that there were limited options to issue private providers with contract penalisation. In addition, case 1 emphasised that the contractor's payments were full guaranteed, usually over a long period of time.

Nonetheless, the main advantage of PFI projects was that it was very difficult to hide any inefficiency or to lie about the results because due to the specifications of the contract everything was reflected in the scores. This was argued by a service performance manager who stated that:

“I am very confident that what they say they provide they do actually provide and if they don't, if they don't tell me somebody else does. There is actually not that many hiding places for them and they do usually come forward [...] We do have that good relationship and I know that they would tell me and they know I will find out and that reflects in the information and the feedback that they give me. If something has happened it will reflect in the scores. That is how we work really. I don't analyse every figure”  
(C.7, service performance manager)

In addition, the amount of paperwork involved, although a source of complaints, was also seen as a tool for monitoring services providers' performance to the extent that it was claimed that with the monitoring system in place it was very difficult for any inaccuracy or inefficiency to escape detection.



The NHS partner organisations also stated that the level of investment determined the type of partnership but above all a high level of investment was associated with a guarantee of the private services organisation's commitment towards delivering correctly. Similarly, some cases emphasised the time factor, affirming that setting longer contracts contributed to gaining better deals and competitive prices, whereas in shorter term contracts contractors tended to focus on their own interests, with the case 3 facilities manager arguing, "In most cases a three year contract is a foot in the door really because they don't make very much out of it and they can't put a competitive price...The longer the term of the contract the less expense or the easier it is for them to lose the cost" (C.3, facilities manager). In this regard, all the cases stressed that private services providers were always looking to expand either the time period and or the scope of the services within a site.

However, the major criticism of the outsourcing system expressed by some cases (C.1, C.3 and C.5) was that the government was imposing new measures and strategies without providing the resources and support to the affected parties to execute and maintain these changes appropriately. Furthermore, it was believed that outsourcing in general was only beneficial to the government, as the director of estates argued: "My view is it wasn't done for one reason, it was done to get the money off the balance sheet. Get it off the balance sheet rather than keep it on the balance sheet-which was good for the government but not necessarily good for us" (C.1, head of estates). On the other hand, case 3 highlighted that rather than focusing exclusively on value for money it was necessary to ensure good practice.

Furthermore, case 3 expressed the view that the outsourcing market was not being properly exploited in terms of finance and opportunities. It was believed that it would be better for the government to contract just one services provider to run all the different contracts in different Trusts rather than each trust dealing independently with the same tendering and contracting processes. Similarly, it was suggested that by enhancing associations among contractors, more diversity and number of private service provider organisations would be assured in the market, with a consequent increase in efficiency and reduction in costs due to these firms benefiting from economies of scale through operating on a larger number of public sites. This view was expressed by case 3's facilities manager as follows:

“We are missing out big time because there is a lot of money to be had. There is a lot of money to be hand in terms of transport because of contractors passing contractors and in house services transport passing in house service transport whereas if it was all linked in groups instead of passing it to other commercial basically some are dropping them off so they won’t be coming back into it so there is a lot further to go in terms of business. If you are picking patients up one end and dropping them off the other then you think that is one more vehicle off the road” (C.3, facilities manager)

Generally, services improved because higher specifications were established, as reflected in cases 4 and 2. Furthermore, case 4 admitted that changing service specifications was used as a technique for dealing with any issues within the service. Likewise, it was considered to be a preventive tool. However, as case 7 argued, those higher requirements were established by the government and trusts could not afford to “raise the game” in the same way as private services providers. On these lines, case 6 emphasised that improving services required constant commitment from a willing contractor.

Looking at outsourcing in operational terms, in spite of the associated lack of ownership, some cases (C.1, C.3) claimed that it demanded more management attention since the client constantly needed to monitor and evaluate the services provided and the performance of the contractor. However, this process was argued to be “relatively straight forward management control” (C.1, hotel services manager) and much easier than providing the services themselves since “the headache of having to run the services is taken out of your hands” (C.3, estates director). As the facilities manager in case 3 stated: “we just manage the manager and it is easy to manage the manager if the manager is a decent employer and even then if they are not a decent manager then you just get rid of them [...] There is a lot less hassle because they manage all the staff” (C.3, facilities manager). But also monitoring represented a burden for those cases that had fewer resources, particularly those with lower staffing levels, as in the case of site 5.

As the client parties agreed, the formalisation of the system derived from the contracts, which were outcomes oriented. In this regard, the NHS client organisations acknowledged the relevance of their role since success was also dependent on the level

of accuracy and good practice in setting contract specifications. Furthermore, some cases admitted that this was a learning process. On the other hand, it was argued that having clear outcomes together with the highly formalised processes that characterised outsourcing permitted equity between the parties. On these lines, such as case 4 pointed out that the highly formalised mechanism for change neutralised the influence or power of any party; from the facilities manager's view: "Nobody has more power in one organisation...I do not see any power, I don't see it as power at all. We are providing services to agreed output specs, and we all know what we should be achieving" (C.4).

However, one of the major points of disagreement among the explored cases was on the amount of flexibility possible with that level of formalisation, particularly in PFI projects. Case 1, for example, complained about the lack of flexibility to introduce changes, as its estates director underlined "I can't see the future, I can't read the future to that contract ...it is too restrictive and the result powers on me" (C.1, head of estates). Case 5 also emphasised the restrictions that contracting out presented from the client side, affirming that: "There is a frustration that it is not very easy to change things but there is a partnership definitely in [private services provider B]. It works well at the ground level there a few frustrations but it is working well yes" (C.5 director of estates). Nevertheless, the remaining cases stated that with PFI, despite being time consuming and expensive, modifications were possible. Hence, the real complaint might have related to the cost of executing these modifications. Generally, changes to service level and specifications would result in pricing up of the contract once signed off by both parties.

Another major difficulty cited by some cases in managing outsourcing was dealing with the staff transition process. Case 1 argued from experience that it was crucial to get staff on board in the early stages, even before the decision to outsource was made. Furthermore, this same case (case1) argued that the difficulty of dealing with staff and the derived industrial relations management were the most common causes of reticence over PFI. However, measures such as TUPE were considered helpful in these transition processes and more specifically, in the case of AFC, case 4 argued that it eased the handover phase. Case 4 was one of the first places to implement AFC and argued that the fact that staff were employed according to the Trust terms and conditions facilitated the process. Furthermore, it was assumed that being still linked to the Trust helped to

reduce staff perceptions that “oh we’re now working for a contractor”. Also, in relation to PFI case 4 stressed that usually time was taken to help staff to prepare for the change, whilst case 1 stated that outsourcing was a beneficial option for staff since it not only prevented job cuts but also offered the opportunity for staff reallocation to different positions if they so desired, particularly in the more flexible framework of PFI.

#### **5.4.2. Impressions on public vs. private organisations**

Generally, from the client partner organisations’ perspective, the NHS was believed to be an attractive, solid, large and profitable sector for private sector investment.

However, the difficulty, as case 6 emphasised, was to “drill down into it”. The general perception about private services organisations was that “They are not fixed with oh we can’t do that. I would say 99% of the time they will make a change to meet the requirement so they are very good” (C.6, general facilities manager). In addition, it was emphasised that contractors tended to maintain high quality standards and care about their reputations. As case 1 stated, “They value their reputation and that is one of the reasons why I’m making sure that the performance management stuff involves reputation and can we find ways of enhancing your reputation because if your reputation is bad then so is ours” (C.1, hotel services manager). In turn, if the client organisation believed that the private services organisation was delivering and committed to improving services, the latter’s reputation would be enhanced.

In addition, references about culture differences between both sectors were present through the different conversations with public clients arguing that,

“Now the ethos of that company is yes giving them service but make sure that we make money and that is the difference and so when you say partnership we have totally different aims. You can have a partnership to a point of we are all in it together we have got a hospital we must all work together and you know my favourite saying to my PFI partners is don’t forget this is a bloody hospital, this is not a place to make money from but of course to them it is but for the rest of us we are trying to do a service and provide a service [...] one is looking at doing a good job as long as they make money out of it or you are just doing a good job because you are helping people so the cultural difference is still there [...] so we will notice this interesting dynamics in the partnership, we have got to work together” (C.5, director of estates)

Above all, the private sector organisations’ profit oriented nature was emphasised. All the client partners emphasised business expansion, acquiring a bigger customer base

within the healthcare sector as well as increasing profit margins as the main drivers for private organisations to collaborate with public sector. However, this profit orientation and the fact that the private sector was “making money out of the public sector” provoked disparate reactions. Some cases seemed to accept it on the basis of continuous improvement in services; for instance, the director of estates in case 1 emphasised: “I don’t mind them making profit. Let them make a profit, but I want that standards and service right” (C.1, head of estates) and the hotel services manager within the same case argued that: “contractors are in it for several things and one of them is to make a profit so you have got to make sure that there is enough scope for them to make that profit” (C.1, hotel services manager).

Others however, such as cases 2 and 5, had difficulty in accepting this profit-driven attitude. For instance, case 2 emphasised the fact that contractors were more concerned with profit than adding value, whereas case 4 argued that previous bad experiences occurred mainly because many contractors were money rather than services oriented. On the whole, client partners organisations seemed to not be concerned providing that their goals and the standards were delivered as agreed. As the director of estates in case 3 illustrated: ‘it is a private company, he is here to make money and I know he is here to make money but he is also here to give a service and extend the service’ (C.3, director of estates).

Case 3 was possibly the most illustrative case of the client becoming particularly profit oriented: to the extent that a “totally open contract” was adopted whereby both client and contractor shared profits and risks/losses equally rather than them lying exclusively with the contractor, as the facilities manager explained:

“At the moment I received very little profit from their takings, in the new contract I receive a guaranteed amount of profit and there is a maximum so the more people we can get to use the catering services the better. So my emphasis next time around will not just be on the quality of the service to the kids (patients), to the staff and the visitors it will be how many were are getting through the door and why we are not getting any more? Do you know what I mean? So the emphasis will change slightly?” (C.3, facilities manager)

This new type of contract meant an extensive step forward, moving the public sector towards a profit oriented mentality, with trusts sharing the common goal with contractors of making a profit, although the trusts were driven by the idea of improving and expanding services in the patients' interests. Hence, the profit culture expanded into the public sector, particularly in the sense of appealing to more users. As the director of facilities explained: "the more profit they make we make and it is not our interests to stop it because we need to go forward but we also need to make sure that we are not over-costing" (C.3, director of facilities).

However, the higher ability of private services organisations was acknowledged in all cases. Cases 1 and 6 even stated that in the public sector there was no development or innovation: "everything is subservient to the financial accounting of the trust and obviously the priority becomes the trust, which is actually that's we are here for" (C.1, director of estates). Facilities services suffered particularly from lack of investment when they were kept in-house, since any profit obtained from them was allocated to the trust as a whole instead of being reinvested in those services. There was the general feeling across cases of the public sector lacking the private sector's management skills. However, cases 5 and 3 mentioned that while contractors were doing a good job, they did not fully understand the hospital system or the effect of any initiative in terms of maintaining 24 hour provision; whereas case 6 pointed out that "They are very job focused and don't see the bigger picture...contractors do see a bigger picture" (C.6, general facilities manager).

Furthermore, whilst case 1 and case 6 did not hide their admiration for the private sector's way of doing things and management techniques, case 5 was not impressed by those methods and instead stated that the health service was doing well before private collaboration and intervention, with the director of facilities arguing that "the health service was very good at doing things. I think we used to beat ourselves up sometimes and it was probably from the top upwards that they said lets get the commercial sector in here, the private sector and at one level they probably were but that ignored the fact that many people in the public sector came here to actually provide a service that they wanted to work here" (C.5). Hence, the characteristic willingness to work for the hospital was emphasised as a bonus in the development of the service.

However, as case 6 stressed, compared to private services organisations, the public sector still needed to implement a customer focused culture to replace the characteristic job focus, especially at higher levels. As case 6 emphasised: “The higher they move up the structure the customer focus changes and it improves, what I feel the higher you go up our structure becoming job focused rather than customer focused but we are trying to work on that so that it there is particular parity really” (C.6, general facilities manager).

Nevertheless, across cases it was generally argued that NHS organisations were characterised more by appreciation and care of the human dimension. Furthermore, it was argued that it had a much softer and more flexible approach to hiring and firing. It was generally claimed that the NHS looked after its staff better, offering better employment terms and conditions (sickness pay, holidays, annual leaves and higher hourly rate). As case 5 emphasised, “they {contractors} are not so flexible and as soft as perhaps the health service are at looking after people. It is very much commercial arrangements and so therefore there will be a difference in their terms and conditions” (C.5).

On the other hand, concern was expressed by some cases that the NHS would be seen as softer or less demanding in a partnership relationship. Whereas some cases highlighted a common vocational spirit and commitment as characterising most employees working for the hospital, others acknowledged the differences in operational terms between the two organisational types, claiming that private services organisations needed to facilitate staff adaptation, as case 7 emphasised, in order to “get out of the [NHS] mould, the way they used to work very different from contractors”.

Basically, facilities services staff were said to differ vastly in terms of attitude, responsiveness and ability compared to private services staff. Mostly, the highlighted profile was a moaning and groaning staff, as case 6 indicated, that were doing a job rather than providing a service. Case 7 stressed the level of inflexibility and general reluctance to change by affirming that “the difficulties that you have with like facilities staff is they like doing what they do and they want to wear the same uniform and they want to work the same hours and they don’t understand I don’t think the need to

change and I think that is always like a barrier” (C.7, service performance manager).  
Mainly they were described as a particularly opinionated, not corporate oriented and heavily trade unionised workforce. This view was clearly emphasised by case 7 when affirming that:

“Facilities staff in general don’t tend to think very corporately...as long as they are happy it is okay...it doesn’t really matter what the person is doing, it doesn’t really matter what the chief executive thinks because they work very, very on the ground floor and they are often not very interested in what is going on apart from their own service and how it affects them so they are very interested in things like pay and holidays but not in the development of a new unit...if they are not happy with their conditions they will voice their opinion and we have got some quite opinionated facilities employees” (C.7, service performance manager )

#### **5.4.3. AFC and the “in-house” provision debate**

At the time this research information was collected, AFC was regarded by many of the participants as representing a real challenge for PPP that would have to prove itself as the best option for adding value to services. Basically this measure was about guaranteeing equivalent NHS payment rates for all employees with the NHS trust, including external organisations providing ancillary services. As case 5 argued:

“It will be very expensive for the contract because in our contract we transferred the risk of salaries so we didn’t tell them we wanted twenty five chefs we said we wanted a service of 2000 meals. Now if they can get away with five chefs and provide the service we can’t criticise them. Under Agenda for Change there is not only the salary scale will be controlled but the conditions” (C.5, director of estates)

Hence, the interviewed public organisations managers acknowledged that further pressure was being placed on contractors. The level of sympathy over this situation was such that some cases openly manifested the fear that the implementation of AFC could bring the end of outsourcing due to private services organisations’ inability to offer good deals. For that reason, case 3, for example, was advocating a formula that combined NHS and private services organisations’ terms and conditions. As this case’s director of estates argued: “I think the balance with private contractors' rules and guidelines coupled with NHS pay and working conditions is the right way to go. I think without that there would be a lot of contractors out of work and a lot of major contractors that will never get into hospitals” (C.3, director of estates).



But more importantly, the real impact of AFC lay in the revival of the debate about in-house provision. Case 3, for instance, argued that this new measure would be a “wait and see” because “we are actually paying more for the external contract than you actually could for the internal contract and I think that is going to be a wait a see what happens because it is something new and I’ve never seen it before so quite interesting” (C.3, director of estates). But case 3 also considered that in-house provision might gain renewed influence in light of the acknowledged cost involved with AFC implementation and probably less value for money would be derived from contracting out.

Generally, AFC was causing reconsideration of going back to in-house provision since the level of added value of contracting out was open to debate. As case 7 emphasised: “AFC has hit the NHS which is a big pay issue...has actually muddied the waters a little bit and the relationship is a bit under pressure” (C.7). Case 2 also defended reconsideration of outsourcing and the alternative of going back in-house if the changes implemented by AFC did not add value to expectations. However, the thought persisted that it would be difficult to achieve in-house the same quality of service as provided by contractors at the same cost. Hence, although not providing as good a deal (in price terms) or adding as much value as previously, outsourcing still was adding value compared to in-house provision, but in quality terms rather than exclusively on price.

Furthermore, despite the transformation that the public sector underwent in becoming more efficient and cost effective, it was acknowledged that NHS organisations still had a major weakness in terms of lacking the skilled management teams to run the services effectively. However, a common preference was expressed for in-house provision despite acknowledgement of the difficulty in competing with private services providers on quality and price. For that reason outsourcing was generally accepted, mainly because, as case 6 argued, contractors can still deliver cheaper, as the facilities manager illustrated:

“there will always be a potential future for contractors whilst they are putting in to have stronger customer focus than traditional NHS services and there is always the dimension that they can provide a cheaper service than in house service [...] there will always be room for a relationship with contractors” (C.6, facilities manager)

#### 5.4.4. Clients' views on PFI

The PFI procurement route was associated with large investment projects (cases 1, 5, 6), with the majority of the cases considering it restrictive, complex (cases 1, 5, 6), and beset with uncertainty, particularly in the case of large PFI projects. Case 5, for instance, emphasised that PFI hospital projects were especially complex and demanding in their specifications, arguing that:

“Roads – PFI roads were easy you know can you do a road from a to b, how many cars go over it. Prisons – can you keep 500 people in for me please so it was a very simple specification. When it comes to hospitals it is very complex. Schools and police stations under PFI it is again fairly straightforward you know there an easy specification” (C.5, director of estates)

Because of the perceived and experienced level of complexity some cases repeatedly suggested that contract specifications should be settled up front. An even more extreme view was expressed by case 3, who considered PFI a “great mistake”, arguing that not only was it not cost effective but, even more importantly, it was an unfair practice that only benefited private services organisations. For instance, they were not exposed equally to risk, and often had guarantees of providing the service long term. Although the dependence on PFI for building hospitals was acknowledged, as the facilities director stated: “You have to remember the context we started from. You couldn't have a hospital unless you borrowed the money that way so if you like it you don't like it we didn't get a hospital so it wasn't a choice” (C.5 estates director), some cases, such as 3 and 5, considered it was not a good option, mainly because of the entailed risks.

Case 3 described PFI projects as “silly and complicated” and not working because overspending on the building left not enough in the budget to invest on services, thus affecting the quality of service obtained. Furthermore, although case 3 recognised that there were examples of PFI working well in other countries, it was stated that “in this country they don't work in my opinion” (C.3, facilities director), this argument seemed to contradict the point discussed in the literature review of the UK experience being a worldwide reference. In addition, cases 3 and 6 stated that Trusts had better access to finance and hence other ways of borrowing money were seen as more profitable. Furthermore, in-house combined with cost improvement (CIP) strategies was seen as more cost effective than outsourcing in general and PFI in particular, as the case 3 director of estates mentioned: “I still think we would be better off with the contractor” (C.3, estates director).

The above view was justified by the facilities manager in the same case, who argued that “with private finance initiatives you have got a fixed sum to give them every year and if they can find ways of saving money and still provide you with the service that is agreed then they keep it and we don't make any kind of saving so it is fixed and it is a nightmare basically” (C.3, facilities manager). CIP strategy was a measure imposed on NHS trusts to reduce costs. Since private services providers were paid a fixed price, CIP was not applicable in PPP. As a result, some cases argued that this situation would force NHS organisations to find cost savings in other services, such as clinical services. As the case 3 facilities manager argued: “if everything was contracted out like they are doing with the PFI's there is nowhere to find the cost improvements from other than the clinical services and that's the real world and that by the way over the next five to ten years is going to cripple the health service. Believe me” (C.3, facilities manager).

Hence, it was argued that it was more cost effective for the client to pay for its own building/hospital due to the potential for making cost savings. Outsourcing was thus seen as an impediment to cost reduction that could damage the NHS because of the increased difficulty experienced by Trusts in coping with CIP. As case 3 explained:

“It is getting tougher and tougher and tougher to keep coming up with cost improvements year in year and year in. It is becoming very difficult and us facilities managers we can always find bits of money here and there but to find recurring amounts of savings we are findings more difficult year in and year out and it will be crunch time soon in the health service, particularly in PFI areas” (C.3, facilities manager)

Interestingly, different levels of the organisation seemed to have varying views on PFI and its implications, with the decision to outsource coming from the top level. In case 5, the director of facilities by way of an illustrative example raised the point that shortly before the decision was made senior to middle management groups met to discuss with the hospital executive team the impediments that were stopping them from moving forward and all managers agreed that PFI was a problem for development. However, as this participant highlighted: “Now the executive team didn't pick that as a problem because they were still I believe talking to the salesmen who said oh yes we will do anything, we can do anything and of course they can if you pay them. People on the ground were very frustrated” (C.5, director of estates).

On the other hand, it seemed that the situation regarding PFI was changing in the NHS organisations, and as cases 4 and 6 stated, the current trend was that there was no longer the same “push” towards PFI. Trusts were now able to at least consider retaining in-house services, whereas outsourcing was starting to be limited to building and maintenance. However, case 1 argued that the only future lay in collaboration with the private sector. Similarly, case 3 emphasised that as the services were running well there was no foundation for reverting to in-house, “If I was wanting to take the contract in house I could have done but...I don't see the reason for that when it is working well. It has turned round and it has been running” (C.3, director of estates). Furthermore, case 2 stated that “once it's gone it's gone”, reinforcing the unlikelihood of a return to in-house provision after contracting out.

#### **5.4.5. Future prospects**

The continuation of outsourcing procurement within the public sector was supported by all research participants, although to varying degrees. Case 5, for instance, emphasised the necessity of adopting a new structure or improving the current formula due to the associated long-term costs. This issue was even put forward as the cause the incipient reduction in PFI projects in healthcare services. As this site estates director emphasised:

“The government are now asking more questions about the actual running costs of these hospitals because they are expensive to alter and run and change and I think there will be a lot more reports about the problems long term with PFI I mean how do you write a contract for thirty years? [...] it would be interesting to see what happens when we have a change of prime minister. There will be changes because people will begin to realise the cost long term and as a result of that already they are slowing up the PFI hospitals” (C.5, director of estates)

“When you come to a complex organisation like the health service I don't think we have learnt enough and I think it is too expensive to reply on 15% of your turnover that you have no control over because that is what you are doing. 15% of your turnover you are giving to another company... it is 15 so it is a lot of money that you have no control over so I think long term that percentage will be looked at carefully” (C.5, director of estates)

### **5.5. Understanding of partnership**

Many of the sample cases (C.1, C.3 and C.7) considered the private services organisation to be very much a full partner; whereas particular cases, like case 6, emphasised that although the relationship was close, it was not a full partnership, mainly because of the

tension deriving from the different goals. Only C.4 admitted freely that the private contracted organisation was its “services provider”. This “partner label” was associated with specific particularities in the various cases but was mainly understood as working together, with cases 2 and 3 associating working in partnership with a full range of specifications and guidelines. Case 4 highlighted that “It is working with our service providers to ensure that the services are provided in line with our specifications [...] so everybody needs to work together to make it all work” (C.4)., whereas in case 2, partnership working was understood as being open, transparent, and honest as well as involving a high level of trust.

In addition, as case 1 stressed, parameters and rules of engagement needed to be clearly defined. Case 1 also defined partnership as working together, sharing and resolving problems, which encompassed working around disagreements amicably, communicating and listening. But above all, trust was emphasised as the key to making the relationship work, in particular, the client organisation had to trust the private services provider. Case 5 stated that partnership worked when there was a good team that shared the same values, vision, goals, and willingness to compromise in the pursuit of achieving a win-win experience. This argument emerged from the idea that:

“the contract is irrelevant if you have the right team and I think that is so important, if you have a group of people that are trying to do at the same aim and are working together for the same goals or understanding of each other’s goals then you get a good partnership and how you define that is very difficult” (C.5, director of estates)

However, the above statement seemed to be in contradiction with the importance attached to a well-defined contract (specifications) highlighted by cases 1 and 5, whilst case 2, for example, associated a good relationship with both parties achieving their expectations. Cases 1 and 2 both identified success with the contractor meeting standards (set by the client) and achieving goals. Hence, partnership seemed to be understood as being outcomes oriented.

Nonetheless, case 5 distinguished between having a feeling of partnership and actually being in partnership. The feeling was more associated with having to work together, whereas the client linked being in partnership to being less restricted and not having to “pay for everything” in the event of any contract modifications. Case 6 emphasised the

relevance of reducing demarcation, affirming that “It is making sure that we deliver the services effectively and not have any demarcations between I am a contractor and obtaining profit from the organisation” (C.6, general facilities manager). For example, case 5 admitted that “they have not become part of the team, that we are not working as a partnership so at a high level their directors are not sitting with my directors” (C.5 director of estates). Furthermore, case 4 understood bringing the contractor “on board” as a key to success.

Generally all cases acknowledged the paramount importance of involving and sharing information with the contractor. Partnership was associated with achieving a better understanding about the way the other partner worked and the particularities of the context of the partnership. Hence, a lack of integration impeded understanding between partners. Cases 7 and 6 both emphasised integration, with the latter case also stressing the need for the same direction (same goals), mutual understanding, regular communication and direct contact.

Case 4 understood successful partnership as a matter of commitment to deliver because “Everyone committed to deliver what we’ve asked for ... otherwise things do not work properly. The commitment has to be there from all parties” (C.4). To this end mechanisms for monitoring, discussing and changing services were needed, in addition to regular operational and performance meetings, but mainly, continuous and constantly monitoring and regular audits. Honesty and openness about outcomes and actions were also highlighted. On similar lines, case 6 related successful relationships to honesty, reliability, and trustworthiness and pointed out that success was a two way partnership, each partner being supported by the other. Hence, success needed to be understood as a joint objective rather than mistakenly leaving responsibility to the private services organisation, as commonly was the case.

On the other hand, case 1 emphasised that given the differences between public and private, rather than “fighting” it was necessary to find solutions by looking for “common ground”. But case 2 highlighted the need to have the “right manager”, whether the service was delivered in-house or outsourced. Similarly, cases 3 and 1 emphasised the importance of the local team all getting on well (C.1) and of the manager’s role (C.3, C.6). In sum, the public client organisations viewed commitment to

deliver; achievement of outcomes; equal involvement, influence, and integration; the local team (specially the site manager-ability & personality); and good management as the key elements of a successful partnership.

## **5.6. Relationship and management issues**

The relationship was compared by the informants with three metaphors: man and wife, honeymoon period; landlord and tenant; and they also used football team allusions.

Case 3 argued that a good relationship was considered a prerequisite to making the contract work when affirming that “You must ensure that you have a good relationship with all yours contractors otherwise it doesn’t work” (C.3, facilities manager). However, case 5 noted that due to the added complexity of dealing with a large number of parties it would be easier to develop a successful relationship if one services provider provided the whole package of services.

By and large, three cases (C.1, C.3, and C.6) described their relationship as good, whereas one case, (C.4) admitted to having “a reasonable relationship” after some initial tensions; as the level of trust between the client and contractor grew they started to work more closely. Case 6, for instance, also claimed to be working closely despite not feeling that the private services provider was a partner. There also was the assumption that referring back to the contract frequently represented problems in the relationship, as case 5 illustrates: “if you have a good partnership and a good team working with the same aim then you don’t look at the contract because you all know what you are doing” (C.5 director of estates). Above all, the contract and associated public accountability and re-tendering processes were identified as limiting the development and continuity of the relationship.

Trust was repeatedly highlighted as a key element of a good relationship. Case 5 even argued that when trust was present between parties the contract was not needed, whilst case 7 stated when trust was lacking, the client tended to be more heavy-handed. This was the case on those sites that requested a change of contractor site manager. Also, as case 1 stated, at the beginning of the contract the client was especially over-controlling until results confirmed the reliability of the contractor. Overall it was indicated that

developing trust between parties, especially on the side of the client, took time (C.4, C.2, and C.3).

Despite claiming that trust was essential to partnership, most of the researched cases reflected generalised suspiciousness towards private services organisations in one way or another, with the contractor's honesty and transparency often being questioned. For instance, case 6 stated that: "Sometimes contractors will say they will deliver the world to you and then they don't and that has happened in the past [...]" also that, "A trait of being a contractor is to tell you that everything is good and there is nothing bad happening, nothing difficult and they are not having issues" (C.6, general facilities manager).

However, as one former hotel services manager pointed, the mentioned suspiciousness was mitigated when having the client organisation had proven technical knowledge about the operation, as case 1 manager explained:

"If you have got a good working knowledge it helps. If you haven't you might get taken advantage [...] "There have been time where we thought we were getting shafted but that has got to do with more my background being in catering that actually working with a private contractor ...so as soon as that happens and (private contract organisation name) in particular realise that actually there is no point in trying to do this because the actual contract manager at the trust actually knows what is happening and they have got their eyes open and they are not going to allow you to do it" (C.1, hotel services manager)

Suspiciousness was also grounded on the differences in culture and values between the two sectors and extended to scepticism over the compatibility between the parties. Many of the explored cases took for granted that the relationship could not work merely because of the different aims and ethos, although case 1 adopted a much more pragmatic position of looking for common ground. However, all the cases, but especially clients in cases 1 and 4, mainly understood their role in PPP as "watchdog"/surveillance and monitoring services and performance according to standards (client's specifications). As the hotel services manager in case 1 emphasised: "You need to have processes in place to say you are not performing and you are going to have to do this now to get this standard and I want to see you do it. If you don't this is what is going to happen to you, you're not going to get paid this amount of money or we are going to terminate your contract" (C.1, hotel services manager).



Furthermore, case 4 believed that client intervention was needed and that chasing the contractor was the norm in the relationship, whilst a case 2 external catering assessor stressed that clients typically used abusive behaviour to get their own way. On similar lines, case 1 stated that whether or not the private services provider was trusted, the client's intervention was needed since it was perceived that the contractor's way of operation was not always suited to the particular context.

Despite the apparent suspiciousness and demarcation, generally client public partner organisations manifested a good or "healthy" disposition towards the established partnership. Case 2 emphasised the importance of avoiding "getting sour" within the early years and instead adopting a problem solving approach, evading problems and frustrations. The general commitment between client partners to make the contract to work was an interesting observation as was the repeated emphasis on private partner's involvement. Generally client informants regarded themselves as being very keen on involvement with private partner organisations. Moreover, it was stated that having regular contact and sharing information facilitated problem solving. Case 1 for instance, argued that not involving the private services would be detrimental to the service. Similarly, case 4 admitted that client organisations could leave private services providers outside the circle, not knowing what was going on, but it was considered counterproductive.

However, as client organisations brought to the fore, one of the biggest challenges was client-contractor integration. Demarcation was still present as well as some kind of "membership right". As case 7 underlined, the main disadvantage for private services organisations was not being a "trusted employee". As case 6 comments illustrates,

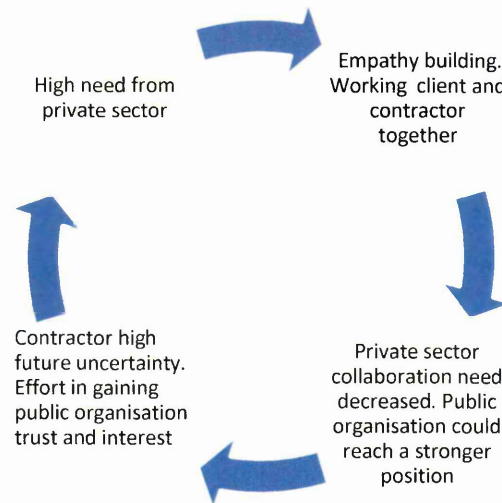
“Before there was a bit of them and us you know we’re the client and they’re the contractor and perhaps we aren’t working towards the same goals but we clearly are now. Having said all that there is still a bit of stigma attached to contractors in the wider world so around the site people don’t necessarily accept contractors. Those of us who work with them on a daily basis accept them but sometimes people out on the wards and stuff don’t feel we should be buying in contract provision. They believe it should be NHS instead” (C.6, director of facilities services)

“It was difficult at the beginning because we had not had a contract ever at this hospital and it was the first contract and the staff outside of you know in the hospital were suspicious of working for contractors” (C.6, director of facilities services)

Equity was also highlighted as an important element of the relationship, as asserted by Case 1. The public-private relationship was compared with that of a “man and wife” and it was stated that like a marriage, partnership needed to be somewhere between hell and heaven, without too much power or responsibility on either side. However, although it was not explicitly recognised, the client was the more influential partner, as case 3, for example, confirmed. On this site, due to the on-going application process to acquire foundation status, contract renewal and tendering processes were on hold. The Trust recognised that this situation was unfair to the services provider and especially to the staff because of the considerable uncertainty about their jobs. However, as the client emphasised, obtaining foundation status was a priority, as was illustrated by the facilities manager:

“{private organisation name} were left in the dark and we apologised for that but it was important to give the trust its foundation status. To be honest the contractor didn’t have much choice in this one and I do feel a bit sorry for them. It should be a proper negotiating process but in fact it has been a knock on the door and {private catering contractor manager name} we can’t give you the contract ye a decision hasn’t been made and for their staff I think we probably acted quite poorly because the staff wouldn’t know if they had jobs but they would know because it would be transferred over under transfer of undertakings but they wouldn’t know if they were working for the same company or not...For over eighteen months they have been in that position which can't be good for morale because the staff and people move on” (C.3, head of facilities)

**Figure 5.2: Dependence relationship cycle evolution**



In addition, it was pointed out that the PPP relationship was subject to variation since the whole process was variable. Following this argument, case 6 emphasised different phases and dynamics and, for instance, referred to the “honeymoon period”, whilst other cases mentioned the fluctuating level of influence of either party in the PPP. For instance, case 6 illustrated these changes in the relationship by affirming that “At the early stages of the contract we needed them more than they needed us but I think that has shifted” (C.6, director of facilities services). It was also noted that greater difficulty was experienced after the “honeymoon period”. These ideas are illustrated in figure 5.2. Moreover, it was also found that relationships differed according to the level of the organisation. Usually, interaction at the top level of the PPP was more transactional in nature, whereas at the operational level, personal engagement was commonly expected. This was clearly illustrated by the director of estates in case 1, who described the relationship as on purely “transactional terms”, (I pay, you do), whereas the hotel services manager was in daily contact with the private services and more personally engaged in the relationship.

This argument was in line with the relevance attached to the roles of the people involved in PPP organisations. For instance, case 5 argued that the Trust maintained a different kind of relationship with the soft services provider than with the hard facilities organisation. Even more significantly, this same case stated that changes at management

level affected the development of the relationship. This view was corroborated by case 1, where the replacement of the private contract manager seemed to have an impact caused of the differences in personality in comparison with the previous site manager, thereby suggesting an association between the kind of relationship and the individuals involved.

On similar lines, some cases claimed that the contract tended to work if the “right” local team were in place, that is, involving both sides, and if they were “up to the job”, fully committed and management skilled. Furthermore, this was regarded by many cases as being independent of whether the services were in-house or outsourced. This was illustrated by case 1’s affirmation that:

“{private contract organisation name} are a good firm so the senior element team of the contract management bit should be fine but like any contract that you have it is down to the local team that make the difference. If the local team is no good then the contract and that doesn’t matter if it is (private contract organisation name) managing it or anybody else, it is the local team and that they are up to the job” (C.1, hotel services)

Regarding the dynamics that characterised PPP, all the cases mentioned the implied loss of ownership over the operation. For instance, case 5 argued that: “one of the other sayings I keep saying to the private sector is who is the client? You know sometimes they forget and I say I am the client” (C.5, director of estates) whilst case 1 emphasised the “power” element by stressing that: “The more control you have over it, the more flexibility you can generate into it [...] There is not way if you are given them all the power if I am giving them the power I can't get any money from them” (C.1, head of estates). This latter statement confirmed the belief that power was necessarily held by the client as the only assurance of achieving the aims of working in PPP.

On the other hand, client satisfaction was marked by rewards. Case 1 was one of the clearer examples of the client looking at ways of rewarding contractors for good performance. Those rewards took the form of further work opportunities, either involving new contracts or increased profit opportunities within the same contract. Hence, the client partner organisations assumed and understood that meeting the established specifications should represent an incentive to private services providers.

Furthermore, these dynamics were identified as the future of soft services. As the case 1 hotel services manager pointed out:

“if you don’t perform we need some sort of process that says we are not going to pay you your profit or a proportion of your profit and it is creating that sort of partnership...if you do well we are going to reward you, if you don’t do it so well you are going to get penalised and that is how we should be and that is basically how we develop things, contractors reputation, quality and innovation but the actual performance itself and it is coming up with a package that says if you do really well then we will come up with some more money so it is an incentive for them to come back with good things” (C.1, hotel services manager)

In addition, three other cases stressed that loyalty was another important consequence of client satisfaction. This relationship between satisfaction and loyalty was clearly evident in site 1, with its hotel services manager pointing out: “to be blunt they are good at what they do but not cheap but good at what they do. I think there is a mark off and I would have no hesitations in working for them. I might not want to work for some of the others I’ve got on site but I would have no problem in working with {private contractor name}” (C.1, hotel services manager) whereas for the rest of the cases, it seemed that it had more to do with the particular private manager on site. In general, loyalty towards the contracted services provider increased according to the achievements and commitment to deliver by the private services organisation.

However, PPP dynamics were also characterised by conflicts. On the whole, the level of investment in the outsourced services by the private providers caused some friction between the parties. In case 5, it was claimed that the contractor was not investing enough, whereas case 3 recognised this as a controversial subject. As one of the participants illustrates: “we still have the odd blips where [...] but we know that it is not related to (site manager name) and we know that it is actually stuck further up the tree. It is normally financially related where they don’t want to put money into the service so they tend to be the areas where you have got more difficulties” (C.6, general facilities manager). The other source of disagreement was changes to contracts. This latter aspect is well illustrated by case 5’s claim that:

“in the contract it says you must clean toilets four times a day but what they were saying was we will be flexible and the people who were negotiating had forgotten what you actually want is whatever happens you know clean the toilets and that got missed and then the danger of altering these contracts and output specs is a lot of work went into them and if you start changing you know like the national requirements in food and all that that is not in the contract and it wasn't in the contract at that time. Do you want it in the contract £150,000 when the trust had overspent why would you spend £150,000 so there are interesting tensions about changes so it is possible of course it is possible and the reality and I think many trusts are finding the reality is that where does the money come from. What else will you not do to do that” (C.5, director of estates)

On the other hand, there could also be frequent misunderstandings about what was required by the public partners, as in the case of sites 5 and 7. This situation was affirmed to be due to a lack of clarity on contract specifications but also to a lack of engagement and commitment on the contractor's side. Case 5 also pointed out in this respect that the differences in organisational nature and ethos, profit versus service orientation, and the contractual nature of the established collaborative agreement created problems in PPP in general but particularly in PFI. As this case argued:

“In reality it is a contract and so when I complain because it is not warm enough or cold enough somewhere they immediately look at the contract and say it is okay, we have checked the contract and I have said that's not relevant you know my staff are cold you know what are you going to do about it so there will always be I believe in PFI an interesting dynamics between the two because when it comes down to it it will be contractable it has got to be. It is not fun, it is a contract and they can either lose money or make money and so whatever happens at the bottom line will be if it is going to cost them money somebody needs to pay for it” (C.5 director of estates)

### **5.6.1. Common adopted strategies**

As mentioned before, the client's role was generally understood as monitoring the contract and the service, assuring that private services provider was complying with standards. Due partly to suspiciousness towards the contractor, client intervention was considered necessary. Another generalised practice was to increase the standards of the contracted services as a preventive tool. In addition, the client used the strategy of keeping former client staff on site in key positions such as hotel services manager in the

belief that it would make the transition easier for staff but also because of their knowledge about the service and the site.

In addition, benchmarking was a practice used by the clients to ensure their interests were protected. Generally, client partner organisations would put pressure on private services providers through the competitive tendering process (to win a contract). From the client's perspective the tendering and re-tendering processes were a means, as case 2 stressed, of "keeping the contractor on their toes". But when the client was not satisfied, across cases it was manifested that it was common practice to request a change of site manager, as happened on several occasions in case 6 but also once each in three other cases. Although not constituting a strategy, in some cases it was the major disadvantage for the contractor in terms of uncertainty of contract maintenance.

### **5.6.2. Clients' expectations: their requirements from private services organisations**

The clients acknowledged that they expected the contractor to be committed, driven, willing to do a good job, flexible, receptive to changes –either government changes or trust changes, and to respond to the client's needs (particularly based on case 7). Case 6 mentioned having a good disposition to resolve conflicts, whilst case 4 emphasised being service rather than money oriented. Furthermore, private services organisations needed to react positively to changes and different requests (C.4, C.7). On similar lines, case 6 stressed the need to maintain high quality services throughout the life of the contract. As case 7 emphasised, the contractor needed to "be on the ball" in providing the service.

In addition, cases 1, 2, & 5 mentioned being open and transparent, proactive, flexible and responding to the needs of the services and the client (C.2, C.1). Case 1 emphasised that what singled out a good contractor was the ability to respond well in solving problems and the local team having the support of the entire private organisation, with their senior management being visible and contactable by the client. As this participant stated,

“The difference between {private contract organisation name} and maybe someone else is that the local team wouldn’t last long if they weren’t performing they would be trained and they would be developed and they would be ripped to pieces. They would be in there very quickly whereas some of the other companies tend to award the contract be there for six, seven or eight weeks and then disappear and you never see them again and just leave the local team to get on with it” (C.1, hotel services)

On the hand, case 6 indicated that contractors still had to deal with the “NHS traditional mentality” of non-acceptance of outsourcing, and hence needed to work on credibility and trustworthiness (gaining the trust of the client). In this respect, cases 1, 3 and 6 agreed that the site manager needed to have the skills and personality to take the service forward with passion and be able to turn around any bad situations.

Additionally, the contractor needed to facilitate and show patience over the adaptation of staff; case 7 for instance, felt that the contractor needed to “hap down” the process with staff because the procedures were “quite harsh” for Trust staff.

### **5.6.3. Understanding of success**

The human dimension of PPP was represented in most conversations through the emphasis on “people rather than organisations”. Nearly all the cases mentioned and agreed on the fact that it was the people on site rather than the private organisation per se that made an outsourcing experience successful. Statements such as “Sometimes the contract is as good as the manager on site” (C.6, director of facilities services); “A company is only as good as it’s managers and directors” (C.3 facilities manager) or “discussions I have had with other colleagues in other Trusts who have {Private services provider A} have had different experiences with the same company so I think it very much is people that we have got and the relationship that we have developed with them over time” emphasise this view. Hence success was purely dependent on (random) having the right people in post. People and the relationship that developed over time were the key to success (C.7, C.3, C.6).

The key element of the partnership was the local team (C.1, C.3). If there was good rapport, the public partner organisation would attempt to retain the site contract manager (C.3, C.6) by making a more lucrative individual employment offer (C.3). Alternatively, the site contract manager might be rewarded with an extension of responsibility with the services and the trust (C.6). In some cases, such as C.2, C.4, C.5,



a Trust catering manager was transferred to the same post within the PPP contract. This was believed to provide a bridge between client and contractor, helping to build the relationship and rapport between the parties.

Generally, the clients defined the parameters and goals, and the relationship was successful if they were met. Also, public client organisations acknowledged that in order to achieve contract outcomes, private services providers needed to be involved as part of the organisation. Furthermore, some cases emphasised that clear and detailed specifications did not always guarantee good results (successful outcomes) and hence, changes were constantly required. On similar lines, the main reasons for failure were cited as a lack of partnership, poor and/or unclear specifications, inappropriate management or monitoring in both general and financial terms; for instance, bad practices such as opportunistic behaviour by either client or contractor.

Problems also arose when the private organisation local team was not fully engaged in the delivery of the task. This was illustrated by the hotel services manager in case 1: “Fundamentally most of it tends to be lack of partnership, poor specification and possibly not being monitored or managed in an appropriate way and if you purely monitor it on a financial basis and the whole idea of the trust is to monitor you and make as much money out of you in fines then that is not going to work” (C.1, hotel services manager). Other reasons for failure were the local management team not getting on at an individual level, price based contracts (choosing the cheapest option), outsourcing being the wrong choice (other and possibly better initiatives not being considered), or the client transferring problems that needed to be resolved by means other than outsourcing. Case 7 emphasised insufficient communication and failure to achieve satisfactory outcomes together with lack of trust as elements of an unsuccessful relationship with a contractors.

## **5.7. Summary**

This research considers not only perceptions of collaboration with private services organisations but also the level of acceptance of this way of working. Most of the cases acknowledged the need for private sector collaboration as well as the dependency on contractors, particularly in terms of capital and resources. In truth, the client NHS

organisations acknowledged the improvements in services and regarded collaboration with the private sector as a positive step. On these lines, some cases saw it as a learning experience in terms of the contractor's way of doing things. Possibly because of these reasons, there was a general acceptance of this procurement method. However, many of the cases expressed a preference for in-house delivery, referring to the associated lack of ownership and control over operations.

Nevertheless, the majority of the cases expressed a lack of confidence about their abilities to manage these services themselves. The aspect of outsourcing that most upset the majority of the cases was the compulsory nature of such decisions. In addition, it was felt that this imposed strategy was overall only beneficial to the government. Also, despite outsourcing generally being viewed as a favourable option, many of the cases believed there was a lack of equity since contractor organisations were perceived to be in better position in this collaboration agreement; they stated that the contracts were of more benefit to private services organisations than to NHS organisations.

Another issue raised across cases was that policies such as AFC were having a significant impact in leading to reconsideration of in-house provision by NHS organisations. The argument in favour of in-house sourcing was that outsourcing limited the capacity of NHS organisations to find the required cost savings across the system. Since a fixed price was paid for a specific contract, NHS trusts had to make savings elsewhere and for some this was putting clinical services at risk. For that reason, some cases claimed that in-house provision was a more cost effective option. However, in terms of the future, in general there was optimism about private sector collaboration, although accompanied by some uncertainty over the form of procurement and possible changes to the current formats.

In terms of relational aspects, across client partners there was the general attitude of "having to work" together more as equals, meaning that the private partner organisation needed to be "brought in" to the fold. However, it was acknowledged that demarcation and a lack of acceptance persisted on site as did suspiciousness and concern about opportunism. In addition, the NHS client organisations felt that intervention in a monitoring role was a necessity.

On the other hand, client NHS organisations also tended to play “power” games with the contractor, mainly by practising intimidation over potential loss of the contract. This situation of enjoying their powerful position was acknowledged by client NHS organisations along with the fact that they were very demanding in terms of contract arrangements and general expectations. Besides, it was common practice to base the relationship on outcome specifications and towards that end, the client organisations were seen to have a major role in making clear their expectations and needs from the partnership procurement agreement.

Aside from one particular case, all the cases expressed general satisfaction and indicated that their expectations were being met. Furthermore, the clients was trusted the contractor and generally received an appropriate level of commitment and response from the private organisations and all the cases excepting one claimed that they had a good relationship. Although the relationship between the two sectors was regarded as difficult, the solution was to look for common ground and this, in the majority of the cases, involved a general acceptance of the private partner’s profit orientation.

However, in their dealings with the private sector the client organisations always prioritised price above relationship quality and were constantly in search of better deals. Nonetheless, loyalty did play a part in outsourcing as sometimes the same service provider would be kept on. In relation to this, it was emphasised that success was mainly down to individuals rather than organisations, with particular importance being attached to the private site manager. Conversely, when things went wrong the site manager was often replaced.

Having examined the experience of partnering from the client side, the next chapter considers the other side of this inter-organisational type of collaboration by analysing the information representing the private sector perspective.

## Chapter 6

### **Research findings. Part II: private services organisations' experience of partnership**

#### **6.1. Introduction**

This chapter examines partnership collaboration from the perspective of private services firms. The chapter first considers the general perceptions about outsourcing and public-private collaboration, including the perceived intrinsic characteristics of the two sectors, and then turns to the management approach and practices adopted for dealing with procedures and partner organisation requirements in relation to private sector understanding of the concept of the partnership.

#### **6.2. Outsourcing market perceptions**

Across cases the private services organisations identified certain drivers for the outsourcing of hospitality services such as catering. The need to outsource arose from a lack of planning and investment, underestimation of the needs of these services together with the fact that catering was becoming an increasingly demanding sector with associated risks in terms of hygiene and complex legislation. In truth, catering services were described as more technical than other ancillary services such as cleaning.

According to the transferred site 2 catering manager, catering services were becoming very difficult for the Trust to run as it did not have the skills and resources to appropriately deliver the services or to cope with the increasing demands of that market. It was believed that this combination of factors pushed NHS trusts to “get rid of” catering services provision and put them out to tender. Case 1 assumed that the main reason for the site engaging in outsourcing was that money was needed for refurbishment of the hospital; whereas case 4 emphasised that the driver was the need for private expertise and knowledge in running the services.

From the contractor's perspective contracting out had both advantages and disadvantages. Running a modern facility that consistently delivered services to standards was not only impeded by lack of control over the day to day activity but also

by a lack of flexibility on such as service pricing since it was necessary for the contractor to make a profit. All cases agreed that outsourcing represented a good deal for NHS Trusts and the public sector in general since better quality was achieved while minimising costs. As case 1 emphasised: “The NHS get an excellent service for what they pay for because I think if it was done in house I don't think it would be as good and I don't think it would be as reactive” (C.1, catering manager).

On similar lines, the NHS was seen as not being able to manage due to an inability to take decisions based on lack of authority; hence, contracting out was commonly regarded as an appropriate option. Furthermore, many private sector research participants highlighted that these large contracts needed to be delivered mainly by large private services providers that had the right resources and “back up”. Furthermore, this market was intensely competitive.

The human resources division – also included in this research – of private services organisation “B” saw outsourcing as an advantage for the public sector since it could achieve its target outcomes without doing the work. But also through outsourcing it could obtain private contractor initiative, continuous development, and better quality due to major investment in people, which, according to HR, was reflected in outcomes. Furthermore, accountability and responsibility for developing the business was transferred to the private side. HR at private services organisation “A” claimed: “we do support services better than the NHS” and hence, it was felt that the NHS should concentrate on the clinical side while buying in expertise both at operational and managerial level. As an external catering advisor in site 2 illustrated:

"It is generally better for the public sector to contract out and it is better for them because they are buying in expertise and at the end of the day the hospital exists to treat patients and it doesn't exist for any other reason whatsoever so there is no reason why there shouldn't be experts in catering, there's no reason why there shouldn't be experts in cleaning and all those sorts of activities because all of those activities are not core to the hospital so they can be contracted out" (C.2, trust external inspector)

Whilst acknowledging that there were good examples of in-house provision, it was argued that the main inherent disadvantage was the lack of managers of the “highest calibre” and expertise since, unlike in the private sector, managers in the public sector

were not well backed up and there was very little development and investment in management, especially in support services such as catering. As the site manager in case 5 stressed: “{private foodservices provider B} or any other private company has more back up than in house NHS definitively” (C.5, site manager). This situation was not necessarily due to a lack of resources but rather because of a general underestimation of the relevance of these services, as case 2 site manager stated, “They just don't seem to think about developing those sorts of people” (C.2, trust external inspector), to the extent that attention focused almost exclusively on core healthcare areas. Hence, there were frequent complaints by private sector organisations about the transferred site manager’s levels of skill.

As non core activities within public healthcare, these services were deprived of investment at any level: from facilities to people development. Furthermore, several participants claimed that if outsourcing did not happen, those facilities would struggle in the same way without meeting the required standards. As case 5 emphasised:

“from the private contractor’s point of view I think it is a massive help, if the private contractor hadn’t come in with the investment the NHS would still be working as three old general hospitals with very poor facilities, so here we are with a very modern hospital with modern facilities and I don’t think that would have happened if the investment hadn’t have come in from a private company” (C.5, commercial & retail manager)

However, from the contractor’s perspective, the former catering manager in case 1 argued: “As long as you identify with the contractor what the service is and you are able to monitor it to make sure that you are receiving that then I think there is a huge advantage to it because you have a consistent product that you receive all the time” (C.1, previous catering manager), thereby highlighting the importance of knowing clearly what was expected from a services provider and what was wanted from the services contracted. Similarly, the need was identified for the client to monitor the contract in order to ensure that needs were met.

Healthcare was described as a particularly difficult and very dynamic environment because the constant change and limited budgets meant contractors constantly had to adapt and cope with pressure. In addition, a balance was required between the customer service aspect, which applied to the client (Trusts) and general customer

(consumers), and was a “seven times twenty four hours service” (private services organisation “A” HR) that required doing a “damn good job behind the scenes” (private services organisation “B” HR). As case 5 argued:

“it is very difficult because things are changing all the time, there is less money coming from the government into healthcare and there is more reliance on the private company to be a provider of the money etc so that puts an awful lot of pressure on the private company and it also puts a lot of pressure on the NHS because they are now having to find money themselves but that is what commercialism is all about you know we cope with the pressure and we change, we change with the times and that is what we do” (C.5, retail manager)

On the other hand, although outsourcing schemes such as PFI were generally regarded as complicated projects, private services organisations admitted to going after normal and PFI contracts with equal zeal. Generally, PFI contracts were stated to be more demanding in terms of resources and structure, resulting generally in a more intense process from the contractor perspective. However, despite the complexity caused by the size of the operation, the penalisation system in place for not meeting standards and the strongly unionised transferred workforce, the private services organisations regarded PFIs as having certain significant advantages. PFIs allowed more time for building the relationship with the client organisation because of the bidding process, which allowed access to the staff that were to be transferred. In addition, the private services organisation acquired considerable autonomy and freedom: although with some operational restrictions deriving from the more “impersonal contracts” that characterised PFI agreements, as private services organisation “A” HR stated. As case 5 emphasised:

“We were very, very lucky that this is a PFI hospital and we came in with no restrictions or very little restrictions so what we do in catering we are very, very free to do and just like any commercial business. There are other contracts in other hospitals where it is very restricted you know with prices, you are not allowed to do certain things and you are not sole providers because there are other people on site doing different things so we are very lucky here” (C.5, commercial & retail manager)

### **6.2.1. Private vs. public organisation perceptions**

In discussing this generated market, the contractors alluded to characteristics and differences of the two sectors. Table 6.1 illustrates their perceptions of what differentiated them from the public way of operating.

**Table 6.1: Perceptions on public-private differences**

<ul style="list-style-type: none"><li>❖ Private organisation has superior operational ability, more resources and makes more investment.</li><li>❖ Level of facilities provided by the private contractor and continuous re-investment not achievable by the public organisations</li><li>❖ Private expertise needed. Client is not the expert and contractor needs to give advice about the service provision</li><li>❖ The service quality offered by the contractor believed to be not only superior but also difficult for the Trust to generate or maintain, considering its operational and management approaches</li><li>❖ Clients did not know what they wanted.</li><li>❖ Contractor preference for working to objectives/outcomes rather than public organisations' established working times and number of working hours</li><li>❖ Client (managers) did not have the same accountability, responsibility or opportunity to develop the business as the private provider. Outsourcing was a better option</li><li>❖ Major client weaknesses: poor financial planning and management plus limited flexibility over redistribution of profits.</li></ul>
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Private facilities providers all emphasised the attractiveness of public healthcare business and its significant potential for other business opportunities such as further ancillary services. As this research found, both private facilities organisations were looking for expansion opportunities within each of their contracts, since as case 5 general manager underlined: “they have a lot to offer [...] from our point of view the more business we can get the better it is and the more we can do”. However, one critical factor was the political dependence on the government of the day, as participants emphasised, “As a company we are vulnerable as to the way the government wishes to run the healthcare” (C.1, Previous catering manager). The NHS was described as a “political beast” that was subject to constant changes that not only made it impossible to develop their business but also impeded long term planning.

As mentioned briefly at the beginning of this section, private contractors perceived outsourcing as being of massive benefit to the NHS and the best option for running their ancillary services. All the cases reiterated that the Trusts' main need was investment, as even in those in a better financial position, in-house provision was not able to compete in terms of quality, price, innovation, and efficiency. According to case 4, the level of service quality offered by the private services organisation was not only superior but also difficult for the client to operate due to its inadequate operational and



management approaches. Trusts were recognised as having major weaknesses in finance and cost planning and management together with limited ability to transfer profits derived from particular units to other parts of the organisation.

As case 3 emphasised:

“it would be much better if the NHS could do it themselves but I find they don't have the expertise to do that so a private company have to be involved [...] a private company has to make profit, they are all in business to make profit and that profit could save stay in the NHS but the NHS do not have the skills and do not put the effort into it which a private company has to” (C.3, head chef)

The interviewed HR managers claimed that the private sector offered better service quality and more effective management, due to its highly skilled personnel, healthcare experience and knowledge about the organisational culture, values, and internal dynamics. Furthermore, according to private services provider “A” in case 4, the public sector engaged in outsourcing because it needed private sector investment and expertise to improve the quality of the services. The public sector, unlike the private organisations, was believed to lack the resources to carry out innovation. This was illustrated by the implementation manager’s comment:

“I do I think it is better far better and I think that is why we were asked to come in and run the business and I can say the wrong thing here but if the Trust was if they were doing a good service why did they ask us to come in? I do think that we have delivered a better service to patients and customers” (C.4, catering implementation manager)

Private services organisations agreed that not only had services improved initially, but they were continuing to improve. As case 4 explained, the service was stagnating when it was managed by the trust. Furthermore, case 2 site manager, who was one of the two transferred client managers, explained that the difference in the private facilities organisation running the same service mainly derived from ownership of the operation and its benefits. This argument is illustrated in the following quote:

“When I first joined the NHS every, every penny and, and the catering department always made surplus money, always. We were never, ever in red we always made surplus money, but it was always taken from us and given to the one medical directorates, well

you know it were always taken. Nobody ever said well you know that money that you've made, you know, why don't you buy a new piece of equipment or, you know, it was just, just put it...there was no investment at all, none at all, all they wanted was the cheapest way you could run and then take it away and give it to one of the medical directorates and that's, that's how we come to being in the position that we were in 1999” (C.2, catering manager)

Furthermore, the transferred managers found that in their new positions, for the first time, they had control over the service and this represented a learning experience. Generally, they felt that they were not only working at a higher level but also getting more support, whereas it was claimed that within the NHS there was no guidance or support, particularly for services such as catering, as case 2 managers explained:

“I mean the contractors I mean they give you the training and there is one thing about the contractors it doesn't matter what problem you have there's always someone on the end of the phone that you can ask about it. Now in the NHS you didn't find that ... you found guidance very, very thin on the ground and specially in catering with new legislation that was coming and I think it was quite complex for the Trust and I think that's why they really wanted to get rid of catering because it was such a...” (C.2, catering manager, private services “A”)

In addition, case 3 underlined the differences in management styles by describing the public sector style as indirect, authoritarian and bureaucratic. Regarding the internal bureaucracy, the case 3 site catering manager stated that the relentless and tedious bureaucratic machinations of the NHS had the effect of diluting private sector enthusiasm and impeding the implementation of new ideas. Generally, the private services perceptions of the public sector highlighted the need for more efficient use of personnel, funding and time as well as better communication and the raising of staff morale. In addition, the common assumption that the NHS was more people focused was challenged. The private organisations felt that there was not necessarily better and more investment in people but rather the opposite. These ideas were illustrated by the following comment of the case 4 catering manager:

“If the funds that are available to the NHS were used in a better way, more effective instead of being wasted on areas that don't have an impact, the NHS would be better and I think the partnership would be better. But I think sometimes there is a little bit of resentment because they work under a lot of pressure and we know they work under pressure, but that sometimes creates a barrier” (C.4, general catering manager)

Although on the negative side it was admitted that often contractors put money first rather than service, by guaranteeing profits private services organisations emphasised that they also guaranteed greater investment and innovation in the outsourced public facilities and services. Hence, the private sector's focus on profit was seen as mutually beneficial since it allowed investment in innovation and people as well as better management of the contract. It was suggested that the NHS needed to become more commercially minded and to see private sector service provision as an example of good practice rather than merely the pursuit of profit.

### **6.2.2. The future of PPP**

This research is also concerned with perceptions of the viability and future prospects of PPP. Private partner organisations emphasised that the governmental and political aspect is a critical factor in public-private partnerships as Trusts are as a whole government funded and government led. As the case 2 external catering advisor emphasised, overall the priority was meeting government targets. Although it was acknowledged that most Trusts were patient focused, it was claimed that in meeting government standards the main objective was to make the government look good since it was all about politics, as the following statements illustrate:

“any area that you look in terms of the catering service they have the management and all they seem to want to do is to tick the box you know [...] and basically they have to meet them and if they don't then the Chief Executive's job is at risk [...] So you know the real focus is lost but you know you can't blame the local people at the hospital for that, that is the fault of government trying to get boxes ticked to collect information so they can use it as propaganda to impress the public you know we are doing “x”. If they find a hospital that's not then they say why?” (C.2, external catering advisor)

By and large, the public-private collaborative relationship was seen as dependent on the legislation in place at the particular time. Furthermore, it was underlined that tendering was inevitable due to the requirement of accountability to the public. Private services providers were also fully aware of their vulnerability and dependence on central government decisions regarding the provision of those services as well as the significant uncertainty around the outsourcing market. Although generally contractors were confident about the continuation of outsourcing, a more negative view was manifested towards its expansion, which was expected to be affected by the lower contract margins. NHS organisations now had to develop alternative, innovative ways of approaching the

outsourcing of these services by being “more creative in what they tendered for” (private services organisation “B” HR).

Conversely, the continuation of PPP was supported by the argument that NHS organisations were no longer interested in taking on the responsibility or investment involved in running these services. Recruitment of staff was another weighty issue due to the high staff turnover rates, whilst if the service returned in-house, the staff would be entitled to public sector pensions, which was regarded as “another political hot potato”. For all these reasons, the HR manager in services organisation “B” claimed: “I can’t see disappearing, I think it will remain [...] whether it will grow to any great extent I’m not sure but I think it will remain”.

The introduction of AFC both increased the vulnerability of the contractors and considerably destabilised the outsourcing market. Serious concern was expressed on both sides, with attention turning to consideration of other service provision options, such as in-house. However, the private organisations were still positive about the future continuation of outsourcing in healthcare. It was stated that even when AFC was fully implemented, the benefits would still be significant. This positive attitude was based on the benefit of not having to take responsibility for managing those services, as the following statement by the human resources manager of private services organisation “A” illustrates:

“There was an initial worry that agenda for change would make things a level playing field but I think ultimately it is the hassle free aspect of it you sub contract out you don't have to manage that service yourself and you can just set what standards you require the sub contractor is the ones that are expected to achieve it so I think that is a hell of a benefit to have” (private services organisation “B” HR)”

In addition, there was scepticism from the contractor’s point of view regarding the possibility of returning those public services to in-house provision on the grounds that the NHS lacked the capacity to maintain those services, not only in terms of manpower and finance but also because of the limited capacity of facilities such as kitchens.

In the face of the mentioned changes and market uncertainty, as case 1's previous site manager stressed, contractors needed to be able to react to those changes and prepare for the future because "As a company we are vulnerable as to the way the government wishes to run the healthcare" (Case 1, previous catering manager).

However, the attitude of the private facilities services was to keep working and progressing with the contract, meeting client's expectations, providing effective service and maintaining a good reputation. With fewer contract opportunities and the increased uncertainty over the outsourced market, diversification seemed to be the key to maintaining a place within the market. As the HR manager in private services organisation B stated: "if we can grow within the healthcare industry fantastic but also I think we need to look outside that as well and what other possible areas there are for us to grow".

Notwithstanding, there were some differences of opinion over diversification versus specialisation, with private services provider "A" 's HR manager, for instance, highlighting that the private organisation should focus on its roots, in this case catering, rather than extending the range of services into new territory. As has been mentioned, these services were a "seven times twenty four hours service", which explains the unwillingness of the HR manager of private services organisation "A" to go for "the whole caboodle". In whatever form, both of the private facilities organisations still had expansion and investment plans for healthcare services and were open to searching for new areas for development.

The next section examines the approaches adopted for dealing with the discussed challenges and dynamics involved in working with public organisations under collaborative agreements such as partnership.

### **6.3. Approaches to outsourcing and dealing with public client organisations**

Although the private sector organisations were generally very confident in their ability, not only to cope with client partner organisations' requests and expectations but also to exceed them, partnership presented significant challenges and difficulties. Table 6.2

summarises the experiences of partnership from the viewpoint of the private providers and the challenges that emerged are discussed next.

**Table 6.2: Partnership experience with public sector**

<ul style="list-style-type: none"><li>❖ Highly competitive market. Having to stand out from others to remain the preferred supplier. This required the desire to win and be the best</li><li>❖ Concern about the organisation's image: looking professional and satisfying the client</li><li>❖ Having to cope with client resistance, prejudices and reticence</li><li>❖ Constant improvement needed. Having always to do better</li><li>❖ Pressure of client's high expectations.</li><li>❖ Site individualisation and adaptability to clients' needs</li><li>❖ Dependent on politics. Uncertainty of the market</li><li>❖ Managing site staff. Providing training and coping with different abilities and backgrounds among staff transferred from the client</li></ul>
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### **6.3.1. Challenges**

As table 6.2 illustrates, the experience of working in partnership with public organisations entailed a series of challenges for private services organisations. Apart from the intrinsic dependence on government policy decisions and the uncertainty that this situation generated, private partners commonly referred to core specific issues, mainly in terms of operational, managerial and relational aspects, that they faced when working in partnership and which are now explained.

#### **6.3.1.1. Client's background and attitude**

One of the issues repeatedly mentioned by private services organisations was the lack of understanding of finance among NHS organisations. This generated tensions, mainly because as has already been discussed, the healthcare client saw the contractor as being profit-driven, whilst the contractor needed basic profit margins in order to run the contract. As a result, it was stated that the Trusts would accuse private services firms of pricing up, even when an increase in the annual rate of inflation, for example, meant a price increase was inevitable. The following are some examples of these tensions.

“The public sector generally don’t understand finance as well as the private sector and sometimes they believe that the private sector has too endless work and that is often the cause for perhaps even arguments some time” (C.2, trust external inspector)

“Client doesn’t see that they are getting value for money. They are seeing that they are paying x, y and z on an invoice but they don’t believe what they are getting is value for money” (private services organisation “B” HR)

“they don’t see that I mean if one of their cleaners is off nobody covers for that vacancy so they see that they are paying for a person but they are not actually getting a person in return so it is that sort of thing or the prices that we are charging in the staff and visitors say for example you are charging £2.5 for a burger you know they can get one for 99p at McDonalds and that is what they are saying so it is about pricing and about value for money really and the standards and if they have got high rates of CDif or MRSA or anything like that and it is an outsourced service we would be their first port of call so it is things like that that usually drags down the relationship” (private services organisation “B” HR)

Apart from usually receiving no recognition of their achievements, as case 2 site manager stressed, “we need to get some recognition back to say look we’re providing a good service” (C.2, general catering manager), private services providers agreed on the fact that client NHS organisations had unrealistic or disproportionate expectations. As, the external Trust inspector in site 2 stressed, “the public sector always expects more from the contractor than they have actually paid for”. Across cases, private participants agreed that too much was expected for too low a budget and that innovation was limited in the provision of catering services because of the common practice of “cost envelope” budgeting, whilst the client also failed to acknowledge receiving a “good deal”. Moreover, as case 4 highlighted: “they have high expectations but the problem is the standards they expect from us sometimes isn’t maintained on their side, which I can see the frustration because of various factors” (C.4, general catering manager).

In addition, the contractor was inevitably blamed when something went wrong with the services; as the general catering manager in case 4 argued: “sometimes we are the whipping boys, because they say oh they’re the scapegoats, because they’re the contractor. Anything that’s negative, it’s the contractor, it’s the contractor. But it’s not always the case” (C.4, general catering manager). In case 1, for instance, the site manager perceived the contractor’s performance was criticised because it was an outsider; it was argued that similar action by the Trust would not have received any criticism.

The above comments are evidence of the perceived “them and us” attitude. It was emphasised that private services organisations were very much just the contractor, driven by the client on a daily basis and never part of the NHS team. This was seen as having a negative effect on the development of the contract. This situation was very pronounced in case 5, where the contractors felt unwanted and this did not improve until the client’s management team retired and were replaced. As the manager of this site illustrated:

“It hasn’t been {a successful relationship} but it certainly is or it seems to be at the moment but that is more to do with the Trust opening up to us and I think that has come with some management changes that they have had over the last couple of years but there is always a traditional old school that didn’t communicate but now we have got some new forward thinking people and they realise that they will only be successful if we get on” (C.5, commercial & retail manager)

Generally, private services organisations regarded this lack of integration as having a negative effect on the level of involvement and communication. All cases agreed on the need for the two sectors to work together and for the private providers to be kept informed. As case 5 stressed: “we have got to work together so forget what has happened in the past and forget what people think of us we’ve got to do this so what is the best way of doing it...we are working very closely with lots of different departments to try and give the departments awareness of the service that is being given” (C.5, commercial & retail manager).

### **6.3.1.2. Gaining the client’s trust**

The lack of integration was especially evident at the beginning of the working partnership. As case 1 emphasised, the contractor focused on meeting the established specifications, whereas the client invested the minimum in the outsourced service. The



bureaucracy that characterised outsourcing in terms of contract rules, procedures and regulations was often seen as restrictive, as the catering manager in case 1 emphasised: “the rules can be very restricting because you feel almost handcuffed to do anything else but you could only do that because that is what the trust said” (C.1, previous catering manager). However, more positive attitudes were also evident among the private services organisations, as in cases 1 and 4. For instance, case 1 considered it crucial to have such a framework of rules in order to prevent misinterpretation and inappropriate actions.

The private organisations indicated that when starting a contract for the first time the aim was to develop the service and to build a good relationship with the Trust in order to develop the service in the way they wanted. As case 1 emphasised, “There are certain rules that we follow and I think we follow the rules in the first part as you did with your partner but as you get to know the person the rules become less important because the trust is building up [...] All relationships start off with the same rules but bit by bit you start then to not worry about the rules because you have trust” (C.1, previous catering manager). For instance, they repeatedly stated that by doing what they had said they would do, they would both gain the client’s trust and make the staff feel proud to be working for them. As case 1 emphasised, this was an important element of raising the level of attachment of staff to the private organisation. Furthermore, it was argued that the longer the contract the more feasible it was to achieve these goals.

In addition, private services provider “A” underlined that adding value was a major part of its approach to outsourcing and dealing with clients, as this quote illustrates, “We had a criteria that we had to satisfy and we had targets that we had to meet and we endeavoured to make sure that we followed that but again it is added value, its more that just a tick in the box and this is where the personal service came” (C.1, previous catering manager). In this regard, it was considered vital to offer a personal service to the client by being people oriented, offering direction, development, change, and guidance. However, in order to approach each case according to its individual circumstances and needs, clarity was required. Across cases, the private providers asserted the need for client organisations to be more open, explicit and clear about their needs and specifications. However, as case 1 catering manager indicated, “Trusts don't always know what they want”.

### **6.3.1.3. Service particularities**

The former catering manager at case 1 raised an interesting insight regarding the particularity of service provision. As all the cases interviewed confirmed, there was a service gap in terms of communication. Contractors lost first hand control over the service once the patients' food was produced because they did not having any contact with these clients. Hence, the contractors acknowledged their dependence on other hospital working groups such as dieticians, nurses and ward managers, and the need to build good relationships with them. As the site manager stated: "they were like the eyes and ears of the private organisation" (C.1, previous catering manager). It was seen as important to involve these people and understand their expectations and needs.

### **6.3.1.4. Coping with pressure and relationship imbalances**

Across cases the contractors showed a strong desire to make the contract a success to the extent of giving the general impression that they were the partners who were putting most effort and commitment into the collaboration. For instance, case 2 illustrated this situation by arguing that:

"relationship is good here, we have to work at it all the time ...it's continuous improvement, we're always looking at something new, we're always working with the Trust, adapting the Trust needs, what we need today, if we say right we're good today we'll do nothing else, we have a problem. You know the Trust wants to know what else you are gonna bring to the table and that's what we're looking at and that's part of the review ...suppose finish off don't rest on your laurels really you've got to make it better and better and better" (private services organisation "A" regional manager)

Because of the competitive market, it was indeed necessary for each private services organisation to demonstrate that it was the best services provider. This situation might explain the high level of proactiveness and will to win manifested by both private services providers in this research. As the regional manager of private services provider "A" argued:

"what we've got to do is prove we are better than another contractor and that's the message so when you come up competitive tendering is that the Trust don't wanna get rid of us, they are we wanna make them nervous...we are going, we are the best if they lost us they would be disappointed but everything very competitive on price [...] so we've gotta make ourselves different to the rest and we think we are. [...] we want to win it again and again

we don't want to lose this ever" (private services "A" regional manager)

Across cases, the contractors were under continuous pressure to make improvements and were constantly required by the client to do better. This situation was due to the fact that PPP was driven solely by the client partner. This "superiority" is illustrated by statements such as "I hope they think that I do react to anything that they say so any problems that I will sort it out so whether it be cold food or whether it be unhappy patients that I will sort that out and I will do what I say I will do" (C.1, catering manager). In this regard, there were also review meetings such as the annual expectations meeting with the client in order to ensure that "the provider that the Trust would choose, not one that they are stuck with for the next seven years" (C.5, site manager).

This high level of monitoring by the client, which occurred in some form or other on a daily basis, was highlighted as a difficulty from the contractors' perspective. They considered that it would be easier for them to do their job without the continuous presence of the client organisation, as HR in private services providers "B" argued: "they are prominent in any decision making and have a high involvement with the day to day running of things so you can't ignore the fact that they are there, sometimes life would be a lot easier but they are our client and our customers and that is who we are providing the service for so they are there every day" (private services organisation "B" HR).

Client resistance was also cited as a difficulty by the private services organisations, and took the form of continuous negative comparisons with the Trust's way of doing things. This included the conditions offered to staff, as it was indicated that a kind of "snobbishness" was associated with working for the Trust that was manifested as an assumption of superiority. In addition, there was the common misconception that "staff are treated worse" by contractors. These attitudes further complicated a very complex staffing situation, since different terms, conditions and staff backgrounds were already major causes of friction in this context, as section 6.6.2 explains in more detail. The discussion now focuses on the procedures and strategies that characterised the private services organisations' behaviour in partnership collaborations.

### 6.3.2. Contractor behaviour and strategies

Each site or contract in which contractors were involved was regarded as having a significant impact on their reputation. As HR from private services organisation “A” emphasised, the client’s experience was converted into a differentiating factor based on whether or not the services provider gave satisfaction. In fact, those clients’ experiences were used as references (based on service offer, value for money and competitive prices). Performance was also considered a transmitter of organisational vision and values by services provider “B”, which regarded it as the best form of organisational promotion: “looking in and seeing whether we are providing a good service” (private services organisation “B” HR). As catering manager in case 1 emphasised, “What we are trying to do is make sure that people know us for the right reasons” (C.1, previous catering manager) because “The organic growth is a very good indication of how successful is the company and if the company is successful then individually we are successful and we take any sort of not failure but knockback very seriously because it reflects on all of us” (C.1, previous catering manager).

Hence, strategically private facilities organisations needed to deal with certain issues. In the beginning, it was necessary to cope with wrong perceptions and general reticence towards private providers that was manifested at various levels, such as the client services team, transferred staff or client staff members (hospital/clinical staff) and mainly because “they {Trusts} see the contractor as a threat. They are watching every move you make” (C. 4, general catering manager). To this end, the private services organisations agreed that it was important to be doing the right thing and to be approachable, as case 4’s general catering manager illustrated in the following quote:

“It’s interesting! Trust workers, a lot of Trust workers do not like contractors because of this perception. And I think once you get over the perception then you start to build that partnership. It’s the initial perception of “oh well, they not going to give us the same service, they won’t be as good as we were”, but we can be better, and when they see that the staff care It’s just that we manage them, we want them to be better. And then it starts breaking down the barriers” (C.4, general catering manager)

In dealing with NHS trusts as clients, private services provider B emphasised the need to share information, build rapport and communicate constantly. The contractor professed to be proactive in addressing all issues (problem solving), for instance, as

stated in case 3: “If there is a problem, we’ll always do our best to resolve it as quickly as possible and I think they see that you know” (C.3, diet chef) having an appropriate management structure and building the right relationship with the trust. HR of private services organisation “A”, on the other hand, emphasised that initially, in an attempt to gain the client’s confidence, the contractors and support services people, such as head office, dieticians, health and safety, increased their visibility on site so that the client could see what they had “bought”. Indeed, all the contractors were fully committed to completing the task successfully by working closely and having a positive attitude. This largely entailed focusing on communication and integration with the relevant people involved in the services. Table 6.3 illustrates the attitudes and behaviours commonly adopted by private facilities organisations when engaging in partnership collaboration.

**Table 6.3: Private services’ organisational attitudes & behaviours**

<ul style="list-style-type: none"> <li>❖ Communicative and proactive approach</li> <li>❖ Flexible. Adapting to client’s requests</li> <li>❖ Working closely with the client</li> <li>❖ Being visible, meeting and talking with client</li> <li>❖ Open and transparent</li> <li>❖ Aims: client satisfaction and making profits</li> <li>❖ Concerned about relationship with client (surveys) plus meeting client’s expectations</li> <li>❖ Constantly making improvements. Challenges: meeting client’s demands and moving from good to excellent.</li> <li>❖ Maintaining good performance and constantly innovating</li> <li>❖ Demonstrably being the best provider, differentiated from the others</li> <li>❖ Obtaining credibility through commitment to the service and through honesty</li> <li>❖ Focusing on becoming or continuing to be the “preferred supplier”</li> </ul>
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This study found that the motivation manifested by the contractors, in the majority of the cases, amounted to ambition to be a reference site by being the best; this was particularly apparent in case 4, which was said to be the biggest PPP project in healthcare in the country. As case 2 site manager pointed out: “There is a need, yeah and obviously we’ve got to give a good service that’s paramount...yeah if we’re not giving a good service then we don’t deserve to be here do we, you know well we shouldn’t be here” (C. 2, catering manager, private services A). On similar lines, it was believed that the barriers between the public and private sectors would be broken once both parties were striving for the same thing, the same cause and aims.

**Table 6.4: Contractors' strategic approaches to outsourcing**

<ol style="list-style-type: none"><li>1. A suitable project (catering) manager. An individual with the needed experience and personal skills to build relationship with the client.</li><li>2. Building up trust. Gaining trust allowed autonomy in the operation that enhanced service development. Partner confidence increased. Initially developing trust through following the stated rules and showing respect Aim &amp; strategies:<ul style="list-style-type: none"><li>• Building bridges (build relationships, good relationship with the client) and upfront communication</li><li>• Developing the service</li><li>• Having a balance between guidelines (specifications) and space for personal development and encouragement (people oriented)</li></ul></li><li>3. Contract individualisation: offering a personal service.</li><li>4. Convincing stage. Once the private services organisation has settled in, the focus is on convincing the client to continue to use that services provider</li><li>5. Being the provider of choice. When the contract nears the end, the focus moves towards making sure that the private services organisation is selected again.</li></ol>
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The contractor expected to obtain credibility by being honest with the client and showing commitment to provision of the service; as case 3 emphasised, the more engagement in the service the better the relationship with the client. In building and maintaining an “appropriate, good” relationship with the client, the site general manager was unanimously highlighted as a key figure. Table 6.4 presents a summary of the main strategies adopted by private facilities organisations when working in partnership with public NHS organisations.

The next section focuses on management aspects to consider the private services organisations' perspectives on how the attitudes and approaches discussed above were materialised into practice.

#### **6.4. Management aspects**

As mentioned previously, building the partnership relationship was generally considered to be vital to service provision. It was believed to be necessary to have the client and the “NHS” people on the contractor's side. In addition, having a good relationship with the client was a source of motivation that derived from doing a good job on the site. As the catering manager in site 2 argued:

“You've got to build relationships haven't they....because if they've not got the client, you know the client, the healthcare, the NHS people on your side, it makes the, it makes the job a lot more difficult. You got to get out there and win people over. But

personally I think if you're doing a good job, you know you can get people on your side" (C. 2, catering manager, private services A)

In establishing this relationship the site manager was seen as a key figure. Furthermore, some cases made the association between a good manager and a good company; although one case argued that good managers were of greater importance than organisations. Nonetheless, the relevance of the site manager was repeatedly emphasised, particularly by the HR managers from both private facilities organisations, but also by the client organisations, as discussed previously in chapter 5. It was believed that good managers increased the possibility of a successful contract. In addition, it was stated that each site developed and maintained different types of relationships depending on the type of manager. Hence, the private contractors claimed that they paid special attention to the selection of the site manager, as was confirmed by both private services organisations' HR participants and the interviewed site catering managers.

In some cases, the client's catering manager or manager's assistant would be transferred across to the private contractor. As the role of the site manager was to build relationships, employing the previous catering manager was seen by private services provider "A" as a potential way of "getting the best" from the private organisation. The effectiveness of this strategy was corroborated by the transferred catering manager who explained: "it's getting the right person for the job isn't it you know you've got to get, got to get the right person and if that person can you know get on with everybody in the Trust that's half battle isn't so makes sense" (C.2, catering manager, private services "A")

As case 2 argued, the transfer of this catering manager facilitated from the beginning the contractor's involvement in the site, which was considered a benefit from the contractor's point of view. However, another participant transferred in charge of patient services presented an opposing view by arguing that:

“I think they should have had new eyes, looking at the service that we were providing and just checking that we were meeting the schedules, or meeting what the contract says. But it hasn't happened like that. They've utilised people that were previously in the Trust, doing similar sorts of jobs. I think they should have perhaps recruited somebody with the same sort of experience but perhaps from another hospital maybe [...] I think that might have helped us to work more in partnership” (C.4, patient services manager)

#### **6.4.1. Private site manager profile**

According to cases such as participants in cases 3 and 4, the chosen catering managers had a specific background profile. In both contractor organisations, it was be the first healthcare experience for these managers. The interviewed managers from both private organisations openly admitted that these types of organisations tended to contract people who, like them, had extensive retail experience in order to implement the improvements needed within the NHS by making it more commercially oriented. As a retail manager emphasised, “I was brought in because I have that expertise and had to make significant changes to the structure and the way we did catering from day one and also help build the facility” (C.5, retail manager).

Across cases, the management team had (see appendix 9) extensive working experience, varying between 13 and 29 years, either within the NHS or in hospitality. Excluding those cases like 2 and 5, where the site manager was transferred, for those individuals in management positions it was their first time working in the health service, although they had extensive business experience in industries such as leisure, as in cases 3 and 5. In addition, the importance was stressed of the manager having the skills to build relationships within the site.

As case 3 pointed out, the success of the contracts depended on the project manager being positive, enthusiastic and having the necessary passion: “It gives added value to the contract and added value is flair and determination which comes from people like me because they employ people like me” (C. 3, general manager). Site general managers were also mostly characterised by being committed to the private organisation and the job/task, being passionate and enjoying the job, and having career ambition as, for instance, case 4 stated:



“I want to sit here in a year’s time and say “I’ve done it!”. Personally, in the company, this is the biggest thing you can do. To get it right that would be my personal gain [...] just to say that I’ve made an impact. But also to have the staff being positive and saying yes, he’s been a good boss, given us focus, direction, structure and we’ve enjoyed it. And that’s what I’m aiming for” (C.4, general catering manager);

and as case 5 exemplified:

“the beauty of [site/region name] PFI that we were one of the first PFI hospitals in the country and because we were always going to be the first ones to make the mistakes but others can learn from them and I would hope that all the best bits I have had involvement in and a lot of the successful contracts around the country have got a little bit of me in them” (C.5, commercial & retail manager)

In relation to managers it was also acknowledged that they should support and engage with their staff and make them feel valued, communicate clearly and effectively, and be approachable. Appendix 10 illustrates in more depth the profiles of the site catering managers of the different cases. Case 4 encapsulates these views as follows:

“I’m very passionate about my job – I’m an ex-chef. I’m very passionate to get it right. I wear my heart on my sleeve, I say it how it is and I like to think that the staff treat me as one of the team. Okay I’m General Manager, so what? At the end of the day I’m only as good as my staff. If my staff are poor I’m poor, if my staff are good it makes me look good. And this is by making sure they realise and get the tools to do the job – I need to support them” (C. 4, general catering manager)

#### **6.4.2. Perceptions of private services’ organisational values**

One of the aspects emphasised above in the organisations’ dealings with staff was making them feel valued. For private services provider “A”, the transmission of organisational values was essential since it was believed that the way the manager dealt with staff influenced not only staff perceptions about the organisation but also the level of staff affiliation to the organisation. As its HR manager discussed, “where they {staff} believe that they have got a good manager who looks out for them then yes they are very pro, where they have got supervisors that dictate to them and don’t respect them and see them as a number excuse me then no it is not that strong” (private services organisation “A” HR). For that reason, the private organisation focused on educating the managers and giving them the knowledge to deal with their tasks on a daily basis. Both HR managers highlighted that their organisations provided good training packages, material and resources for different purposes and levels and there was

evidence that both private facilities services organisations were very supportive towards their site managers.

This special focus on the well-being and development of site project managers was corroborated by the different site managers and managers across cases by means of statements such as, “Good company they will help you they will dust you and put you back on the bike and they will show you how to do it but they won't cut corners. Cutting corners is putting the bike away and getting the bus. What is the point in that everyone can get the bus, it is much more fun to ride the bike” (C.1, previous catering manager); or “If I need some help or advice I simply pick the phone up and I speak to a colleague and it gives me advice or will help me coach me through it or will come and help me do it for me” (C.3, general manager). But more importantly, as case 3 general manager stated: “It keeps you fresh and alive. You don't get stuck in the same rut” (C.3, general manager).

The majority of the site managers involved in this research emphasised the level of support, care and “back up” given by the two private organisations. For case 2, it was more the fact of receiving support, knowledge and resources rather than being “cuddled” by the private organisation, as was highlighted by site managers in cases 3 and 4. This level of respect and care towards managers was generally perceived by the majority of cases, as in case 4, where the general manager highlighted:

“I've worked for a lot of contractors and I think the company cares. We get a very low turnover of managers whereas in the other companies they get a high turnover because they are indispensable. The whole point is they think, oh I can replace them next week. [private services provider A] work with their managers, they do training, they give them all the tools they need to perform to make them effective with their workforce. I think that's where [private services provider A] benefit to anywhere else, because they actually care” (C. 4, general catering manager)

The feeling that they were leading the contract and had the freedom to manage was appreciated by the project managers, as the general catering manager confirmed: “They let you manage. I don't have a manager on my back every two minutes. You are told to get on with it” (C.3, general manager) and was seen as a reflection of the private organisation's confidence and trust in them.

The values that the private facilities organisation needed to transmit, according to case “A”, were having a progressive attitude, going the extra mile, service orientation through a can do attitude, delivering what the customer wanted in the way the customer wanted and operating as a team. The HR of private services organisation “B” regarded the organisation’s values and vision as based on honesty, entrepreneurship, responsibility and quality. Although the private services provider “B” stated that their way of operating depended on each individual site, generally there was an open door policy at different levels between the organisation and the client and between the staff and the organisation. Overall, people were encouraged to be up front and staff opinions were considered a valuable source of feedback for improving the services as it was stated that it was “only with their inputs that we can grow and develop”.

Further information on the perceptions of the two private services providers can be found in the appendix 8. In addition, the appendix 7 illustrates the organisational values of both organisations as gleaned from internal corporate documentations and meetings. Both of the private organisations emphasised professionalism, service provision experience, resources, networks and support. In addition, it was acknowledged as necessary to offer good quality services and value for money. The importance of integrity and honesty and of being a transparent organisation was also highlighted. In addition, both organisations were seen as caring about people, being people focused, valuing staff and being investors in people. Similarly, the private managers described their corresponding private organisations as good employers that provided good staff conditions and training opportunities. Besides considering the perceptions of the private organisations’ management teams, this research also focuses on the perspectives of the services staff, which are presented in the next section.

## **6.5. Public-private partnership staff perceptions**

In order to achieve full understanding of PPP it was necessary to consider the internal context by gathering the perceptions of the catering staff. Analysis of the focus group discussions conducted with staff resulted in the themes and categories summarised in appendix 12 (annex J). These main issues that emerged across cases and which are now discussed in more detail. But firstly, it is necessary to stress that noticeable differences emerged between management and staff perceptions. In contrast to the values emphasised in section 6.4.2, staff in both organisations felt there was excessive focus on

making a profit and saving costs, to the extent that in more extreme cases staff felt irrelevant, easily replaceable and pushed to their limit to serve these two primary aims.

### **6.5.1. Working environment and climate**

The first requirement in the majority of the cases was to have a fair and consistent working environment. It was necessary for all staff to have the same working terms and conditions in order to avoid the current situation of people having different rights when doing the same job depending on who was the employer. As some participants emphasised, “it’s one rule for one and one rule for the other” (C.4, fg. 2) because

“If you work a weekend, the NHS staff get time and a half for Saturday, and double time for Sunday, but we get your normal standard rate. When you are working alongside someone who is getting an NHS pay, and then you know, you are doing the same job, the same everything – that is really bad. They have to work Christmas day, they get triple time plus day off. What do we get? Just NORMAL” (C.3, fg. 1)

At the time this research was conducted AFC was starting to be considered but was only fully implemented in one of the research cases. Hence, across cases differences existed in terms and conditions between those staff directly contracted by a private services organisation and the transferred ex-NHS staff, despite the fact they were doing the same job. These differences not only caused tension but a widespread perception of unfairness. As case 3 openly stated, if working conditions were fairer, this might lead to better staff perceptions of the organisation and might also engender an attachment to the contractor organisations that at that time was non-existent across the cases.

Staff also stated that high turnover and general low morale might be reduced by offering more attractive conditions, as one participant declared, “if we had the benefits, and they consider us more, then the job would be perfect” (C.3, fg.1) because as many employees repeated, “we all like our job, but there’s no benefits” (C.3, fg. 2). In addition, the main reason for staff remaining at work and accepting unfair or less favourable working conditions was mainly due to their age in the vast majority of cases, whilst personal financial circumstances were paramount in two of the five cases (See appendix 11 for more details on the staff sample profile).

Another major issue that emerged was that staffing levels were inadequate. All cases except for case 4 claimed that they were short staffed and suffering high turnover, particularly cases 1 and 2, whilst there was difficulty in recruiting in the majority of the cases (cases 1, 2 and 3), and absenteeism added to difficulties and stress in the working environment. These problems were, according to the staff, caused by the overall unattractive working conditions: they argued that “Because a lot of them say the work is too hard, and they get better pay not working, [laughing]. Why go to work hard when you can go on the dole for free?” (C.3, fg. 1). Furthermore, some staff groups were under the impression that because of the urgent need to recruit, management were being generally less selective and “second class” staff were recruited who lacked the required skills.

This situation not only increased the level of stress and the workload but also affected staff morale, attitudes and job satisfaction. Above all, staff were hit by the lack of staff since they were expected to carry on doing the same level of work, as case 2 commented: “you couldn't say well yesterday we had three members of staff short that wouldn't matter in that respect because it's not their problem then, it's our problem to sort out...you expect things to be on the ball even if we haven't got the staff, things have got to be 100% even if the staff aren't there” (C.2, fg.1). Meanwhile, as other participants highlighted: “They expect you to get it done in the same amount of time that you have when full staffed. It just can't work” (C.1, fg. 2), “P.1 you expect things to be on the ball even if we haven't got the staff, things have got to be 100% even if the staff aren't there. P.5: yeah, you've still has got to be 100%. P.2- no matter what” (C.2, fg.1.)

Hence, the staff emphasised that creating a good “environment” at work depended on the staff adopting a positive attitude. For instance, one participant manifested that “It is not the management, it's how we react in there. The management can't do a thing, if you're having a bad day, you're having a bad day the management can't do anything about it” (C.1, fg. 2). However, it was also stressed that “You've got to be the right person to work in here” (C.2, fg.4) since staff needed to have strong personalities to be able to cope with the job, as cases 1 and 2 manifested.

Another person who was important in creating a good working environment, was the site manager. By the same token, the different cases repeatedly highlighted the importance of colleagues, with the majority of staff even claiming that co-workers constituted a motivational factor for working on a particular site. Friendship was the glue to remain within the organisation and the job (especially for case 2). Participants in case 1 stressed that

“You don’t want to let other people down, because I think to myself, oh no it’s’ (name) that’s on this morning and it’s not fair, it is not.., you’re not motivated to come because of the job or for the management, it’s for the people that you work with because you don’t want to let them down...because I know it’s hard work and it’s going to be even more hard work if I don’t come” (C.1, fg. 3)

However, staff were regarded as falling mainly into three types. First, there were those that were putting all their effort and commitment into the job, making extra effort and even doing others’ tasks, which was illustrated by comments such as: “P2: I think at the end of the day you do your best. I’d like to think I do my best/. I cant’ do no more, I’m doing the best as I can, but it’s not good enough. I can’t help it because I am doing my best. I feel I’m doing my best and I can’t give it anymore. P3: Well [stammers] I always put 100% in” (C.4, fg. 1).

Meanwhile, others were doing the minimum, sticking to their job descriptions, without any extra effort or assisting anyone else, or in a participant’ words, “without pulling their weight”. This is illustrated by comments such as: “I just do what I have to do basically, I don’t try my best...I will do, I’ll do what I’ve got to do I won’t go out of my way and do extra things like some people will. I just do what I’ve got to do and then I go home and that’s it. Once I’ve left here, I don’t think about this place” (C.2, fg. 3).

The third category comprised those who skipped their work, were always given similar and easier tasks and were mainly money oriented. The latter were called the “skivers” by case 4, with participants arguing that “It’s always the same people that end up with all the burden of work day in day out and everybody is earning the same money and there are ones they never look knackered when they go home” (C.4, fg.3).

An even larger number of participants went on to argue that “P.1 if they have got away with it so many years (doing same “easy job”) now why start to change the work now.

They get the same money for doing nothing so why actually put days work in. P.3 if it was a piece work I tell you their families would starve” (C.4, fg.3).

Staff who were not pulling their weight apparently had a significant impact on those staff who were committed to their jobs as they not only created a bad atmosphere but also affected the overall level of performance and final outcomes. Furthermore, staff believed that site managers were aware of the low performance and lack of job commitment of such members of staff. This group was highlighted as including previous NHS staff that had been transferred to the private organisation. Staff perceived that apart from having different working conditions, the transferred personnel were also “protected” by the contractor organisation management team because they were safeguarded by the client. It was stated that the contractor had limited power and was even frightened to deal with this matter, and hence it was believed to be easier to just “sweep it under the carpet”, as the supervisors from case 4 freely asserted.

On the other hand, when asked to compare the experience of working for the two organisations, it was generally stated that staff working for the NHS had more resources, greater involvement and better staff levels, whereas working for the private services organisations was harder work but offered better (operational) training and opportunities. In addition, one particular case identified the NHS Trust organisation as ultimately responsible for staff working conditions and wellbeing rather than the private services organisations; hence, the NHS organisations were seen as indirectly supporting the unfair working environment.

### **6.5.2. Staff perceptions of private services organisations**

Finally, all the cases agreed that both of the private facilities organisations needed to build –or rebuild, their corporate image, especially in regard to their attention and attitude to staff. As the participants stated: “[the private organisation] has very good image, and yeah we do provide a good service, but if it wasn’t for us what we did, it wouldn’t be here and that’s what they seem to forget” (C.1, fg. 3). Furthermore, all cases felt that money was the organisations’ supreme consideration and in the main emphasised that profit orientation took priority over organisational commitment to providing a good service.

The two private organisations were viewed as being focused on meeting their targets and “having the job done” in order to achieve the expected profits; hence, they urgently needed to show greater commitment to staff and to improve their terms and conditions. The working conditions and poor staffing levels were considered an abuse of power; and there was a general feeling among staff of pessimism regarding any future improvement. Staff across cases made similar comments on the situation, such as: “there is no, there is not light there is no light at the end of the tunnel I don’t see it, I worked here over ten years and I haven’t, there is no light” (C.1) or “It’ll get worse. It’ll not get better I don’t think. I think it’ll get worse. As they years go by I think it will get worse and worse” (C.2).

### **6.5.3. Management-staff relationship**

The discussion of managers produced comments that they were unfair to staff, but also they were sometimes seen as unskilled, without the vision or ability to plan tasks and allocate them accordingly. Some of the cases felt the management team were untrustworthy and unreliable, whilst others pointed out a lack of personal communication skills and inability to communicate with staff. But overall there was a perception of “them and us”, leading in some (more extreme) cases to feelings of inferiority.

As one participant stressed: “You wouldn’t be able to sit here like we are now and have this conversation. The office door is always closed” (C.5). Meanwhile, other staff put forward arguments such as: “(Management) make you feel that you’re not worth to be said” (C.1); “I look at it as if they think we’re down in gutter and they’re above us. They think they’re better than us because they’re managers and we’re [pause] pot scrubbers... they just look at us like we’re muck to them basically. They don’t want to speak to us” (C.2, fg.3). In more extreme cases, such as case 1, staff not only did not have a voice, but also had the feeling of “not being good enough to be listened to” because they were just “workers”.

In addition, all the cases expressed the need for staff to feel valued, since the general feeling was that “You are insignificant that’s what it is, you are insignificant you are just a worker” (C.1, fg.1) They also wanted greater understanding and more support, especially in circumstances in which staff were doing their best and putting in extra effort or feeling overstressed, mainly because of the limited number of staff. Generally,



staff expressed the importance of management being around and being visible to staff, because in some cases the fact of feeling isolated in the job increased the pressure and affected the staff-management relationship.

All staff groups stressed the importance of non-economic rewards such as being thanked for their job, since as one participant claimed: "I'd rather have a thank you than £20 in my hand" (C.2, fg.2), and receiving acknowledgement for good work and effort, rather than being given the impression that it was enough just to be paid for the job. All the participants felt that appreciation was not only important but made the job easier and even made them feel more disposed to engage fully in the task, particularly when facing major pressures. Furthermore, in cases where reward strategies were in place they seemed to be ineffective. The adopted "employee of the month" was a controversial and conflictive strategy, with participants commenting that "It is not a good idea because it is putting people against each other, all what you are doing is playing people off" (C.1, fg.1) or that "they think like that they think it is a good idea but people don't like ...it is like one person works better than others" (C.1, fg. 1) but also appeared to provoke the opposite effect, with one participant confessing: "It's not an incentive, you think, no lets not be picked. I wouldn't want to" (C.2, fg.2).

Mainly "employee of the month" was perceived as generating tension and lowering staff motivation. It was perceived as proof of management favouritism: "It's a right load of bull, it's always the favourite that month that gets nominated its..." (C.2, fg.3). All cases agreed that one person could not be made "special", since their jobs were based on team work. For that reason, the majority of the research cases suggested that collective rewards should be awarded to a group, a unit or a department, splitting the money between the different staff, as the following views reflect: "I don't think there is a specific person that is doing a fantastic job, I think is that everybody together and get it out...we are all playing part of it" (C.1, fg.1).

#### **6.5.4. Operational aspects**

Regarding operational aspects, staff claimed that a team work approach was lacking. Although in many cases staff stated they were supportive of and assisted each other; that was more due to a feeling of team spirit rather than in a pragmatic view, since there was a lack of appropriate task allocation or understanding of multi-tasking. In addition,

although the majority of cases pointed out the need for training since “Training needed cos everything changes, nothing stands still. You are always learning” (C.3, fg.2), regular training and general courses for personal development were not available, as participants stated: “it’s just like feeling in the dark for months and months. And you just learn by your mistakes” (C.3, fg.1), “they've got all these training packs in the office, the packs are there to train people with but it just doesn’t come down to floor level, it might be a lack of manpower” (C.2, fg.4).

The mainly shortcoming was reportedly the lack of induction or appropriate training for newly recruited staff, to the extent that this was associated with an increase in staff turnover since “because they {new staff} are not getting training properly on how to do the job and then they're finding it hard when they're doing things and doing it wrong” (C.2, fg.3). Among the interviewed cases, there was a broad mix of capabilities and skills, with some cases arguing that the lack of training was mainly due to low staffing levels. Apart from affecting performance, from the staff perspective this lack of training was also representative of the organisation’s lack of concern and care towards them.

In addition, communication issues were highlighted by all cases in terms of the need for more communication across the entire organisation and making information accessible between departments, units and staff. As participants stressed: “I think if they just had meetings with us every three months it just puts you in a bit of a picture as to what is going on but they don’t you know, we don’t get any communication...I think we need more communication with the top ones you know” (C.5). This situation was in part because of the hierarchical communication system that as participants exposed, “They only see it from the supervisors’ point of view the supervisor could go and say anything couldn’t they?... They have never ever asked us if we have any comments or things I would like to put forward” (C.5, fg.1). Hence, a two way approach was required that would enable staff to participate in a flow of communication between them and the management.

Moreover, staff needed to be updated about changes that were directly job related, or about organisational strategies or plans. Furthermore, staff stressed that they lacked clarity about their roles and even received contradictory instructions in many cases.

Equally, information about promotion opportunities was not easily accessible in either organisation and usually had to be requested by staff. In addition, all information about the private organisation was limited to the particular site and its management team.

## **6.6. Private partners' understanding of partnership**

This section focuses on the meanings and associations attached to the idea of working in partnership by the private services organisations. These perceptions are linked to elements identified by the participants as either promoting or impeding the success of this type of inter-organisational collaboration.

### **6.6.1. Partnership understanding, implications and practice**

Partnership was associated with a number of different values. The most often mentioned was honesty, whilst the others can be summarised as: having a common end, working closely, striving to reach the outcomes, being eager to improve and doing one's best and at the same time giving praise as well as constructive criticism. For instance, some cases stated:

“Partnership is being honest, and also giving praise where it's due, but also being constructive if there's any criticism. We are all here for the same thing, the patient in the bed. This is a hospital, 365 days of the year, 24/7, and the main thing with a partnership is we have to work very, very closely, and we have to have that honesty. Sometimes honesty hurts, but the main thing is if we work closely together then we do the best we possibly can for the patients” (C.4, general catering manager)

Furthermore, it was stated that: “It's a partnership. If everybody strives to get to where we need to be then it's the input from the Trust and from [private foodservices provider 1] but I think the whole point is getting that level ground so we can improve on both sides” (C. 4, general catering manager). Meanwhile, another case affirmed that “True partnership is when we provide and they provide” (C. 1, previous catering manager).

The meaning and implications of partnership, as case 1 emphasised, needed to be clearly understood. In case 1 partnership was associated with trust, respect, role responsibility, integration and involvement. Being able to be partners and fulfilling role responsibilities derived from the partnership agreement. The case 3 site manager emphasised that as in

a marriage both parties needed to want to make it work. Furthermore, it was believed that coping effectively with the accepted role responsibility would build trust.

From the human resources perspective, HR of private services organisation “B” understood partnership as going in the same direction, working together, sharing and listening to each other’s views, building up communication, having equal involvement and input. It was seen as important to take the Trust’s views on board and to share information, maintain good communication and build rapport with the client. In this way, success was understood as “keeping them in the loop with everything”, mutually agreeing on ways forward, and mutually addressing any difficulties. From the private services organisations’ viewpoint, “A” HR saw success as dependent on the absence of differentiation between parties and all being part of the hospital team.

### **6.6.2. Sources of conflict and limitations**

As table 6.7 illustrates, either partner could create difficulties when working in partnership. In this context, the research cases mainly referred to the level of reticence and lack of acceptance to which private services organisations were exposed. Prejudices or wrong perceptions about such as the contractors’ supposedly inferior capability or provision of lower quality at higher prices were examples of that reluctance highlighted by the research participants. The HR participants also highlighted that conflict could arise through having to work with an unreasonable, anti-outsourcing client on whom the decision to outsource had been imposed by the previous manager. Sometimes such clients resented the loss of control over the operation but also might simply not want the contract to succeed. In either case, participants across cases highlighted the negative effect that a lack of willingness to build a good relationship could have on the partnership.

**Table 6.5: Partnership limitations**

<ul style="list-style-type: none"><li>❖ Lack of contractor acceptance on site. Lack of contractor integration</li><li>❖ Contractor not delivering the stated services</li><li>❖ Lack of willingness to build a good relationship</li><li>❖ Lack of individual rapport among the parts</li><li>❖ Poor communication</li><li>❖ Failure to maintain an open, honest relationship</li><li>❖ Lack of equity in the effort and commitment to forge a successful relationship</li><li>❖ Contractor not showing commitment to the service</li><li>❖ Having frequent changes of managerial structure both in the private and public organisations</li><li>❖ Client's over exertion of power</li><li>❖ Not having an appropriate plan or effective mobilisation team</li><li>❖ Sources of conflict:<ol style="list-style-type: none"><li>1. Client pricing mentality (unable to acknowledge the obtained added value, focused on finding cheaper prices)</li><li>2. Client hostility. Anti-outsourcing or external imposed decision vs. operation control loss</li><li>3. Client personalities</li><li>4. "Unhealthy" dynamics:<ol style="list-style-type: none"><li>1. Risk transferring rather than risk sharing</li><li>2. Relationship imbalances. Contractor submission</li><li>3. Contractors blamed when issues or problems arise</li></ol></li></ol></li></ul>
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According to the HR informants, the clients over exerted their power when the private organisation was treated as merely the contractor and not as part of the hospital team. In addition, in agreement with the rest of the participants, HR interviewees from both organisations stressed that contractors were the first to be blamed when there were any problems with the contract. It was highlighted that: "this kind of things usually drags down the relationship" (private services organisation "A" HR).

There were also difficulties involved in different groups of public and private sector workers having to work together, such as ward staff and catering staff. As an external catering advisor argued, since there was no integration, the food services provider was an easy target for criticism. This statement was supported by a manager's comment that: "I think it's important that the people on the other side of the fence work together with the private company in partnership. And some hospitals really promote that and I think that's what needs to happen here more. It needs to be a proper partnership" (C.4, patient services manager).

On similar lines, a private general manager emphasised that the reason he did not feel like merely a supplier was due to his level of involvement, affirming that "It is the way I've personally dealt with it, I think" (C. 3, general manager). In fact, various participants

highlighted the individual dimension of working in collaboration. The individuals involved in the partnership needed to have good rapport. People's personalities and "getting on" were identified as particularly decisive elements in such a difficult working context. Similarly, both HR participants stressed that a client's personality in some cases could be detrimental to the development of the contract and the relationship maintained with that client.

Furthermore, changes of personnel at management level were considered another limitation since the relationship needed to be rebuilt from scratch and with potential different outcomes. As various cases argued: "The uncertainty is the people in the critical roles if they change so can the whole image and reputation and relationships [...] whoever takes here role then it is the future is dependent on that role [...] who ever takes that role again will be very influential in how this contract continues" (C.1, catering manager 1). In addition, the issue of poor communication in dealings with the client was repeatedly mentioned by the private facilities organisations. For instance, cases 5 and 4 claimed that generally the Trust needed to be more open to contractors. Also, as case 2 emphasised, NHS organisations tended to be a bit naive and not very clear about what they wanted exactly, which caused misunderstandings over the contract.

This lack of communication at different levels was stated to affect relationships negatively and could lead to failure of the contract. For instance, in case 4 one transferred manager emphasised that the whole experience represented a learning curve that still was on-going due to the lack of two way communication between Trust and contractor, especially at the beginning.

"Because sometimes the information isn't forthcoming. It doesn't flow both ways between the Trust and {private foodservices A}. Just basic information like bed-states and things like that. So we were working a little bit in the dark when we first came over. So we've had to learn everything from scratch" (C. 4, patient services manager)

However, problems could also be created on the contractor side, the most obvious issue being failure to deliver as stated on the contract and according to requirements, whilst lack of commitment to the service was also highlighted. There were also the issues of not putting enough effort into the relationship and failure to maintain open and honest

relationship, although these could apply equally to both parties. The last limitation mentioned was the lack of an appropriate transition plan or an effective mobilisation team.

### 6.6.3. Partnership success

**Table 6.6: Partnership success factors from the private partner's view**

<ul style="list-style-type: none"> <li>❖ Right contract and specifications</li> <li>❖ Communication. Keeping up continuous and open communication</li> <li>❖ Client acceptance of contractors</li> <li>❖ Good level of participation and involvement. Contractor being positively involved (meetings, communications, events and general info.)</li> <li>❖ Parties working together as a team</li> <li>❖ Time. Long term contract allowing building of relationships.</li> <li>❖ Transition person. Transferring previous client manager allowed more opportunity to build relationship and rapport</li> <li>❖ Contractor breaking down barriers and making client feel comfortable</li> <li>❖ Working on improving the relationship</li> <li>❖ Being contactable and maintaining regular contact</li> <li>❖ Having knowledge and understanding of NHS politics, structures and procedures.</li> <li>❖ Success as an input of both parties, who both want the contract to work</li> <li>❖ Individuals. Personal rapport and common will for success</li> <li>❖ Having a good team</li> <li>❖ Contractors caring about the organisation, service and staff</li> <li>❖ Being proactive, being seen and being approachable</li> <li>❖ Being passionate, enthusiastic and truthful</li> <li>❖ Commitment. Showing and demonstrating commitment to the client and effort towards success</li> <li>❖ Developing trust and understanding (ethos and values)</li> <li>❖ No blame culture</li> <li>❖ Keeping the same people (management team) over time</li> <li>❖ Contractor not only delivering but trying to provide the best possible service</li> <li>❖ Contractor being service rather than money oriented</li> </ul>
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As table 6.8 illustrates, success was understood as being based on honesty and transparency as well as having open communication. Furthermore, it was emphasised that maintaining day to day contact contributed to building closer relationships. Good relationships were associated with both partners achieving their goals, since, as case 5 pointed out: “[...] if we help the trust get where they want to be then they are going to have a good relationship with us” (C.5, commercial & retail manager). In fact, delivering the service by showing total commitment was believed to be the key for making the relationship work. For instance, a general catering manager from private services provider “A” stated that: “{Private services organisation A name} I think is different to any other food provider because we don’t put money first, where a lot of contractors do. We look at the service first, we get the service right, but the main thing is that we

don't lose sight of why we are there to do the service. If there's a patient in the bed we don't lose sight of that" (C.4, general catering manager)

"I think the main thing is delivering the service, and showing that we are committed to the service and that we care. By doing that the main thing then is the personality side at [site/hospital name] I had an excellent client who I got on very, very well with, and it was a case of if we wanted to change the service we sat down, discussed it, made it happen. We discussed any additional costs or anything like, after. It wasn't money, money, money, it was service, service, service. And the rapport that I had was excellent. And that's what I'm striving for here with the client over here" (C.4, general catering manager)

This view, inspired by case 4, was also highlighted in case 1 in terms of two major factors on which the success of the relationship was dependent: the contractor doing what was specified in the contract and the individuals involved (partners). It was stated that when they did what was said in the contract, contractors built trust, which also increased two way communication. In addition, private services organisations believed that "reacting" and offering flexibility enhanced the relationship. Similarly, the number of years (time) working together was indicated to influence the level and type of relationship obtained. On the other hand, case 1 pointed out that although a partnership needed to have rules and a structure, the relationship needed to go beyond those rules, since going beyond contract rules to provide good services was stated to underline the contractor's commitment. It was emphasised that rules were most important at the beginning of the relationship before trust was established.

In addition, case 2 further highlighted the importance of trust and argued that trust was enhanced by delivering as expected, having an agenda and maintaining communication, as the following statement illustrates:

"there has got to be trust I mean alright the whole thing is based on a contract but you can't have a working relationship that is just a contract you know if you have to refer to the contract all the time then there is something wrong with the situation and the people there but managers don't talk to each other all the time do they people just do jobs don't they and that is the sort of relationship that is the biggest thing the trust in setting up contracts you know have this quarterly process and have a quarterly meeting



so if the Trust or the contractor does nothing in the mean time actually sat down at a table and talked it is when they don't that it doesn't work" (C.2, external catering advisor)

From the human resources informants' viewpoint, success was understood by private services organisation "A" HR as being seamless work, with everybody being part of the hospital team. Good communication involved holding regular reviews and meetings. The management team needed to be visible on site and to make sure that the contractor was satisfying the client's specific requirements. Also, private services organisation "A" HR agreed with private services organisation "B" HR that it was essential to take action on any issue "at an early stage before it becomes a problem" (private services organisation "B" HR).

Conversely, the reasons for failure were argued mainly to relate to non-delivery, lack of equal commitment and level of effort in order to achieve the goals, because

"It's a partnership. If everybody strives to get to where we need to be then it's the input from the Trust and from [private foodservices provider 1] but I think the whole point is getting that level ground so we can improve on both sides, because at the moment it's not just one area, it's other areas that let it down as well which are on the Trust side. And again that's where you get the open honest relationship" (C.4, general catering manager)

The values, and associated factors in the success or failure of PPP, according to the contractors' experience, are presented in detail across cases in appendix 13.

## **6.7. Summary**

The cross-case analysis of the private partner organisations' experience highlighted the individual and socio-relational dimensions of partnership. The research underlined that client personalities tended to make a difference as well as that of the site manager. The research findings identified the need for good rapport between the partners and their corresponding teams as well as a shared commitment to achieving a successful collaboration. However, the research findings also illustrated relational imbalances between the private and public organisations when working in partnership. Rather than agreeing mutually on goals, which was discussed in chapter 3 as a basic principle of partnership, the contractor was driven by the client. The pressure on the private contracted organisations was reflected in behaviour based on "submission".

Working in collaboration with the public sector, particularly in healthcare, involved having to cope with difficulties and constraints that according to private sector views mainly stemmed from the client's lack of financial understanding. Moreover this context was characterised by client resistance, prejudice and reticence. Hence, the private facilities organisations had to develop the strategies for involvement in these collaborations that have emerged from this research analysis. Firstly, a suitable project (catering) manager was selected, who needed to not only have the required experience for that position but also the ability and skills to build up the relationship with the client. Once good rapport between the parties was achieved, building up trust was the second focus. Basically, developing trust was considered essential because the higher the confidence in the contractor, the higher the contractor's autonomy over the services. In addition, the need to offer a personal service and bend the contract rules towards the individualisation of the contract was highlighted. Once the relationship was settled, the private facilities organisation concentrated on convincing the client to stay in partnership with that services provider for that and future contracts.

Collaboration with the public sector was experienced as a highly competitive market in which the private organisation needed to differentiate itself from the others to become the preferred supplier. Both private facilities organisations in this research embraced partnership with the public sector by being communicative, proactive, flexible, and available to the client. In order to compete in this unique and difficult environment, the private contractors had to go beyond the stated contractual standards to offer added value. The need to "add value" was the result of increased pressure and became the top priority of for profit organisations working in public organisations in order to succeed and continue in this market. The contractor hence had to build up a reputation on each site to use as a competitive tool.

Unanimously participants referred to the private facilities organisations' superior ability to run these services due to their resources, expertise and capacity for reinvesting and developing continuously the facilities. However, from the private sector perspective regarding the formats for working together with the public sector on PFI projects were very complex and involved risks and difficulties such as penalisation, staff transfers, and regulation (extensive number of years) and service delivery (size of the operation). In addition, in spite of the high level of uncertainty in this context, the private

organisations agreed that collaboration with the public sector would continue, although possibly at a slower rate of growth than in the past.

From the private contractors' experience, the success of the partnership was underlined as being dependent on certain factors. Starting from basics and having the right contract and specifications were stressed as important; followed by the acceptance of contractors, understanding of success as the input of both parties and avoidance of domination by the client partner. Working on the relationship was also outlined as necessary, maintaining continuous and open communication, being accessible and approachable. It was also necessary to understand the context and the politics involved in the NHS. It was noted that frequent changes in the managerial structure could also threaten the success of the partnership. Furthermore, the qualities that contractors identified with success were being proactive, approachable by the client, passionate, enthusiastic and truthful; moreover, it was regarded as essential not only to deliver but to provide the best possible service and to demonstrate commitment to service rather than profit orientation.

A detailed illustration of the issues discussed in this chapter can be found in appendix 15. The next chapter offers a contrasted overview of the perceptions from the two sides of the partnership relationship and draws together the main points to present a profile of the practice of partnership.

## Chapter 7

### Research findings. Part III: PPP profile situational overview

#### 7.1. Introduction

Having introduced the information collected through this research by considering the public and private sides of PPP equally, this chapter synthesises the key points emerging from the *praxis* of this type of collaboration. To this purpose, chapter 7 brings together the experience of partnering between these two sectors in order to draw a general profile of the practice of partnering and to present an overall picture that mainly focuses on dynamics, characteristics and management issues. The chapter provides detailed discussion of “how PPP discloses in practice” as evidenced by the different researched cases, and synthesises the previous information displayed through the research findings presentation chapters (chapter 5 and chapter 6).

Firstly, both parties' overall perceptions about the (external) context of PP are discussed; then, focus turns to those cases or experiences of PPP that represented the “best” and “worst” scenarios, particularly from the public client organisation's view. This is followed by an overview of the approaches adopted by the two partner organisations, and the meaning they ascribe to the concept of partnership is explored. Finally, discussion focuses on management issues and dynamics involved in the practice of PPP.

#### 7.2. Overview of perceptions: outsourcing vs. PPP market

As illustrated earlier in the review of the literature, change is one of the main characteristics of the context of this research. Such change in the public domain, as explained, is governed by the political leadership of the day. This kind of dependence and pressure, apart from provoking constant change, also impedes long term planning and clear objectives. Arguably change was inherent in the ethos of PPP because it was established with the aim of totally reforming public procurement procedures. The implications of this continuous change are reflected in policies such as AFC, which was described as challenging the contracting system. Principally, the pursuit of cost effectiveness made it harder for private services organisations to submit competitive contract bids, mainly as a result of workforce costs increasing to equal NHS staff conditions, as required by AFC. This situation, at the time the research was conducted,

had opened the debate about in-house provision, which was generally manifested as the preference “of the heart” by most of the NHS organisations.

As a result of the recent changes, and considering that change brings further change, this research has highlighted that alternative and innovative ways of procurement of public services are needed. The trend of diversification and integration of services was still in its early stages. Also the PFI system was in transition, affected by significant modifications but above all, by no longer being the government’s chosen way of going forward. Furthermore, these uncertainties and changes have brought into consideration former practices such as in-house provision on the grounds that they are more cost effective when combined with strategies such as cost improvement strategies, whereas outsourcing should be limited to building and maintenance purposes.

Apart from the debatable cost saving capacity of PPP, partnership with the private sector as a procurement mode has certain advantages over traditional procurement systems. The research findings emphasised the added value in terms of the overall quality of the services. In addition, the whole experience of collaboration was identified in this research as a positive one for the public sector as apart from the desired freeing up of full ownership and responsibility, PPP improves the quality of information available and measurement accountability –the learning element. As public organisations disclosed, the processes involved in PPP represented a learning curve but also a reference for monitoring other services and the public sector’s own practice. Similarly, the necessity for the public sector to become more cost effective was also stressed by the catering services staff as they regarded the way in which the services used to be run as unsustainable.

While some staff groups acknowledged that improvements had been achieved, they felt more were still necessary. For instance, when comparing the two organisations, the need for more resources to improve performance and greater appreciation of staff were the main criticisms made. In truth, NHS Trusts were seen as showing greater consideration of staff, who at the same time felt more involved, whilst there was a general perception of higher levels of resourcing and staffing, whereas private services organisations were associated with harder work but higher (operational) learning and opportunities. On the

other hand, staff perceptions raised a relevant observation. It was argued that the presence of private services organisations was unnoticeable on site and that false impressions could be formed about NHS organisations, for instance, that they were spending funds unwisely, given the differences in terms of decoration, furniture and general facilities provided by private services organisations when in other parts of the hospital there could even be closed wards.

In general, public organisations shared a degree of disagreement with the implemented services provision market based around partnering working. There was some criticism of the way the outsourcing system is being exploited, to the extent that the government was seen as the only beneficiary. Suggestions arising from these criticisms included establishing some kind of association between a number of private services organisations to run most of the contracts across the country under the belief that this would result in higher efficiency and cost reductions, whilst also reducing the need for retendering. Meanwhile, the private perspective was that public organisations needed to search for alternatives ways of services provision.

Despite the different views about the materialisation of outsourcing, in equal measure from both perspectives the future continuation of collaboration was expected and defended. Private services organisations appeared confident about the continuation of their collaboration with the public sector for the delivery of public services despite the associated uncertainty and high vulnerability, although they did not necessarily expect the same level of growth as before. In some ways, this situation is also provoked by the created system itself since it was argued there was no turning back. As mentioned before, NHS Trusts were not able to compete in terms of resources, autonomy, knowledge and ability to cope with the particularities and complexities of the services or on infrastructure provision and delivery systems. Hence, although the format might be subject to change, as the public client organisations emphasised, the input and participation of the private sector would remain.

The next section draws on insights from the case studies to consider how public and private parties make sense of working in partnership, and how partnership is

approached in terms of governance. It examines the practice dimension by discussing the adopted approaches to partnering collaboration.

### **7.3. Profile of PPP practice**

The five completed cases offered a rich source of insights for exploring the “reality” or the experience of working in this type of collaboration between public and private sectors. The *praxis* of PPP was explored using views from both the public and private sectors, focusing mainly on attitudes, behaviours, expectations and general dynamics of the partnering agreement. The socio-relational dimension of PPP – or the informal inter-organisational structure – emerged as the key angle for gaining further understanding of the development of PPP.

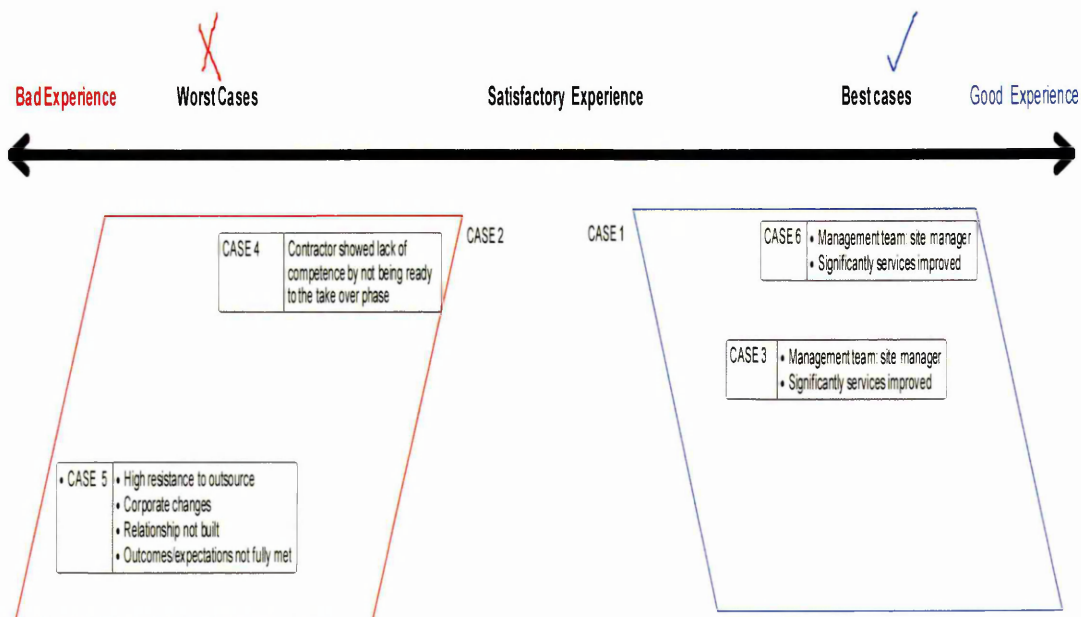
As table 7.1 illustrates, the explorative analysis identified the “social reality” of PPP in the NHS context as mainly conforming to a transactional, controlling nature type, with marked imbalances of power, dependence and influence. The obtained profile was also characterised by some reluctance towards mutual dependence, particularly a lack of acceptance of private partners by public organisations, expressed as an attitude of “them and us”. Despite the significance awarded by research participants to the role of the local team, particularly to the site project manager, any consideration in terms of management, development or incentivisation of the relationship itself was materialised only in the day- to-day practice of public-private collaboration.

**Table 7.1: PPP practice profile**

<ul style="list-style-type: none"> <li>❖ Dominant formal &amp; transactional nature. The relationship is based on achieving the stated outcomes and specifications, with formal procedures being the norm</li> <li>❖ Control &amp; power imbalances. The client exerts greater influence throughout the life of the partnership relations</li> <li>❖ Resistance to mutual dependence. Accepting the involved level of dependability by working in partnership.</li> <li>❖ Lack of partner acceptance: “them &amp; us” attitude. Hesitation and or suspiciousness towards the other partner, particularly from the public organisations</li> <li>❖ Any strategic plan to manage, develop &amp; incentivise the relationship between parties (life cycle &amp; dependence levels changes)</li> <li>❖ Success mainly dependent on two factors:             <ul style="list-style-type: none"> <li>○ Local team (the right “people”)                 <ul style="list-style-type: none"> <li>▪ Project site managers</li> </ul> </li> <li>○ Positive outcomes</li> </ul> </li> <li>❖ Time is needed to build trust between the parties</li> </ul>
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In terms of the evaluation of partnership, based on the findings illustrated in figure 7.1, it was possible to position partnership collaboration within a continuum from weaker to stronger experiences mainly in relation to the judgements on the relationship from the perspective of the public client organisation, on whom the continuation of the adopted partnership was dependent. Leaving to one side those cases in the middle, that is, those that achieved an acceptable level of satisfaction, interest turns to the two extremes of this continuum, the weaker vs. stronger experiences.

**Figure 7.1: Cases continuum from worst to best PPP experiences**





Considering those cases labelled as “bad experiences”, the public client organisation in case 4 emphasised a lack of competence in the takeover phase on the part of the private services organisation, whereas case 5 highlighted high resistance to outsourcing within the site, along with frequent corporate changes, stating that no relationship was established and neither were expectations and outcomes achieved. At the opposite end of the scale, cases 6 and 3 emphasised the management team as the origin of success, particularly the site manager, and observed that significant improvements in services had been achieved. The views present two sides of the same coin of PPP, whether referring to operational issues or to relational aspects involving individuals or teams. With regard to relationships, there was variation in their development across the cases from undeveloped to on-going, and finally, to formed or consolidated. Mostly the cases fell into the category of either on-going process or formed. Drawing together the research data, the two extreme positions in the practice of PPP, that is, the best and worst scenarios, are discussed in the next sections.

### **7.3.1. Exploring the weaker PPP experience**

Among the different cases, one in particular stood out for being a critical case in both operational and relationships terms. Before discussing the supporting evidence, it should be noted that from the client’s perspective it was recognised that the failure to work together also derived from faults of both parties. As the director of facilities in case 5 explained, this case was characterised by a negative attitude and rejection of the private services providers that significantly affected not only the development of the relationship but also the level of effectiveness, and as a result, the level of satisfaction of the client organisation. Frequent changes at corporate levels within the Trust also affected the level of interconnection between the parties.

This case presented significant shortcomings in terms of working in collaboration, but in particular in relation to the meaning and implications associated with approaching a partnership strategy. Although a lack of resources, particularly in terms of finance and staffing, was acknowledged as a limitation, the public partner organisation in this case was not only unsatisfied with performance but also in relational terms. In this regard, partnership was understood as having a good team and sharing the same aims in order to make the collaboration to work. However, “working together as a group and having regular meetings hasn’t happened”. As the director of operations emphasised, in PPPs, establishing mutual understanding between the parties involves a lot of work.

Conversely, it was openly articulated that constant and continuous control and regulation were put in place. Furthermore, the relationship was described as not good and the private services organisation as not being integrated or part of the team. The relationship was a mere business transaction rather than a partnership. There was various evidence of a lack of trust; for instance, on this site concern was expressed about the contractor having a high level of autonomy and independence. The data made available to the Trust was also questioned since it was believed to have been manipulated to suit the private services organisation. In addition, on this site the client partner particularly objected to not having direct control and ownership over the operations.

In this case the private services organisation also referred to the lack of integration and acceptance as a noticeable limitation. From the private partner organisation's view they were not part of the team and they felt they were "just the contractor" but, more importantly, they felt that they were not wanted. This lack of integration, the stated "them and us", was claimed to have a negative effect on the levels of involvement and communication. On this site, private partner organisation stated that working together and keeping the private services provider informed was a must. In mitigation, it was stated that the level of acceptance improved followed some changes in the public organisation's structure, leaving behind the "traditional old school", and that new "forward thinking people" appeared at management levels that realised the importance of getting on with private partner organisations. Nevertheless, the relationship between the public and private sector organisations needed to improve. Table 7. 2 summarises the profile of this case.

**Table 7.2: Case situational review: weakest PPP experience**

<ul style="list-style-type: none"><li>❖ Pre and during PPP agreement, negative client organisation attitude (hesitation) towards partnership (outsourcing)</li><li>❖ Low effectiveness and satisfaction levels</li><li>❖ Frequent corporate changes</li><li>❖ Lack of resources</li><li>❖ Lack of integration</li><li>❖ Transactional relationship. Lack of trust and poor relationship quality</li><li>❖ Constant control and regulation</li><li>❖ Client organisation: lack of (operational) ownership as a concern. Preferring to have direct control over operations plus concern about the level of autonomy that contractor can achieve on site.</li></ul>
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### **7.3.2. Exploring the best PPP scenario**

This case in particular highlighted the human dimension of PPP. Individuals were viewed as more important than the organisations. For that reason, it was argued that getting the right team was vital since success was dependent on both sides' individual managers. In this case, the relationship with the services provider was not only described as good but also the client organisation stated that the private organisation was considered a partner. This situation was mainly due to one individual, the site manager. The public partner on this site stressed that this specific context reflected certain particularities. As explained by the director of estates, creating good rapport and communication within the site as a whole, particularly with clinical staff, was a necessity and for that reason the ability to communicate was crucial in any services provider.

The private site manager clearly illustrated the significance of his attitude and general approach in terms of the relationship maintained with the public client organisation, affirming that being positive, enthusiastic and having passion added actual value to the contract. From the contractor's point of view, full engagement in the service along with adoption of immediate problem solving behaviour was stated as crucial to achieving better relationships. For instance, despite acknowledging that communication was to some extent affected by the services gaps that the adopted service provision generated, in this case communication was stated not to be an issue since the services organisation site manager was constantly kept informed and communication channels were always open.

Regarding the private services organisations, this client partner organisation highlighted that not only was competence in delivering and managing the contract demanded but also transparency. Such was the level of satisfaction and rapport with the site manager the client attempted to keep this individual on site, by offering greater responsibility and rewards. However, despite the optimal level of satisfaction found on this site, the client NHS organisation's attitude was always to look for the best deals in the market regardless of the relationship and satisfaction levels achieved.

From the contractor's point of view, partnership work was compared with a marriage in which both parties have to want it to work. On this site, success was also attributed to the adoption of an appropriate approach towards partnership collaboration by the client side, rather than the onus being completely on the contracted private services organisation. Hence, the Trust not only emphasised the importance of letting contractors know their expectations as clients but also identified success directly with maintaining integration and equal participation.

It was indicated that it was vital to show fairness and respect and to avoid treating private services firms as outsiders, but instead to make them feel part of the organisation. It was seen as counterproductive to treat private services organisations as "the bad boys" or "whipping boys". These findings were supported by the acknowledgment that PPP failure was also a consequence of the client organisation not treating private services organisations "reasonably" and "fairly". Cases from both ends of the continuum agreed on this point since both highlighted the significance of the role of the public organisation in the development of the partnership relationship and the necessity of integrating the private organisation within the site.

Overall, the client on this site was shown to be committed to avoiding demarcation to the extent of understanding that the client's role, in addition to assuring a good relationship, was to demand respect towards private services organisations. Furthermore, the facilities director claimed that it was possible to get on better with private services organisations when they were treated the same as their own client organisation staff and as part of the organisation. As the facilities manager in this case emphasised: "[...] If you treat them like a contractor they will act like a contractor and it will be a them and us thing and I always try to avoid that" (C.3, facilities manager).

Generally, the public partner organisation adopted an active role. The client manifested itself by imposing its own wants, demanding to be always updated and adopting such strategies as taking into consideration any previous working experience when selecting services providers; participating in the site manager recruitment process or by keeping its own staff in order to make the contract successful. As a negative, it is necessary to mention that the attitude was to get rid of the site manager when either the service or the relationship was not doing well. Another noteworthy aspect of the role played by the public organisation in this research case was their willingness to take one step further in terms of engagement with the private services organisation to create and incentivise profit to be shared by both organisations. Table 7.3 illustrates the key features of this case that defined it as the best scenario among the cases explored in this research.

**Table 7.3: Case situational review: best PPP experience**

<ul style="list-style-type: none"> <li>❖ Management (local) team “fit in”. Site manager’s personality (rapport), management skills and ability to communicate within the site as a whole contributes to success</li> <li>❖ Transparency, commitment and delivery from the private partner</li> <li>❖ Client’s appropriate attitude to collaboration: <ul style="list-style-type: none"> <li>○ Clear transmission of own expectations</li> <li>○ Pursuing equal integration, participation and involvement of private partner organisation. Avoiding demarcation</li> <li>○ Making partner part of the team. Treating partner as own staff rather than outsider or contractor enhanced “getting on” with private services organisation</li> <li>○ Showing and demanding respect towards private services organisation within the site</li> <li>○ Treating private services organisation fairly and reasonably</li> <li>○ Understanding the client’s role in assuring a good relationship</li> </ul> </li> <li>❖ Client adopting an active involvement role (e.g. demanding to be updated constantly and being proactive towards partnership collaboration)</li> <li>❖ Public organisation also adopting a profit business orientation</li> </ul>
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The next section continues to explore the practice of PPP by examining the approach followed by the two partner organisations in a more generalised way.

## **7.4. Overview of partners' adopted approach**

Across the different research cases the client organisations reflected a “pragmatic”, and somehow “open-minded” approach regarding the adoption of outsourcing strategies. Public client organisations were under pressure for services to be “fit for purpose” and add value. Hence, the nature of the services and the lack of direct ownership involved in the provision of the services were important considerations when outsourcing, whilst the particular circumstances of the site were the major determinant. Also, although saving money was not considered to be the right reason for adopting PPP, the client organisation's main drivers were cost effectiveness and the transfer of risk. Across the cases the public organisations were efficiency, outcome and improvement oriented. For that reason, the norm was to be open to any option that would offer better service at less cost rather than to be attached to any specific formula. Generally, prior to formalising any decision, NHS organisations engaged in some sort of networking in order to share information on the experience and reputation of the private services organisations.

However, the PPP system was significantly affected by the high level of competition and pursuit of cost effectiveness. NHS organisations, together with central government, were also supporting indirectly the downgrading of employment terms and conditions within the affected services. Policies such as AFC were therefore necessary in order to counteract this deterioration. As one particular case highlighted, staff held NHS Trusts rather than the private services organisations ultimately responsible for their working conditions and wellbeing, to the extent that NHS organisations were sometimes perceived by staff as colluding in the creation of an unfair working environment.

On the other hand, the outstanding feature among the private services organisations was their confidence in dealing with service provision and the public organisations. They relied on their own abilities, skills and resources and aimed to exceed client expectations and demands. However, private services organisations' competitiveness and ambition presented challenges to the collaboration process. In addition, the high level of bureaucracy involved in this partnership context was a source of concern for the private sector. Conversely, in this study, the participant private services organisations agreed that the bureaucracy did provide a useful framework on which to

judge their performance and the relationship as a whole and above all helped to prevent misunderstandings and misinterpretation. Hence, overall, the private services organisations had a positive attitude towards such formalisation.

However, the private services organisations commonly associated this high level of formalisation with a generalised lack of trust, and therefore they devoted particular effort to gaining the trust of the public client partner organisation, although this was mainly with the objective of obtaining major autonomy in the provision of the services. Long term agreements were indicated as one of the main means of developing the necessary level of trust between the parties.

A common pattern across the cases was the significant level of commitment to achieving success and public client organisation satisfaction and on each site the private services organisations were keen to establish a good reputation in order to gain a competitive edge. Hence, the general adopted approach was based on dealing with hesitation by building rapport, including with other relevant hospital working groups, and through active and constant communication to build bridges. Similarly, the private organisation paid strategic attention to the development of the services and generating a degree of attachment as the preferred provider through general persuasion regarding their abilities and commitment to the site. To this end, across the cases a key figure was identified: the site manager. Hence, private services organisations focus special attention on both choosing and developing local site managers working in PPPs, as the interviews with the HR managers from both interviewed organisations confirmed.

Having discussed how partnership was materialised in practice, attention turns in the next section to the overall understanding of the two partner organisations about the concept of partnership collaboration.

## **7.5. Overview of understanding of PPP**

From the public partners' perceptions, partnership was commonly translated into working together, forming a good team. This also included the idea of maintaining a relationship based on sharing and resolving problems as well as fulfilling each partner's expectations and creating a win-win experience. A key element of this was trust based on a shared vision and values. In truth, the public organisations in general demonstrated

a need to be able to trust the private services providers and to develop the necessary level of integration to achieve this.

From the private sector perspective on values, partnership was associated repeatedly with honesty, whilst other important factors included having a common end, working closely together, striving to reach the stated outcomes, being eager to improve and doing one's best and at the same time giving praise and constructive criticism. Trust, respect, role responsibility, integration and involvement were associated with partnership being seen metaphorically by some participants as a "marriage". Partnership was thereby understood as both parties working together without differentiation and both being equally responsible for the success of the project rather than just one side – normally the contractor organisation. Furthermore, partnership was commonly regarded as paramount for all participants but in particular it was needed in situations of uncertainty and change, where there tended to be more scepticism.

The next section continues the discussion by focusing on the dynamics and managerial aspects of the practice of PPP from the perspective of each partner in turn.

## **7.6. PPP dynamics and management aspects**

### **7.6.1. Public client organisation perspectives**

From the client's perspective interesting associations were made regarding the dynamics of the relationship with the private services organisation. Possibly the factor that had the greatest impact on the relationship was the achievement of the desired outcomes since by this means private partners organisation obtained not only the client organisation's trust but also in some cases their loyalty. Hence, client organisations reported that achieving positive levels of satisfaction led to the rewarding of the private partner; a practice that NHS partner organisations used as an incentive for private firms. Another highlighted association was the linking of PPP success with having the "right local team" on site.

In this regard, regardless of whether the site team was representing the "public" or "private" organisation, from the client organisation's perspective the important factor was having the appropriate people in post. Most of the researched cases highlighted the



significance of the role of individuals and the fact that any change at management level on either side of the partnership affected the relationship. It was emphasised that the existence of good relationships between the parties reduced the significance of the role of the contract to the extent that some public client participants regarded having to refer back to the contract as a negative aspect of the relationship. However, due to the “particular” dynamics of this type of collaboration the contractual nature of PPPs was seen as “inevitable”.

From the clients’ perceptions, the failure of a PPP relationship was likened to a marriage failure that takes place when there is no equal sharing of responsibilities, normally with one side carrying most of the responsibility or holding all or most of the power. A balanced approach, “somewhere in between hell and heaven” was advocated to be necessary. However, despite this acknowledgement, in this research, across the different cases the powerful influence exerted by the public client side was evident. Having said that, some justification was found for this situation in that at the start of the relationship the private organisation did not have the trust of the client organisation, who were wary of opportunistic behaviour. On this latter aspect, some client managers emphasised that protecting a public client organisation’s technical knowledge reduced the threat posed by opportunism. As the cases illustrated, client organisations tended to retain control until the expected results were obtained, which helped to increase reliability among private services organisations, although suspiciousness about private services organisations was still the norm in some situations.

Regardless of the level of trust, public client organisations understood their role as being based on intervention, monitoring and control: an attitude justified by the need to maintain standards. However, this monitoring role sometimes involved abuse on the part of the client organisation in the pursuit of their goals, as was reported by an external advisor to a Trust. This reflected to some extent a “fight” by public services organisations to maintain their power and influence within the partnership agreement. However, despite this tendency by client organisations to “exploit” their “rights” as the client, generally the research participants appeared to have a sound, healthy disposition towards working with private organisations. This mainly resulted from their awareness of the importance of having a problem solving attitude and commitment to making the contract work.

In this vein, public sector organisations emphasised the relevance of involving and integrating private partners within the organisation since the opposite was stated to be counterproductive for the services and the institution. Nevertheless, achieving this appropriate level of integration between public and private was pointed to as one of the biggest challenges in PPP cooperation, with the interviewed public client organisations indicating that demarcation between the two parties still existed.

From the client's perspective the sources of conflict were mainly financial issues. For instance, there were complaints about the level of investment made by the private services organisations and about changes to the facilities or the contract in general. Furthermore, there were frequent misunderstandings; although the public organisations blamed this situation on a lack of clarity in contract specifications and insufficient commitment and engagement on the part of the private partner. In this latter regard, the research highlighted that the expectations placed on private services organisations by NHS organisations included commitment to the task, flexibility, problem solving ability, adaptability to change, general orientation towards the highest quality of service provision, transparency, proactiveness and approachability.

Another issue particularly emphasised was the necessity for private services organisations to work on credibility and trustworthiness to gain the client organisation's trust. In this respect, the private site manager played a decisive role in employing the necessary technical and social skills in the development and maintenance of the relationship with the client organisation, based on rapport. Success was associated to a certain extent with having the right person in post, a statement supported by ideas such as "sometimes the contract is as good as the manager on site". Nevertheless, some participants also emphasised the importance of the two parties sharing profits and expenses equally.

### **7.6.2. Private services perspectives**

From the private services organisations' viewpoint, building the partnership with the client organisation was an imperative, not only to create good working relationships but also as a source of motivation and, above all, it was stated that without the appropriate relationship good quality service provision was particularly hard to achieve. Despite general acknowledgement that the successful implementation of contracts involved hard

work and that good relationships were not always possible, it was pointed out that the whole process was dependent on the team involved and the site manager in particular. The significance of the role of this individual was also indicated by participants' comments that different types of relationships developed according to the type of manager on site. For that reason particular attention was paid to selecting and supporting a private site manager who would fit in to the site and the job. Similarly, client partner organisations looked not only for technical skills and extensive experience in a private site manager but also the appropriate social skills for facilitating the development of a strong relationship with the client organisation.

In addition, in terms of the dynamics of PPPs, private services organisations emphasised the negative characteristic of having to cope with wrong perceptions, prejudices and general reticence towards private contractors. More importantly, there was a common pattern of them being the butt of criticism. Similarly to NHS organisations, private services organisations highlighted the importance of enjoying good rapport between the parties in a partnership to the extent of arguing that this was one of the top priorities for private services organisations in any strategic plan. Likewise, it was also highlighted the impact of any change at management level since normally it required starting a new relationship from scratch with other individuals within the same partnership agreement.

Achievement of outcomes was regarded as an influential and decisive factor for the relationship by the private as well as the public organisations. Private services organisations concurred on the importance of not only being committed but also showing this level of commitment and care about the services at hand to the client organisation. Despite the uncertainty to which private services organisations were habitually exposed, they demonstrated strong commitment towards continuing to build a good reputation within the NHS context through achieving client satisfaction and meeting client's expectations as the way forward.

However, the study highlighted sources of conflict and impediments to the achievement of an optimal working partnership. The private services organisations saw communication as a challenge since it was argued that public client organisations were

not clear enough about their needs and expectations from the signed agreement; hence, contracts were subject to frequent misunderstandings and changes, a point on which both sides agreed. In addition, the problem of client organisation hostility was emphasised; for instance, an anti-outsourcing stance would lead to “easy” criticism any problem or impediment to the success of the contract emerged. Similarly, excessive client power was seen as limiting the level of integration of the private services organisation, whilst a pricing mentality that focused mainly on finding cheaper prices, and client personalities and attitudes were also highlighted.

Generally the success of PPP was understood as to be dependent on several common factors identified in this research: good personal rapport, maintaining day to day contact, and honesty and transparency. More specifically in the case of private services organisation, achieving and meeting the established outcomes was fundamental to obtaining trust and reliability through client organisation satisfaction. Equally, the role of open and continuous communication was emphasised. Furthermore, equal integration and participation were seen as essential to the optimal development of the PPP relationship since partnering required working as a team and equal input from both parties.

## **7.7. Conclusions**

This chapter focused on the exploration of PPP by equally considering both angles of this collaborative working association. Both sectors' views on the generated PPP market were summarised and the practice was evaluated by referencing the best and worst scenarios as identified from the researched cases. The discussion then turned to adopted approaches to working in partnership along with the meaning given to the concept of partnership. Finally, the dynamics and management aspects that in terms of this study are of particular relevance for the understanding of PPP were considered.

The analysis of views from both partners' sides presented a general situational picture about the PPP “experience”. The relational dimension of PPP is the main focus of this research, and management was emphasised by both partner organisations as a crucial element of this. As it was explicitly illustrated in the worst PPP scenario, the commonly followed management approach is inadequate since partners, particularly in the public

sector, need to be educated and prepared to work in collaboration. This chapter has highlighted the significance of the relational dimension of PPPs. The next chapter focuses on critically evaluating the quality of PPP relationships along with the level of congruence between the practice and the rhetoric surrounding PPPs in order to suggest areas for developing a more holistic perspective.

## Chapter 8

### Main research findings discussion

#### 8.1. Introduction

Having presented an overall picture of the involved dynamics and behaviour patterns evidenced in this research through the research findings chapters, this chapter considers the level of congruence manifested between the practice and the rhetoric attached to the concept of partnership. To this end, partnership theory is contrasted with the values, meaning and associations that research participants gave to the idea of working in partnership. Referring to the illustration of best and worst PPP scenarios presented in chapter 7, this chapter also identifies particular areas of partnership that require attention.

The present chapter first explores the management dynamics of PPP by discussing both formal and informal governance structures. Next, an overview is given of the understanding of the concept of partnership, including the values associated with partnership success in this particular public-private type of arrangement. Then the level of congruence between these two aspects is assessed along with the sources of conflict and limitations. Finally, in light of the findings, conclusions are drawn to elucidate the research's intended contribution towards a strategic management approach to PPP.

#### 8.2. Overview of PPP management particularities and dynamics

The nature and type of a partnership and the drivers behind its adoption determine the type of governance (Hodge & Greve, 2007; Weihe, 2005, Osborne, 2000). PPP has been adopted for varying reasons, including achieving efficiency, transformational restructuring, and merely as a transactional system based on finance and expertise issues (Verger & Robertson, 2009). This research data evidenced that the principal public sector drivers were cost saving, obtaining better value for money and, most importantly, obtaining funds. These research results confirm the literature finding that the main drivers are the pursuit of greater efficiency (Mackintosh, 1992) and added value (Hodge & Greve, 2007), or simply to solve operational issues (Kernghan, 1993).

As discussed in chapter 3, PPP can be classified into three models according to the nature of the collaboration agreement. Mackintosh (1992) distinguished three model types: synergy, transformational and budget enlargement. Whilst the latter relates to raising money, the synergy model sets out the partnership discourse since it focuses on achieving mutual benefits through the combination of assets, skills and resources from the organisation, whereas the transformational model also focuses on efficient management and changing the culture. Although, as Mackintosh (1992) emphasised, all these models can be present within the same PPP agreement, this research strongly suggests that costs savings, added value and operational issues were the main drivers for NHS organisations' adoption of partnership-type collaboration agreements.

In terms of the partnership relationship, one of the main findings to emerge from the research data was the dominant role played by the client organisations, whereas the private partner organisation was the side that cared about the development of the relationship. The private services organisations expressed a common and explicit commitment to building a good relationship with the public client organisation and giving them satisfaction. It is necessary to point out here that the public organisations' overuse of power as identified in this research, could arguably generate an imbalance in the relationship that could ultimately lead to a less successful collaboration. Oppositely, active negotiation between partners, consensual and equal decision and general power-sharing characterised a "real" partnership collaboration-type (Kernghan, 1993). Hence, this research finding represents a mismatch between the theory and practice of partnership.

However, the literature reflects a significant transition in the approach to partnership. Thinking has moved from avoidance of dependence, general reluctance and over-highlighting exposure to opportunistic behaviour (Gadde & Snehota, 2000; Parker & Hartley, 1997), and reduction of costs (Gadde & Snehota, 2000) to acknowledgement of close relationships as a means of obtaining greater benefits (Gadde & Snehota, 2000), and embracing the concept of partnership as the optimal model (Cox, 1993, Parker & Hartley, 1997). Within the field of health and social care, Banks (2002) also stresses the move towards finding the best ways to make partnerships work rather than still questioning their value. Although this change referred to in the literature was reflected in the current research findings, the obtained results also suggest that these kinds of

statements may be too optimistic. As Banks (2002) points out, it is a common mistake to overlook problems rather than working them out together to achieve the stated goals (Banks, 2002).

In this research, private services organisations acknowledged that a positive change was apparent in terms of the acceptance of private contractors and, more importantly, in the awareness of the importance of maintaining a good and appropriate relationship. However, the manifested difficulty in reinforcing for mutual dependence and the focus on cost reduction in particular were viewed as unavoidable in the practice of partnership between public and private sectors in this research context. These attitudinal and behavioural dynamics lead in to discussion of the role of the relational dimension of PPP manifested in this research.

### **8.2.1. The role of the relational dimension in PPP**

Despite the high level of institutional influence and general political pressures, the research context echoes the fact that organisations are open systems (Paulin et al., 2000) that are also influenced by the social context. The outcomes of this research highlighted the relevance of intangible issues and informal processes, especially interpersonal relationships and their dynamics. As mentioned earlier, PPP managers play a particularly crucial role in collaborations between these two sectors. In truth, the development and continuation of the contract was dependent on the private site manager and their rapport and connection with the public partner organisation. This evidence focuses this investigation of PPPs on the individual or micro-level dimension and the informal processes and relationships involved.

The identification of the strong influence of individuals on the partnering relationship supports literature views that personal relationships can determine and mould the cooperative structure (Ring & Van de Ven, 1994). Moreover, those research findings that identify project managers from either side of the partnership as the key relational interface for understanding the relationship (Koh et al., 2004) are further validated by this research's results. The reality is that individuals' attributes can connect or divide the different parties (Freeman, 2004; Kilduff & Brass, 2010).



In this research, across cases the strategic management approach of the private services organisations followed a particular pattern and the project manager of each individual site played a crucial role. Private services providers emphasised that the level of success achieved in the PPP was very much down to this individual, who hence required not only experience and technical skills but also the appropriate personal skills to build relationships and establish bridges between the two organisations. The relevance of this focus on management was supported and confirmed by the client side. NHS organisations were strongly influenced by the private project manager, who had the capacity to determine the client's perception of and attachment to the private services organisation. The public partner organisations demanded that the "right" local team were in place, in particular requiring the site manager to "fit in" with all different working groups on the site.

In addition, to appreciate the scope of this relational dimension, it is necessary to identify the different types of relationships manifested. Kern & Keith (2002), for instance, found that relationships were good at higher levels but mostly adversarial at operational levels. However, the cases in this research oppositely presented a better disposition to develop close relationships at operational levels, partly as a result of the day to day interaction, whereas more adversarial and conflictive relationships were found at higher levels, mainly due to having to deal with finance issues. This research argues that these differences in types of relationships are also affected by individual personalities and attributes.

Hence, the results of this research support the finding of such as Ring & Rands (1989) that norms and formal structure are sustained and complemented by personal relationships. For that reason it is argued that attention should be paid to the norms "behind" these relationships. As Paulin et al. (2000) emphasise, relational norms determine the effectiveness of those relationships but, above all, this applies to informal relationships and general operations. The mutual relationship existing between the formal and relational dimensions is further evidenced by the fact of the impossibility of meeting every single contingency in a contract (Kern & Keith, 2002). As a result, adaptability in the face of uncertainty is an essential aspect of the relational dimension of inter-organisational collaboration. Thus, the research emphasises that it is necessary

to go beyond formal structures in order to gain a complete picture of inter-organisational relations (Watson, 2006; Kern & Keith, 2002).

Despite the indicated empirical acknowledgement of the interpersonal dynamics and relationship between parties in partnership work, this research highlights that the practice of partnership in public policy does not match up to the theoretical idea of “genuine” PPP, thereby supporting Weihe’s (2005) finding. As chapters 5 and 6 illustrated, the practice of PPP exemplifies mainly exchange rather than trust-based relationships, due to the highly transactional nature of the explored PPPs. Moreover, the commonly manifested practices of referring back often to contract terms, particularly regarding performance failures, and imposing penalties can negatively affect the normal development of the relationship. Oppositely, as Reeves (2008) emphasises, a partnership spirit of flexibility and reciprocity is reflected by resolution of problems by negotiation rather than by immediate imposition of financial penalties.

This research also mirrored Sako’s (1992) claim that during the early stages transactional rather than relational principles characterise any contracting relation. However, this does not necessarily justify the adoption of a purely transactional approach in the early stages. Such an approach results from the assumption that the contract can deal with any eventuality, as Reeves (2008) highlights. However, as in reality contracts cannot cover all eventualities (Lane & Lum, 2010), the parties involved need to be flexible. Hence, PPP management need to recognise the importance of the socio relational dimension, including both formal and informal aspects, in developing this type of collaboration. For a better understanding of the issues relating to the management of PPP, it is necessary to analyse the rhetoric of partnership in terms of the obtained research findings.

### **8.3. Review of PPP conceptual implications**

The literature supports this research’s finding on the significance to partnership of the relational dimension. Wettenhall (2007, p. 395) even affirms that “genuine partnership can only flourish from relational contract type” based on strong and long-term trust. Indeed, the global idea of PPP assumes that such collaborations involve altruistic rather than exchange-based opportunistic behaviour (Weihe, 2005). The concept of PPP is

mainly associated with values such as equity and mutuality in aspects including management (or co-management) and decision making. Conceptually speaking, transferring this idea of partnership to the public sector domain through PPP implementation represented a new way of governing the production of public services, an alternative to previous methods like contracting or privatisation.

In theory, PPP is argued to represent a shift within the NPM (Hodge & Greve, 2007) since the manifested public sector commitment to cooperative trust-based relationships suggests the abandonment of the classical adversarial relationships between public and private (Weihe, 2005). However, whether any such transformation has taken place in the public domain is open to debate (Weihe, 2005). The current research has identified areas of mismatch between the theory and practice that are discussed in depth in the next section.

### **8.3.1. Mismatch of theory and practice**

The partnership concept relates to ideas of transforming managerial practices and public business relationships. However, there is a lack of evidence within PPPs to support a qualitative shift in public-private relations (Weihe, 2005). Furthermore, the application of partnership to the public management field throws up certain thought provoking ironies. Firstly, for instance, partnership has been widely portrayed as a new conceptual tool for public management reform, whereas private investment strategies were already practised in the public domain (Linder, 1999). In addition, PPP aimed to enhance cooperation and interaction between the two sectors, thereby minimising public-private boundaries. However, in order to fully embrace the idea of partnership and to achieve added value deriving from integration of the two parties, the public sector needs to adapt its management and governance structures accordingly (Linder, 1999).

This research also echoes the literature critique regarding the common practice of focusing too much on structural issues (Saz-Carranza, 2009) rather than management practices and processes. As Gadde & Snehota (2000) claim, the partnership debate is not a matter of types of relationships and organisational structures since they all have their pros and cons; it is rather an issue of management principles. In supporting this argument, Klijn et al. (2008b) affirm that managerial strategies impact on the results obtained, while Schweitzer & Gudergan (2011) stress that management practices and performance are mutually dependent. The need to rethink institutional structures and

management practices (Teisman & Klijn, 2002; Jack & Phillips, 1993), as Lambert & Knemeyer (2004) indicate, highlights specific areas, such as planning, operation control, communication and mutual sharing of both risks and rewards; the latter, in particular, has been identified as a distinctive attribute of partnership collaboration (Schaeffer & Loveridge, 2002; Lambert & Knemeyer, 2004).

Hence, conceptually, PPP essentially entails adoption of different thinking and practices (Keast & Hampson, 2007; Lambert & Knemeyer, 2004; Wettenhall, 2003; Teisman & Klijn, 2002; Jack & Phillips, 1993) that promote collaborative management styles, including exploitation of social capital and enhancement of respect and trust (Wettenhall, 2003). However, the results of this study indicate that these elements were not in place. The research participants highlighted partnership issues such as lack of communication and sharing, which suggest that PPPs correspond more with contractual relationships rather than trust-based collaborations. The management attitude adopted in PPP was commonly in line with “traditional” practices based on transactional and command approaches.

Hence, this research highlights the paradox of regarding PPP as a new concept when in practice old management practices are being reproduced. Across the cases of this research, there was significant evidence of impediments to the development of successful PPPs, mainly relating to a focus on formalised methods of task control and assessment. These manifested patterns were closer to previous forms of public and private collaboration, such as contractual mechanisms, rather than the concept of partnership to which the public organisations professed their commitment. In addition, it is salutary that these patterns of behaviour have the potential to cause dissolution of the partnership due to lack of trust (Ring & Van de Ven, 1994).

The empirical information obtained in this research led to the drawing of parallels between the concept of partnership and the control system approach of organisational theory, as Watson (2006), for instance, critiques. From this view, the focus is on executing control over what is the essence of any organisation: the human dimension. The idea of conceiving organisations as politically neutral and controllable entities (Watson, 2006) seems to similarly apply to the way in which partnership has been put

into practice. The focus on “ideal” management approaches and formal structures has limited partnership to “good practice procedures” for achieving success (Cheung & Rowlinson, 2011).

This research has exposed both a desire for control and the outcomes-driven nature of the partnership relationship. In line with Watson’s (2006) discourse about the nature of organisations, this pattern might be a result of the uncertainty generated by the human dimension of inter-organisational collaboration – or an implicit lack of trust. However, human actions are essential elements of analysis of the partnership relationship and to “pragmatically” disregard the human element and relationship processes would prevent the formation of a full picture of partnership collaborations.

Interestingly, the participants in this research identified failure as due to the nature of the collaborative agreement (merely transactional); power imbalances; distrust and over-control; lack of investment in the development of trust; limited integration and acceptance; lack of mutual understanding; inadequate or bad disposition toward collaboration; lack of communication; and unclear expectations. Shortcomings in partnerships are similarly associated in the literature with poor communication; poor organisational structure; power plays; defensiveness (Argyris, 1999); imbalances, such as in power, resources, and benefits (Kanter, 1989) or mismatches of expectations (Lambert & Knemeyer, 2004).

Inevitably, in light of the evidence produced, this study considers the practice of PPP in the English NHS context as being closer to failure than success. Moreover, this research’s evidence indicates that investment in management was insufficient in the sense that in terms of resources and planning there was not enough attention to the socio relational aspect of PPP. The apparent mismatch identified in this research between theory and practice cannot be ignored, whether arising from lack of understanding between parties or unrealistic expectations embedded in the concept of partnering.

Furthermore, portents of failure are apparent within the practice of partnership, not only because of the political influence, as Ring & Van de Ven (1994) emphasise, but

also because, as this research argues, insufficient attention has been paid to planning, implementing and maintaining inter-organisational relationships in the long run. Moreover, if partnerships are presented as the way forward for public services, the inevitable question is why the necessary resources and planning have not been provided. Whilst in theory, governments have promoted the notion of partnership, as the public organisations participating in this research argued, the required approach, support and resources to implement it in practice have been missing. Having considered these impediments to the implementation of PPP, it is necessary to explore the concept itself since this research argues that failure of implementation might partly be due to misunderstanding around the concept of partnership, as the next subsection explains in detail.

### **8.3.2. The conceptual “game” and its consequences**

Throughout this research journey some vagueness has surrounded the use of the term “partnership”, on the part of the researcher and the participants. Interestingly, the participants continually used the term “partnership” rather than contract or outsourcing. This generated confusion as to whether contract and partnership had the same meanings for the participants in this research. This observation is a reflection of a more general misunderstanding around the meaning of partnership. As the literature review demonstrated, PPP remains a slackly defined concept, a neologism (Hodge & Greve, 2007). In addition, partnership and contracting are terms used interchangeably.

Despite extensive practical application and the proliferation of PPP literature, there is no accepted definition or institutionalised standards on which to frame this type of public and private collaboration. The ambiguity that still characterises this concept renders it necessary to clarify the conceptual boundaries. As Hodge & Greve (2007) argue, the diversity and lack of generalised theoretical approaches might be due to the fact that public management agendas have only fully incorporated PPP in the last ten years. However, so far, the nebulosity of the PPP concept has impeded both theory development and the establishment of policy guidelines.

Additionally, the overuse in the public sector context of the term “partnership” is such that it could be considered a “buzzword” (Facloner & McLaughlin, 2000; Keast & Hampson, 2007). It could also be viewed as an umbrella concept that includes other

types of collaboration, as exemplified in public policy discourse by the interchangeable use of horizontal integration strategies such as cooperation, coordination and collaboration (Keast & Hampson, 2007). In order to evaluate the PPP phenomenon in detail, clear differentiation between its various manifestations is necessary (Hodge & Greve, 2007). The difficulty lies not only in the general vagueness of goals and objectives set by government, but also in the public sector's alleged manipulation of meanings and adoption of new expressions in order to obtain support for its policies by avoiding the hostility that terms such as privatisation and contracting out can arouse (Hodge & Greve, 2007). Nevertheless, the use of more "catchy names" for similar policies has had the consequence of creating disagreement and confusion.

Regardless of the use by the public sector of language games to hide a possible transactional orientation, the important issue is whether any transitions in line with partnership rhetoric had taken place. The practice of partnership between the public and private sectors is surrounded by incongruence and contradictions. For instance, the way in which partnership is adopted seems paradoxical considering the general background and motivational drivers. As it was mentioned earlier, "adding value" was a priority, especially for public sector organisations. Furthermore, as Huxham & Vangen (2005) stress, the *raison d'être* of collaboration is the potential addition of value.

Consequently, this research considers it a contradiction to focus on achieving added value without considering that the relationship itself represents a source of added value. As Madhok & Tallman (1998) point out, it might be this lack of appreciation that prevents public organisations from benefiting in full from collaboration. As the literature review demonstrated, the achievement of more efficient, flexible and cost-effective public services has been the focus of public sector management and the "social", intangible, non contractual aspects, such as the relationship between the two sectors, have been overlooked. The cases under investigation in this research evidenced almost exclusively a focus on outcomes and performance achievements, limiting the relationship to "aggressively" contractual dynamics (Hodge & Greve, 2007).

On similar lines, another inconsistency identified regarding the values the theory attributes to partnership is the unilateralism manifested in terms of such as power balance, reciprocity, equity and general mutuality. This was exemplified particularly by the public partners' failure to conduct any self-assessment or evaluation on the organisation's role as a partner. Instead, attention was solely focused on how the other partner was delivering and behaving. This form of conduct was also manifested in the "controlling" role adopted by public partners and that seemed to ensue from the assumption of more rights through being the client organisation.

To all intents and purposes, the practice of "partnership" in this research was evidenced to be merely focused on short-term achievement of outcomes rather than a long-term approach. For that reason, and in line with the previous conceptual distinction made between collaborative strategies by referring to Keast & Hampson's (2007) work, the practice of PPP seems to be more aligned with coordination models since partners' organisational autonomies are maintained separately, whereas mutual understanding and goal alignment are confined to the structured mechanisms for working together (Keast & Hampson 2007) towards the achievement of a specific purpose (Schaeffer & Loveridge, 2002).

Moreover, the public sector traits of unwieldy bureaucracy and focus on impartiality, uniformity and rules, are at odds with the partnership qualities that are considered to lead to collaborative advantage. For instance, as Schaeffer & Loveridge (2002) emphasise, PPP has an intrinsic particularity in that the intervention and role of government policy cannot be delegated; hence, "truly joint decision making" is hindered. This means that the levels of dependence and general dynamics (Keast & Hampson, 2007) between parties comply more, for instance, with the earlier mentioned coordination strategies. The government's emphasis on calling these agreements "partnerships" rather than collaborations or, even better, cooperation, considering that they are closer in nature to the principal-agent relationship type, is contentious. Furthermore, it provokes further query about whether the partnership concept has been presented more powerfully (language manipulation) than the other two concepts, as the public sector literature highlights the theoretical dominance of partnership in this field (Parker, 2004; Gadde & Snehota, 2000).



The results of this research support Reeve's (2008) affirmation that despite the proliferation of PPPs, the concept is still underdeveloped. It can even be argued that the notion of partnership as applied to this type of inter-organisational relationships is anomalous (Reeves, 2008) or, as one public organisation participants emphasised, its use is "interesting" in this context. However, as explained at the beginning of this chapter in section 8.2, the fact that the explored cases were markedly outcomes oriented and driven by purely transactional drivers might be explained by taking into consideration the argument that any chosen collaborative strategy needs to be in accordance with the established goals and objectives (Schweitzer & Gudergan, 2011; Keast & Hampson, 2007). Hence, these formal organisational patterns were manifested as a response to outcome-driven agreements.

#### **8.4. Understanding of a successful partnership**

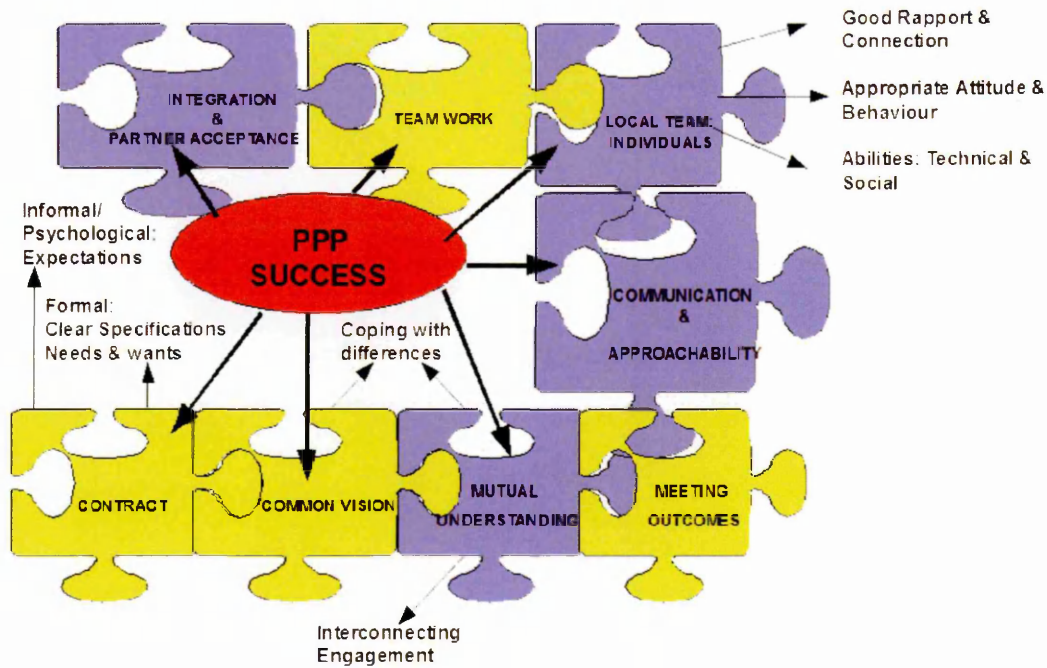
This section firstly discusses success factors and understanding of what constitutes a successful PPP, as identified by the empirical evidence collected. The explored cases highlighted common elements among the participants' descriptions and understanding of success factors in PPP. Table 8.1 summarises the factors related to success according to the views of participants from both sides.

**Table 8.1: PPP success factors and conditions**

<ul style="list-style-type: none"><li>❖ Creating a “suitable” environment</li><li>❖ Partner acceptance</li><li>❖ Integration levels. Equal involvement of partners</li><li>❖ Working as a team<ul style="list-style-type: none"><li>○ Understanding success as the input of both parties</li><li>○ Equality of effort, commitment &amp; power</li><li>○ Both parties sharing benefits, risks, expenses &amp; investment</li><li>○ Avoidance of a blame culture</li></ul></li><li>❖ Local team. Individuals<ul style="list-style-type: none"><li>○ Good relationship &amp; rapport. Amenable personalities &amp; common will for success</li><li>○ (Private organisation) site manager<ul style="list-style-type: none"><li>● Technical (management) skills</li><li>● Social abilities</li></ul></li><li>○ People dependence. Same management team over a long period. Changes have significant impact on the PPP relation</li><li>○ Re-employing former staff, especially at managerial level, to facilitate change &amp; fusion of the two organisations</li></ul></li><li>❖ Clear specifications, expectations, needs &amp; wants. Right contract</li><li>❖ Client-contractor running contract on the same lines (ends). Finding common ground<ul style="list-style-type: none"><li>○ Bringing the partners’ cultures closer</li><li>○ Mutual understanding and awareness (ethos, values, structures &amp; procedures)</li></ul></li><li>❖ Communication. Keeping continuous &amp; open communication. Both partners being approachable</li></ul>
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However, inevitably these indications correspond to Argyris & Schön’s (1978) so-called “espoused theory”; that is, what participants said did not necessarily comply with what was or could be executed in practice: the “theory in action”. Apart from highlighting elementary requirements such as achieving client satisfaction and positive outcomes, the success factors identified noticeably refer to both formal or tangible and informal or intangible elements. Above all, this research stresses the issue of building and maintaining the right, supportive environment (Trafford & Proctor, 2006), as highlighted by Greer (2001), with ideologies that enhance understanding and respect. However, the NHS context not only failed to create the right environment but also lacked a partnership identity in terms of the key aspects illustrated in figure 8.1.

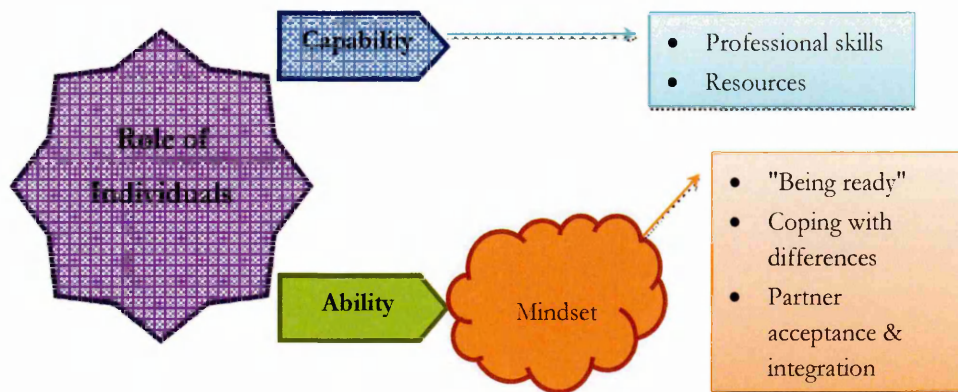
**Figure 8.1: The elements of a suitable PPP environment**



(Source: Pardo-Vela, 2013)

Both parties emphasised the relevance of maintaining an appropriate level of integration and mutual acceptance. Similarly, in operational terms, the requirement of working as a team was highlighted, meaning that the success of the relationship was understood as the contribution of both parties through equality of effort, power, investment and sharing of risks and benefits. Regarding the formal dimension of PPP, the right contract is required, with clear specifications, expectations, needs and wants. To fulfil the contract appropriately, both parties have to run the contract on the same lines, that is, achieving a common vision through communication and mutual understanding. Success was, in broad terms, understood as being dependent on two elements: obtaining positive outcomes and the local team. This research highlights that the attained level of performance and outcomes determines and affects the relationship. However, as already mentioned, the PPP socio-relational dimension was, in terms of PPP practice, virtually ignored.

**Figure 8.2: The role of individuals in PPP**



(Source: Pardo-Vela, 2013)

The individuals and their inter-personal relationships are indeed of paramount importance for the development and generated profile of the collaboration agreement. The level of rapport between individuals and their general attitude and commitment to the business relationship determine the success of that relationship. The key role in this respect is played by the project managers, who are responsible for “gelling” the members of the two organisations. Hence, the role of individuals is emphasised in this research as a major element of strategic partnerships between public and private organisations. As figure 8.2 illustrates, working in partnership also requires “readiness” in the sense of individuals having a suitable mindset to engage in the relationship and accept the implications of working in partnership.

Furthermore, the involved individuals’ subjectivity and the formation of psychological contracts lead to different interpretations and expectations (Schalk & Roe, 2007). As a whole, the psychological contract serves to evaluate the relationship since the success of the relationship depends on the fulfilment of the expectations that partners hold, that is, the level of satisfaction (Koh et al., 2004). Feelings of inclusion, a sense of predictability

regarding others' responses, general security, and perceptions of commitment, trust, and mutual understanding are some of the needs and expectations that together comprise the psychological contract (Fleming & Low, 2007; Henderson, 1990; Lee & Kim, 1999, 2005).

These issues were manifested in this research through repeated expressions of partial satisfaction on the client partners' side. Despite the success that generally characterised the cases in terms of outputs and results, public client organisations seemed to be demanding "more" from their collaboration with private services providers. This finding leads to this study's assumption that partner organisations' perceptions and interpretations influence success above actions and procedures. This research further argues that individual interpretations of obligations deriving from the contract, that is, the individual psychological contract, can expand public-private outsourcing relationships beyond legal contracts. This is because the obligations and expectations deriving from the psychological contract are based mainly on the attitudes and behaviours that are prerequisites to the success of the relationship.

As Webber & Klimoski (2004) emphasise, the relational interface between project manager and client has received limited attention, particularly in terms of the project manager's influence on managing the relationship with client organisations and on increasing client trust and loyalty towards the private services organisation that the project manager represents. Hence, this research outlines an "ideal private partner-type" profile that derives from contrasting the public clients' expectations and private services organisations' interpretations of their role as a partner to the public sector. Both professional and social skills were highlighted as necessary for running the relationship. In addition to the required management skills, personality and the ability to "gel", build and maintain good rapport were repeatedly mentioned by participants as well as the ability to communicate and be approachable; being proactive, open, and respectful; focused and committed to do one's best, being flexible and receptive to change; having a good disposition for dealing with conflict; and concern over credibility, trustworthiness and exceeding the client's expectations.

An “ideal partner” profile is applicable to either party in terms of what is needed and expected from a partner working in partnership. Generally these attributes (characteristics and behaviours) comprised: accepting mutual dependence; being willing to merge; enhancing mutual understanding; acknowledging and accepting differences; communication; regularly assessing one’s role as a partner –rather than exclusively expecting and demanding this from the other partner. Above all, mutual dependence and understanding and the sharing of a common vision were the key issues for maintaining partnerships between public and private organisations.

Based on these results, this research justifies its claim regarding the paramount importance of the social dimension of PPP. Nevertheless, it is not argued that formalisation is undesirable, since regulatory mechanisms and clear hierarchical structures (Klijn & Teisman, 2003) are certainly required. Rather, a balance between formal and informal organisational structures is necessary in developing successful partnership collaborations. As previously discussed, formality and bureaucracy levels are a required starting point for the development of PPP since they provide the reassurance needed for engendering parties’ commitment and engagement (Fleming & Low, 2007).

This research recognises that partnership working is a challenging strategy, especially in the case of PPPs. Partnership is associated with trust-based relationships that require transformation of traditional management and governance structures. A move away from conventional adversarial relationships is needed, involving a culture, attitude and management systems that differ from the “power game” found across cases. Furthermore, as was repeated across cases, flexibility and some degree of informality are required since any contract will contain inconsistencies. Although this research highlighted differences between the two sectors, particularly in terms of culture, as Kumar (1996) stressed, differences between partners are always expected since they have separate goals and interests. Bridging these differences requires extra effort and investment in management terms.

In this research, not only was diversity highlighted but also reluctance on the part of the public partner organisations. This reluctance, in Noble & Jones’s (2006) words, was characterised by the presence of a “cautionary distance” manifested in the client

organisation's attitude, behaviour and perceptions and it created an extra challenge in management terms. The research participants acknowledged the "culture distance" from the start by discussing the partners' different goals and values, ways of operations and accountabilities (Noble & Jones, 2006). Although, the research mainly focuses on similarities and finding the common ground between partners (Lambert & Knemeyer, 2004), it also acknowledges the necessity for management to identify and address these areas of conflict and difference (Usher, 2004).

Despite the fact that this research explicitly related success with the achievement of contract goals, the above discussed aspects evidence that other factors also influence the success of PPP, although as Stadler (2012) emphasises, they tend to be ignored in terms of investment. This research argues that in order to meet the expectations of both parties a more holistic management approach to PPP should be adopted, which takes these elements into consideration as well as the achievement of general objectives. In order to plan and manage the partnership relationship beyond formal structures and outcomes orientations, the appropriate investment in the relationship is vital (Willcocks & Kern, 1998). Apart from requiring acceptance of mutual levels of interdependence between the parties, PPP necessitates a change of internal modes of operations and relationships (Keast & Hampson, 2007) along with more sophisticated management skills (Cousins, 2002) and resources (Klijn et al., 2008b; Schweitzer & Gudergan, 2011) in order to enhance connectivity and break down barriers and prejudices.

Table 8.2 brings together the empirical results to offer a framework for managing PPPs strategically that will be discussed in greater detail in the next and final chapter.

**Table 8.2: Framework for a partnership-based management approach**

<p><b>Key elements</b></p>	<ul style="list-style-type: none"> <li>❖ Planned adaptation at both management and personal levels</li> <li>❖ High level of interaction to encourage trust</li> <li>❖ Long-term relationship to boost stability through increased trust</li> <li>❖ Win-win scenario. Equity and reciprocity between partner organisations</li> <li>❖ Accepting mutual inter-dependence (letting go of autonomy disposition). Partnership involves disempowering relationships</li> <li>❖ Commitment to succeed</li> <li>❖ Two-way continuous, open communication</li> <li>❖ Social skills to create and maintain good rapport</li> <li>❖ Appropriate behaviour for encouraging collaboration, cooperation and coordination.</li> <li>❖ Achieving results. Service delivery focus on quality guarantee, improvement and innovation assurance</li> </ul>
<p><b>Becoming the “ideal” partner in PPP</b></p>	
<p><b>Values &amp; principles</b></p>	<ul style="list-style-type: none"> <li>❖ Willingness to merge.             <ul style="list-style-type: none"> <li>○ Appropriate mindset and attitude for collaboration</li> <li>○ Acknowledging and accepting partners’ differences</li> </ul> </li> <li>❖ Readiness to accept mutual dependence</li> <li>❖ Commitment to enhancing mutual understanding</li> <li>❖ Full engagement in communication</li> <li>❖ Self assessment of one’s role as a partner</li> <li>❖ Ability and willingness to share common vision</li> </ul>

## 8.5. Conclusions

Two major angles were adopted for this critical exploration of PPP; firstly, the conceptualisation of partnership to elucidate understanding by focusing on the meaning and associations given to the concept of partnership by those involved in PPP agreements, and secondly, the way the concept is materialised into practice. These two perspectives were analysed to identify the level of congruence between theory and practice and to develop an integrated PPP management model. The review of the literature allowed identification of strategic areas of intervention for successful PPP implementation and maintenance in accordance with partnership theory. Meanwhile, the exploration of the practice of PPP in public healthcare was found to be particularly close to what Kernghan (1993) identified as “operational partnership type”, distinguished by substantial coordination without shared decision-making, as there was no sharing of power or equity in the inter-organisational relationships.



This research highlighted that the glaring mismatch between the principles and implications of partnership and the practice might be linked to the process of instigating market-based policies in the public domain. The end result was a similar pattern to that adopted in the private sector and which represented a “quasi-partnership” instead. Hence, that diverts attention away from failure since the adopted partnership strategy constitutes a representation of the concept of partnership within the public sector. The big question is whether partnership collaboration with the private sector has really been tried, considering that significant aspects of planning and management have been ignored, which also begs the question whether partnership is a policy or just a phrase.

The paradox that emerges from these research findings lies in the fact that the public sector, on initiating this collaborative strategy, was lacking the necessary tools for successful implementation of PPP, but in addition, it ended up fostering anti collaborative relationships. It seems a contradiction that government should proclaim the implementation of such a strategy when the required conditions, resources and support were not in place. This situation raises queries/concerns such as whether there was purposive manipulation of the partnership term, whether the situation resulted from pure incompetence or whether it is simply impossible to successfully implement this type of collaboration in the public domain.

On the other hand, in the literature PPP is associated with major effectiveness, almost as a “fact”, to the extent that success was taken as a given. However, the success of PPP in adding value is still under debate. Indeed, the empirical results of this investigation add more fuel to the literature debate as to whether the globally recognised concept of partnership can provide the “ideal model” for inter-organisational collaboration (Friend, 2006) and whether in practice when compared to traditional approaches, it has achieved more success (Diamond, 2006; Friend, 2006; Laffin & Liddle, 2006; Wettenhall, 2007; Jacobson & Choi, 2008). Nevertheless, regardless of the criticisms of scholars, if partnership does not result automatically in higher success or efficiency this might be because the principles of this concept have not been properly applied. As has been argued through this chapter, the success of PPP is tied up with resources and conditions, whilst these conditions are embedded in horizontal relationship approaches in which trust is the major capital (Kooiman, 2003; Lowndes & Skelcher, 1998; Wettenhall, 2004, 2005.).

Hence, the research also maintains that relationship management is a crucial aspect of PPP. Strong relationships between partnership contracting parties is necessary for the effective development of PPP, not only because of the potential benefits that can be obtained from good relationship management but also the globally accepted strategy of PPP aligns with the advocated theory of “partnership”. This is mainly because PPP represents an alternative strategy that promulgates values in line with relational governance mechanisms such as open communication, trust, and a focus on a shared vision (Larson, 1995; Glagola & Sheedy, 2002; Tang et al., 2006, Jacobson & Choi, 2008) that embody the principles of flexibility, solidarity and information exchange as the informal institutional framework through which parties fulfil their obligations (Zheng et al., 2008; Baker et al., 2002; Granovetter, 1973; Gulati, 1995, Ring & Van de Ven, 1994).

The main issues and particularities affecting the practice and conceptual dimensions of PPP are summarised in table 8. 3. Due to the mismatch identified between the practice and partnership theory, it is thought-provoking to name those public-private inter-organisational collaborations “partnerships” when the practice reflects simple contractual agreements. In this chapter it has been argued that public-private collaboration needs to be developed according to the foundations of partnership theory in order at least to maintain consistency with the discourse that relates to this term in the public management field.

**Table 8.3: Main conceptual and managerial issues of PPP**

<b>Management dimension</b>	<b>Conceptual dimension</b>
<ul style="list-style-type: none"> <li>• The role played by the involved individuals, particularly the boundary-spanners</li> <li>• The need to achieve and maintain a balance between formal and informal processes</li> <li>• The interdependence and mutual influence of informal (socio-relational dimension) and formal governance structures               <ul style="list-style-type: none"> <li>○ Excessive formalisation and monitoring impede further development of the relationship</li> <li>○ Personal relations can shape but also modify the formal structure</li> </ul> </li> <li>• Power relations and equity levels play a significant role in the development of inter-organisational relationships.</li> <li>• PPP involves a change in management style (specific needs apply)</li> <li>• PPP implementation, development and maintenance require extra management resources and planning.</li> <li>• PPPs should look for commonalities and build synergies between the public and private sector, whilst still heeding and addressing differences.</li> </ul>	<ul style="list-style-type: none"> <li>• PPP as a fashionable concept of public sector discourse, with the implicit danger of being reduced to a mere (public sector) reform brand</li> <li>• Misused concept</li> <li>• More precise thinking about the nature of PPP needed.</li> <li>• No clearly defined classification system</li> <li>• Despite the evidenced global popularity of PPP, the partnership notion is surrounded by confusion</li> <li>• Implementation standards and clear management are required throughout the life span of the partnership, focusing on implications and particularities of the concept.</li> </ul>

In terms of the discussed issues, the researcher would like to add that, *“If you give a fool lemons, he complains of their bitterness. The wise make lemonade instead”*. This saying is brought in to invite further review on the attitudes and behaviours that surround partnerships between public and private organisations. Although the idea of public-private inter-organisational collaboration is not new, as the data collected in this study demonstrates, negative influences still impede its optimal – congruent development and hence this research suggests that it is important to deal appropriately with these issues. This research invites reconsideration not only of the “unacceptability” of the practice but also the theory of working in partnership, that is to say the ambiguity of the concept. Neither academics nor professionals seem to have given serious thought to the other side of the coin: the informal or socio psychological dimension of PPPs. No excuses can justify the persistence of this mismatch between the practice and principles of partnership allying public and private institutions. So it is necessary to encourage businesses and especially governments to make better and tasty “lemonade”.

However, partnership work cannot “flourish” naturally. An action plan is necessary for moving from being “in” partnership to being “a” partnership and achieving congruence with partnership rhetoric and principles. This entails recognition of the intrinsic level of distinctiveness associated with this form of collaboration as opposed to practices such as privatisation and contracting out. The research conducted qualitative approach for gathering both partners organisations’ views on

the experience and meaning given to the concept of partnership allowed to spot a “suitable” environment for PPP and to establish specific management patterns according to this particular type of collaboration needs and requirements.

Whether PPP is used as a “pretext” either in the public realm or political discourse for hidden purposes or is simply a difficult or unfit concept to apply in the public sector, not only the idea but also the values associated to this particular public policy are still defended in this context while the practice points in a very different direction from the partnership rhetoric. Hence, the next chapter reviews the research objectives in terms of the experiences of both partnership member organisations. The research goals are reassessed and linked to the areas for attention and management investment highlighted in the present chapter through the proposed model. In addition, the next chapter draws overall conclusions and suggests lines for further research in the field of PPP and partnership theory.

## Chapter 9

### Conclusions

#### 9.1. Introduction

This chapter brings this study on PPP in the context of the English NHS to a close. It presents the major research findings, contributions, and conclusions of this research as well as the limitations of the research. In addition, suggestions for further research are formulated for those wishing to join the author in pursuit of a better understanding of this complex yet important and timely topic.

Deriving from continuous reforms and new ways of services provision in healthcare, for the last decades PPPs have dominated NHS ancillary or support services provision, and hence this research focused on: *“How the concept of partnership is approached and understood in outsourcing public support services”*. To answer this question, this study dealt with PPP “reality” by using a multi-case study design in which two leading hospitality companies were approached. PPP was investigated across five cases from the two partners’ perspectives, public and private, focusing not only on the practice but also on the understanding of the concept of partnership.

By exploring the dynamics and processes involved in these inter-organisational relationships together with the particularities inherent in this context, this study attempted to 1) achieve a deep conceptual understanding of the term of partnership and its implications in both theory and use; 2) analyse how partnership is understood (values and expectations) and implemented in this research context and its particularities; and 3) explore the applicability, connection and potential of relational management theories such as RM and IRM for the development and successful implementation of the public-private collaboration relationships by focusing on how an IRM approach can be useful in enhancing inter-organisational relationships.

In addition, attention was not only directed towards determining key influential factors for the success of PPP in healthcare public services but also the outsourcing market was targeted in order to evaluate its current situation and anticipate possible future directions and how far could partnership go within this particular context (NHS). This chapter first discusses the prime obtained results in line with the established research objectives and introduces the before

concluding arguments. Then, the final sections centre on the overall research contribution along with suggestions for further research.

## **9.2. General discussion**

On the basis of the detailed discussion of the research findings, this study can now draw conclusions in relation to the following initial objectives:

- a) To appraise the context of PPP both external and internally by focusing on the inter-organisational working climate and socio-relational dimension of collaborations between public and private organisations.
- b) To evaluate the meaning and values attached to the idea of collaborating in partnership, including PPP success factors: how the partnership concept is understood in terms of attributes, implications and expectations.
- c) To examine the organisational structure of PPPs and related governance practices in order to identify how the partnering contract relationship is managed and planned, both formally and informally. Focusing on how the concept of partnership is interpreted into practice raises issues such as governance style, ethos and culture, and practices and strategies but also informal relationship aspects such as partners' attitudes, behaviour patterns and expectations about working in partnership.

In this way, this research was principally committed to clarifying the meaning of forming a partnership, what partnership meant to the public and private partners at the working level, their understanding, experience, and the expectations associated with this kind of collaborative strategy. Despite considering the key drivers for adopting partnership, which vary on a case by case basis, there are issues that are common to all PPP agreements. This understanding was contrasted with the way PPP projects were materialised in practice as well as with the stated foundations of partnership theory and the management implications.

### **9.2.1. Empirical evidence discussion**

As introduced and discussed in the previous chapters (from chapter 5 to chapter 8), this research mainly pointed to the fact that no partnership was found in PPPs. The common accepted practice of working in partnership was translated to following traditional formal mechanisms that emphasised purely transactional buyer-seller, principal-agent working relationships. However, this research clearly highlighted the informal aspect of partnership working, that is, the socio-interpersonal relationships. In fact, in collecting and developing understanding from participants'

views there was a strong lack of congruence. The concept of partnerships was unanimously be associated with similar values and characteristics that mainly brought to the scene the importance of the involved –even the hidden dimension of public-private collaboration: the psychological PPP contract.

Basically, the overall research aim was to examine implementation and governance practices of the concept of PPP in order to identify the connection between theory and practice, focusing on assumptions, possible gaps or impediments to the development of PPP (objective c). To this end, firstly the research objectives centred on evaluating the participants' associations in terms of values and pinned expectations along with the conceptualisation of the idea of working in partnership (objective b).

Many common associations and values emerged. From the contractor's side mutual respect, trust and confidence in the other partner, co-forming a team and being part of it, communication and openness between partners, having a common end, striving to reach outcomes by doing one's best and general commitment were the attributes ascribed to a good partnership. Public partner organisations, however, evidenced pragmatism by emphasising the "team work" element. Statements such as "it {partnership} is working with our service providers to ensure that the services are provided in line with our specifications...so everybody needs to work together to make it all work" also reflected the power roles within the partnership agreement and the division between "them and us". However, both sides associated high levels of openness, honesty and trust with partnership, whilst the client side also stressed the importance of mutual understanding.

The above elements of partnership directed this research's attention beyond contract outcomes and specifications towards factors that influence and explain the dynamics and development of the inter-organisational relationship. In truth, most of the mentioned values with which the concept of partnership is associated correspond to the socio-relational and psychological dimensions of PPP management. Hence, views from both sides of the partnership reflected the psychological contract of working in partnership that table 9.1 summarises.

**Table 9.1: The PPP psychological contract: PPP partners' expectations:**

Client partners' expectations	Private provider partners' expectations:
<ul style="list-style-type: none"> <li>◆ Transferring any operational risk</li> <li>◆ General service improvement, added value and cost effectiveness</li> <li>◆ Outcomes achievement, competence (delivering and managing the contract) and delivering what is stated</li> <li>◆ Expectations shift: Better services and added value rather than cheaper prices.</li> <li>◆ Regular communication and interaction</li> <li>◆ Provider partner to fit in the site, supporting the belief that the team makes the difference.</li> <li>◆ Compatibility between parties was not expected, instead, complementarity was pursued</li> <li>◆ Openness and honesty expected in order to generate trust. Important to public client partners not to "be shafted".</li> <li>◆ Expected attitudes from private provider partners are: being driven, committed, service rather than money oriented, and flexible and receptive to any change, conflict situation or client partner's needs.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Good communication and being kept informed for better understanding of contract expectations and requests. Two way communication and on a daily basis rather than through formal meetings alone.</li> <li>◆ Reasonable autonomy. Contractor having control and ownership over the operation</li> <li>◆ Demonstrating capability and commitment to the site together with a clear aim of exceeding client's expectations to become the preferred supplier, and hence, to continue being the chosen services provider.</li> <li>◆ Being part of the team: contractor accepted on site and integrated. Client accessible and on contractor's side</li> <li>◆ Working together. Equal responsibility: success understood as the input of both parties.</li> <li>◆ Clear contract and specifications. Contractor understanding client's expectations. Client organisation knowing what is wanted.</li> <li>◆ Reasonable expectations from contractors in accordance with particular circumstances and payment rates. Client not price sensitive and making only reasonable demands/requests.</li> <li>◆ Obtaining client recognition and acknowledgment of private provider's achievements</li> <li>◆ Client organisation not only accepting private partner's profit orientation but also understanding that the achievement of margins is beneficial to both.</li> </ul>

However, as mentioned at the start of this section, this research evidenced that despite the relevance purportedly attached to factors such as trust, communication, and level of rapport, in practice these aspects were ignored, whereas formalisation and procurement processes were at the centre of PPP management. Besides, the revealed high formalisation, rules and procedures, inflexibility and limited communication positioned these research cases far from the relational contracting principles (Paulin et al., 2000) that differentiate partnership strategy from other forms of collaboration. In truth, any of these aspects were addressed or "formalised" in management terms. However, in this regard, this research pointed out that these PPP characteristics are also linked to the IRM theory and principles discussed in the review of the literature.



**Table 9.2: Contractual vs. relational PPPs**

	<b>Contractual- transactional PPP</b>	<b>Non-contractual-relational PPP</b>
Focus	Contract oriented (rules & goals achievement)	Relationship focus (based on trust and respect)
Relationship quality	Poor: <ul style="list-style-type: none"> <li>• Weak/limited interpersonal ties &amp; bonding</li> <li>• Distrust</li> </ul>	High: <ul style="list-style-type: none"> <li>• Close relationship</li> <li>• Empathy</li> <li>• Interpersonal ties</li> <li>• Trust</li> </ul>
Attitude	Reactive	Proactive
Level of interaction	Low	High
Communication	Limited & formal	Extensive & both formal & informal
Time	Short term	Long term
Planning	Narrow, complete & specific (remote contingencies not covered)	General & evolutionary
Way of working	<ul style="list-style-type: none"> <li>• Split purposes &amp; goals</li> <li>• Limited interdependence</li> <li>• Limited co-production</li> <li>• Demarcated responsibilities, division &amp; boundaries</li> <li>• Extensive reference to the contract</li> </ul>	<ul style="list-style-type: none"> <li>• Shared alignment purposes</li> <li>• Mutual interdependence</li> <li>• Team work &amp; collectiveness</li> <li>• Risk sharing</li> <li>• Issues dealt with largely without reference to contract</li> </ul>

(Based on: Gil, 2009; Reeves, 2008; Weihe, 2008; George & Jones, 2005)

As Mintzberg (1996) emphasises, formalisation is an aid but can never be the end of collaboration. Such a profile would reduce PPP to a solely operational type of collaboration, driven by transactional and contractual principles. However, this research supports Wettenhall's (2007) view that real partnership can only be based on relational-type contracts. Nevertheless, this research found that PPPs are governed by contractual relations (see table 9.2 for further clarification) based on exchange rather than trust. These inter-organisational agreements were closer to previous ways of public and private collaboration, based on contractual mechanisms, rather than to the rhetoric of partnership that the public sector avowedly embraced. Furthermore, paradoxically, the transactional nature of PPP was highlighted as a cause of failure. Although, to this latter aspect, other cases such as lack of integration and communication, and unclear expectations were also stressed.

In addition, this study has identified that confusion and ambiguity surround the conceptualisation of partnership, mainly deriving from imprecise standards and a common misuse of its rhetoric, particularly in public domains. This supported those claims that point at it as aiming to cancel other agendas (Hodge & Greve, 2007; Weihe, 2005) particularly considering the public participants' reiteration that only governments benefited from these partnerships arrangements with the private sector. This ambiguity embedded in this concept was revealed in many cases by the interchangeable use of the two terms, partnerships and contracts, by the approached NHS partner organisation participants.

However, the research pointed at the use of questionable internal "propaganda" of partnership policy across the public sector and agencies, in this case NHS organisations. In truth, there was a patent display, inherent campaign within public organisations towards partnership work, seeming to not only be advocating a partnership culture but also affirming that they conformed to one. Conversely, as the earlier mentioned relational issues highlighted in this research, this strategy was hollow in terms of being materialised, turned into practice which begs the question whether there has been any compliance with partnership rhetoric.

As this research evidence highlighted, the praxis was far distanced from the partnership rhetoric's fundamentals. More importantly, the limits and implications of such collaborative concepts that, as explained, are commonly surrounded by ambiguity tended not to be acknowledged. Instead the common practice of executing and working in partnership was associated with old traditional management styles basically embedded within principal-agent and client-buyer behavioural patterns. Formalisation mechanisms governed PPPs that mainly were based on achieving results and contract specifications. Apart from results attainment, the principal and dominant role was taken by the client partner organisation, which would drive the development and continuation of the working relationship.

As mentioned, despite being highlighted and acknowledged repeatedly by participants' discourse, the informal dimension involved in partnership working was not addressed. Only, occasionally was there an exception, namely, the private partner organisations that

were characterised by a higher realistic vision and commitment towards what represents working in partnership. The generally found pattern was aggressive contract specifications and conditions. However, the research has argued that, as Fleming & Low (2007) echo, partnerships are created and maintained by individuals rather than organisations.

The individual played a significant role and determined the nature and type of the inter-organisational collaborative relationship. In fact, beyond the agreed specifications and contract formalisations, the involved dynamics in partnership working highly influenced the adopted agreement between partners. Therefore, this study highlights social capital as a major element of management investment in PPP in terms of its influence on the processes and dynamics of partnering and the added value it creates. The identified socio-relational capital, apart from revealing partners' expectations and obligations, also focused on an individual's level of capability, attitude and behaviour along with other influential contextual factors that would not be approached.

However, intrinsic to the research context, there were some aspects that also need to be considered. This aligns with the first objective of this research (objective a) that tackled the context both internal and externally. One of the main characteristics was based on the fact that adopting working in partnership with the private sector was a mandatory rather than an optional strategy. On similar lines, general criticisms of the implemented system were highlighted. This research identified not only explicit criticisms that the government was the main beneficiary from PPP collaboration agreements, but also that there was a lack of support on the part of the British government in implementing these strategies. The levels of support and resources from government were claimed to be insufficient when not inappropriate. And more importantly, the generated system was pointed out as undermining the development of actual partnership working. In fact, this research revealed the need to educate public institutions as to the implications of partnership working since whether due to a lack of knowledge or capability, the actual competence of the advocated new public governance focus is under debate.

In addition, it was suggested better coordination was needed of public-private contract provision nationwide, for instance, by forming regional administrative groups of private

services providers. Some participants claimed that the established contracting system was being unwisely exploited, and informants proposed alternatives for increasing efficiency and effectiveness, mainly suggesting using a number of services providers to run all contracts nationally or by county. It was argued that such a strategy would reduce bidding, negotiation and time costs and also enable public organisations to obtain better deals.

On the other hand, during this research fieldwork, evidence seemed to advocate significant changes, particularly in relation to involvement of private sector organisations in partnerships, to the extent of advocating the end of the primary boom of PPPs. However, by the time of ending this research work, the situation had been diverted into a different reality with the advocacy of the continuation and need of private collaboration due to the global economic recession. In any case, as research participants emphasised, the generated system seemed to limit other possible options for the delivery of public services beyond private intervention.

Forecasts suggest that private collaboration is becoming ever more necessary in fulfilling governments' needs for cost savings, capital, and greater efficiency. Multi-organisational collaborations are hence expected to be the future, in spite of the difficulties provoked by differences in backgrounds and cultures, and both sets of participants in this research acknowledged the need for the continuation of mutual collaboration, with the private sector representing a key player for the provision of public services. Hence, it is essential for the future success of such collaborations that differences between partners are fully addressed.

It is indeed acknowledged that the continuation of mutual collaboration is almost inevitable due to the lack of suitable alternatives. In particular, it is not feasible for NHS organisations to offer in-house provision as they are unable to compete with the private sector on standards or cost effectiveness. As this research evidenced, the contracting system that has emerged has created a situation where public and private are mutually dependent rather than self-governing parties and any action taken by one party has implications for the other. This inexorable mutual dependency or reciprocity between parties needs to be recognised and embraced as a key element of working in

partnership. As a consequence, taking into consideration the continuation of PPP, there is a necessity for bringing consistency to this strategy. To this end, the research pointed to the necessity of engaging in implementing a suitable, supportive environment for building and working in partnership.

However, one of the most notorious characteristics of this specific context, as highlighted in this research, was the uncertainty generated by the political influence over NHS procurement. Private sector views emphasised that the political dependence of the NHS organisations was translated into constant changes that were the argued as the reason for the absence of long term planning and clear objectives. Public organisations directly complained that the government imposed changes without giving the necessary support and resources to execute and implement those changes. Moreover, the constantly changing situation puts at risk any current project and arrangements for collaboration.

In truth, the major effect on PPP relations was found to be caused by this political dependence involved in this particular setting. Due to political pressure, the priority in partnership arrangements was to add value. To this end, the public sector engaged in regular market testing and bidding processes were common practice and outweighed considerations relating to good or effective relationships within the partnership. Furthermore, some researchers argue that “the existence of such political risk creates an incentive for private sector organisations to seek to extract as much short-term value as possible from the services they have acquired” (Baker, 2012, p. 663) – although, as chapter 6 illustrated, this was not the case in this research.

The constant change to which this research context is subject, although adding a considerable amount of pressure, also ameliorated innovation. Mainly, this view was supported by private services organisations that considered that in facing these changes, NHS organisations were forced to focus on searching for innovative means of provision of non-core public services. In truth, final trends were ruled by market requirements to which private services providers needed to respond with absolute flexibility and adaptability in order to compete and stay in the business. One example of market trend changes is illustrated by the case of PFI that apart from drew the most

criticism, particularly from public partners, in terms of effectiveness, associated complexity, and involved risk, was also pointed to as no longer being a top priority for government. But more importantly, as discussed in the research findings chapters, the impact of particular measures such as AFC has shown the level of vulnerability intrinsic to this context, particularly in terms of achieving and maintaining effectiveness and value for money.

Along with the above “external” characteristics in which partnership strategy was embedded in this context, the first objective of this research (objective a) also explored the dynamics, attitudes and behaviours that characterised PPPs. Generally, NHS organisations, as client partners, adopted pragmatic behaviour in collaborating with private services organisations. It was stated that the decision to outsource should be based on fitness for purpose, according to the particular circumstances of the institution, and outsourcing should be considered a tool rather than a means. Outsourcing was commonly accepted as feasible for non core business. The main public sector concern was always to gain the best possible deal at lowest cost but also ensuring cost effectiveness above all. In addition, transferring risk, mainly relating to staff, and assuring continuous improvements and innovation in the services outsourced were the main drivers.

In general, it was commonly acknowledged that outsourcing represents value for money, and although not necessarily the cheapest option and slowing down change, it adds value. However, this research evidenced a shift in client partners’ expectations. Instead of the macroeconomic drivers of the public sector, cited in the literature as mainly based on cost savings, effectiveness is now defined in terms of service quality rather than prices. Public partners acknowledged the added value resulted from that quality, whereas significant cost savings are no longer seen as feasible, - at least not to the same magnitude as in the early days of PPP.

The profile drawn of public organisations as partners presented them as highly demanding, difficult customers that fulfilled a dominant and control oriented role. Threatening practices such as cancelling contractual renewal were frequent and common. Generally, the public sector expected to exert minimal intervention, leaving

the private services provider in charge, trusting in their competence, and expecting problems to be resolved. However, conversely, the public organisations repeatedly referred to their lack of autonomy and direct control over PPP operations, whilst they also complained of receiving insufficient information from private contractors.

In fact, conflict was manifested differently on each side. The private services providers emphasised pricing up and associated public sector organisations with a pricing mentality combined with limited financial understanding. A more generalised complaint that contractors directed towards the client organisations was their excessive expectations with regard to workload. Furthermore, a lack of clarity on expectations from contracts and private services organisations' delivery was also highlighted. One of the common criticisms made by the private sector related to the shortcomings of NHS Trusts in setting project standards. Meanwhile, the public organisations acknowledged that PPP represented a learning experience in terms of establishing clear specifications and contracts. Hence, this research rejects the idea that setting rules and standards should be left to the public sector due to its superior ability in this area.

In terms of management issues, PPPs were characterised by high levels of monitoring and supervision by management. The whole process represented a learning experience for public organisations but the required bureaucracy also facilitated their monitoring role. Both sides considered the client partner's intervention to be needed since monitoring was seen by contractors as providing a framework and guidance. In addition, the participants stressed certain elements of the internal dynamics and working climate of PPP. Both partners regarded previous experience as a bonus. More specifically, the private services organisations considered knowledge of the NHS context as a precondition for navigating agendas and offering added value.

Despite the described public sector adopted role, this research highlighted a positive change in attitude in public services organisations. Both sides acknowledged an "awakening" of NHS organisations' awareness about the importance of opening up, making an effort to get on, keeping services providers informed, integrating services providers, having a good disposition to make the contract work, and enhancing respect

towards services providers on site. In this regard, as this research pointed out, the involved individuals played a crucial role.

However, if we picture the PPP relationship in terms of active and passive participation, in this research the sample private partner organisations stood out because of their level of investment in the relationship. The private organisations emphasised that commitment to the services enhanced credibility and trust, whilst efficient delivery of those services was seen as a way of keeping the client organisations on the provider's side. As Willcocks & Kern (1998) affirm, satisfaction increases closeness and trust, as this research corroborated. The private services organisations' high level of commitment to the relationship was also manifested at strategic levels. Although the client side always felt there was room for improvement, the private services organisations presented an attitude characterised by exceeding client expectations and ambition to become the preferred services provider.

This research maintains that this attitude and these behavioural patterns enhanced the level of integration, which was valued by the private services organisations as, conversely, lack of integration negatively affected communication and involvement levels. Whilst public partner organisations regarded trust as essential to integration, trust was also important to contractors in achieving autonomy on site. However, the manifested focus and commitment to the success of the PPP relationship may be viewed partly as a promotional tool. Private contractors were highly dependent on reputation and hence a positive site experience represented a competitive differentiator. Meanwhile, the client partner organisations took advantage of this dependence to exert more pressure on the contractors.

Relating the revealed behavioural patterns and sources of conflict with some of the identified sources of distrust, it is thought-provoking the level of connection. Taking as reference Saz-Carranza's (2009) distinction, many of these sources of distrust reflected major complaints from both partner organisations about the experience of engaging in partnership collaboration. Even more, taking these reflections one step further, despite the level of commitment presented in this research, it seems that the private partners had more reasons for distrust. From the private sector's perspective, distrust arises



when a client organisation is markedly price oriented; short contract frames are established; threat of non-renewal is present or over-used; a service provider is selected based on price; clients are highly demanding; and when a lopsided focus on service provision above contract management leads to excessive public partner interference. Meanwhile on the public partner's side, the sources of distrust are lack of knowledge and ownership over the operation (service delivery) and the increase in uncertainty, whilst conflict and distrust also arise when there is no communication sharing (Saz-Carranza, 2009).

Through critical analysis and comparison of the participants' experience, based on the values and associations given to the concept, and comparing them with partnership theory, the research drew conclusive attention to specific factors that limit the success of PPPs. This research argued that a more suitable approach for managing PPP would be one that considered the main elements of partnership, as illustrated in figure 8.1, and equally would include formal and informal processes. The claimed research attention areas are integration and partner acceptance, team work spirit and approach, a special call to the local team members to establish good rapport through appropriate social skills, attitude and behaviour; level of communication and approachability; mutual understanding through interconnection and engagement; having a common vision whilst also addressing differences; meeting established outcomes; and an appropriate formal and informal contract with clear specifications based on partners' expectations and wants. As these areas require attention and management investment, the next section discusses the involved management implications in further detail.

### **9.2.2. PPP management implication discussion**

The research not only highlighted the fact that the indicated socio-relational elements cannot be ignored or underestimated but also stressed that the success of PPPs is dependent on congruence between theory and practice. Consistent management patterns are required if the PPP is to deliver public services effectively. These patterns must reflect the idea, implications, and what differentiates PPP in terms of intrinsic theory. Although the concept still lacks definition, there are clear differentiating elements, such as extending the boundaries beyond transactional achievements and focusing on commitment and integration between the parties.

In light with the research findings and also supported by other authors' work like Klijn et al. (2008 a) PPP management requires to be strategically approached by including elements from the management processes discussed in chapter 3, that is, offering a balance between control, clear decision and objectives, and efficiency drivers on the one hand and the involved actors, achievement of mutual goals and enhancement of interconnection on the other. This research claim is also supported by Reeves's (2008) emphasis on complementarity between relational and transactional elements, according to the rationale that a contract is unlikely to be solely based on either.

The fact of arguing for a more integrated approach for the management of PPPs embodies the idea that due to their complexity such collaborations require a more sophisticated management approach (Cousins, 2002). Hence, first, this research argues for focusing on integration of the parties and the formation of a partnership identity. Fostering connectivity is particularly difficult with PPPs due to the manifested differences –real or perceived – between public and private sector organisations. As this research emphasised, searching for the common ground is crucial, as is going beyond the reconciliation of differences to achieve complementarity. Partnership is necessarily associated with the sharing of a common vision that is based on mutual understanding.

The research draws attention to the role of management, in particular site managers, in attaining integration. In this regard, the necessity of developing appropriate leadership styles and skills that are congruent with the principles of partnership theory is highlighted. This research found that the most important aspect of the PPP social capital was the role played by the involved individuals, in particular the social skills of the site managers. One of the key findings of this research is that PPP requires a strong leader with the necessary interpersonal skills to engage and interconnect individuals, as Ibarra & Hansen (2011) stress, beyond differences in background, culture and mindset. However, these collaborative leadership styles and management also need to be supported by appropriate organisational structures.

Furthermore, this research emphasises that achieving the mentioned level of integration requires the parties to have the appropriate mindset for working in partnership. As this research highlighted, there was commonly some reluctance towards collaboration,

particularly among the public organisations, which can be an impediment to the development of the partnering relationship. This research, in line with Stadler's (2012) work, emphasises, the importance, as expressed particularly by the private services providers' side, of having previous partnership experience since that helps to extend the capability of the partnership and can contribute to the development of bonding.

As mentioned, this research has highlighted the importance of creating the proper environment, according to the premises of the rhetoric of partnership. In this regard, Fleming & Low (2007) claim that similarity of culture between partners facilitates the establishment of strong relationships. Likewise this research revealed that it is necessary to focus on the common ground (Lambert, 2006) but also to take account of and address differences (Usher, 2006). This is critical to success in terms of breaking down barriers (Glendinning, 2003; Gulliver et al., 2002). The literature argues that sharing a vision and establishing a common goal foster connectivity (Stadler, 2012; Lane & Lum, 2010) and alleviate conflict (Lane & Lum, 2010). However, it is necessary to consider that although, as Wilson & Charlton (1997, p. 30) stress, having a common vision is "plain common sense", that does not mean it is easy to achieve since outsourcing partners need to understand each other's business, goals, needs (Fleming & Low, 2007) along as expectations. At the same time, gaining this mutual understanding cannot be achieved without additional investment.

Besides integration, the optimal development of partnership requires equity between the two parties. As discussed earlier, partnership working entails partners accepting mutual dependence since, as Atkinson (1999) emphasises, partnerships are about removing power from relationships. As a result, equity is a key for enhancing interdependence and trust. However, the findings suggest that putting this into practice within this particular setting is problematic as it is a context characterised by power imbalances. Equity is necessary to the creation of the desired win-win scenario and is characterised not only by a balance of power (Geddes, 2005) but also by mutual sharing of benefits and risks (Lane & Lum, 2010; Brinkerhoff, 2002). In reality, this level of sharing is what distinguishes partnership from traditional contracting arrangements (Hodge & Greve, 2007). However, this represented one of the mismatches identified by this research between the practice and the rhetoric of partnership. Private services organisations

focused on benefits while client public partners concentrated on transferring risk and obtaining value.

To continue with the line of inter-social dynamics, this research has emphasised the importance of a “suitable” attitude towards partnership, an attitude that is reflected in commitment to succeed through creating synergy and achieving integration of the parties through active communication. The participants described a positive attitude towards success as being manifested by partners making an effort and investing resources (Willcocks & Kern, 1998) and by generally basing their behaviour on principles of collaboration, cooperation, and coordination (Humphries & Wilding, 2003). The investment of maximum effort in the relationship is only guaranteed when there is a belief in the importance of the relationship itself (Lane & Lum, 2010).

Generally, commitment is expressed through being serious about achieving success and willing to make the necessary effort (Mohr & Spekman, 1994). Moreover, in this research the client public partners repeatedly confirmed their requirement for the private services organisations to show commitment to the services and the client organisation. On the other side, the private services organisations demonstrated awareness of the importance of showing commitment to the client organisation. Willingness and readiness to undertake the task (Stadler, 2012) together with maintaining regular interaction (Willcocks & Kern, 1998) are unmistakable manifestations of commitment. To this end, commitment among partners needs to be oriented toward enhancing mutual understanding through effective communication.

In fact, maintaining regular contact is essential in the opinion of the PPP parties since, as this research claims, contact, whether formal or informal, enables communication to take place. Mintzberg (1996) argues that maintaining face to face contact allows nonverbal communication and facilitates integration between individuals. However, this research also raises the point that having contact does not necessarily facilitate integration as the formality of the processes of partnership collaboration, such as “compulsory” face-to-face meetings, might constrain rather than enhance communication. Hence, in PPP particular attention need to be paid to communication and interaction between the parties as these elements help to engender trust, particularly

between key decision makers (Corrigan et al., 2005; Hardy et al., 2000; Peck et al., 2002). As the U.K. Office of Government Commerce (2003, 4): “above all else there must be mutual trust or the relationship may break down”. Therefore, given the suspiciousness that characterises this type of partnership, particularly in the early stages, investment in integration and trust is a must.

Trust was mentioned in all relevant discussions with either partner member organisation, which reinforces its importance to achieving successful partnership ventures (Fleming & Low, 2007; Lane & Lum, 2010; Glendinning, 2002; Powell et al., 2001; Linck et al., 2002; Cameron & Lart, 2003; Hudson & Hardy, 2002; Audit Commission, 1998). The idea of trust is extensively supported by organisational relationship theory and transaction costs economic theory scholars (Jacobson & Choi, 2008) and the specific argument lies in achieving higher productivity (Lane & Lum, 2010) since trust engenders commitment to achieving the stated goals (Reeves, 2008; Carrigan et al., 2005). PPP is associated with substantial bilateral investment in building trust (Zheng et al., 2008). Trust is defined as the degree of confidence and willingness between partners, as manifested by credibility and benevolence indicators. As a result, the relationship gains flexibility because predictability levels are increased (Ring & Van de Ven, 1994) due to open sharing of information, investing in mutual understanding and willingness to go the extra mile. Consequently, less monitoring is necessary (Reeves, 2008).

As some of the public organisations managers emphasised, if the relationship is based on trust, the role of the contract is minimal or non-existent (Kumar, 1996). Hence, trust-based and flexible relationships are arguably more productive and this has led to the value of legal contracts being questioned (Lane & Lum, 2010). As Wildredge et al. (2004, p. 7) stress, “the most successful partnerships have (and through hard work maintain) a strong level of mutual trust”, whilst Lane & Lum (2010) refer to trust as the “cornerstone of a partnership”. However, this research identified a marked rigidity and attachment to rules in practice among public and private parties, who both regarded a sound contract with clear specifications as a prerequisite to success. This situation as discussed in the review of the literature might be due to the fact that in the earlier stages trust had not been established; instead, suspiciousness or even rejection could be

expected. However, the need for public accountability might also have contributed to this strict adherence to rules.

However, as this study, in line with Mintzberg (1996), stresses, partnership requires above all else that parties have the ability to trust, which focuses the attention of this research on the individuals. This is not only because trust is based on individuals but also because inter-organisational relationships, as discussed earlier, are in principle trust-based relationships and trust is dependent mainly on individuals (Fleming & Low, 2007). In this research, two behavioural patterns directly influenced ability to trust the other party: the level of rapport and the “displayed” commitment by the other partner earlier discussed. In fact, the level of rapport between the involved individuals not only ultimately determines the relationship but also reflects this ability to trust the other partner. Even so, the client partners commented that by treating contractors as contractors, that is, with less respect, just like an outsider, it was expected that the contractor would act as a contractor, which led to the formation of negative connotations. Indeed, as Kumar (1996) stresses, in building the inter-organisational relationship, respect between parties is a key.

Finally, due to the complexity of this context, building a partnership takes time. As previously discussed in the review of the literature, the partnership concept is commonly associated with long-term commitment (Geddes, 2005), even to the extent of associating the quality and continuation of the relationship with long-term agreements (Fleming & Low, 2007). Time is a necessary element in building up the relationship, and particularly for developing trust since, as one participant emphasised, “trust is not something instantaneous, it needs time”. Through adopting long-term inter-organisational relationships, objectives can be synchronised and confidence built, and hence, general stability is enhanced. This research argues that long-term PPP agreements facilitate full exploitation of the potential benefits of working in partnership. Hence, since adopting a long-term approach is important and intrinsic to PPP in order to allow sufficient time for achieving the potential of working in partnership, this research argues that a reduction of political dependence in this context earlier discussed needs to be achieved by some means.

### 9.3. Concluding arguments

This research evidenced the fact that partnering demands an integrated, open business relationship resulting in the necessity to combine both legal and relational elements in an inclusive and complementary way. Considering the scarcity of attention and investment identified in the highly present relational dimension, this research calls for a move away from traditional contracting arrangements. However, such a move means changing “the rules of the game” and requires alternative thinking that might conflict with current contracting practices.

As previously discussed, the main issue identified by this research is that the drivers behind the formation of partnering agreements are not in tune with the concept of partnership. Keeping in mind that the context directly influences the partnership relation (Möller, 2013, Rummery, 2006), the highly transactional drivers involved in the explored partnerships agreements might explain the most relevant fact of this research: that there was no partnership as such in public and private inter-organisational collaboration in the provision of ancillary services. Partnership was hence reduced to mere rhetoric.

Instead of focusing on the key elements for partnering agreements, such as sharing risk and rewards, the research extensively illustrated the characteristic pressures of this context, especially in terms of cost savings and adding value, which above all represented barriers to the effective development and practice of partnership working. One of the most notable distinctive characteristics is the fact that PPPs are “obliged” partnerships agreements, whose format is also subject to political dependence. However, as Newman (2001, p. 120) argues, “government policy is only one variable in shaping the dynamics of partnership working”. Above all, this context underlined the need for further support and consistency from government to undertake partnership working.

Apart from the imposed character of outsourcing support public services, the research also pointed out that the generation of a highly competitive market limited engagement in competition to large firms. Moreover, according to public informants’ perspectives, NHS in-house provision was particularly unable to compete, not only in economic terms but also on level of expertise and competence. Nevertheless, this seems to

conflict with the fact that in-house contracts in healthcare do exist, as was corroborated by the conducted pre-field research. This apparent contradiction might refer to the involved competitive bidding processes rather than the actual competence of NHS organisations for achieving service quality and cost effectiveness. However, since in-house cases were not included, mainly because the purpose of this study was to approach the interface between public and private organisations, no conclusive argument in this regard was possible.

Another important aspect is the nature of the outsourced services. Oppositely to other support public services in healthcare, food services are part of the integral core of the business based on patients' recovery. Therefore, particularly in relation to this context, public sector reform must not be limited to efficiency and effectiveness targets. The relevance of seeking satisfaction in the overall customer "experience" also leads towards the adoption of RM principles as a condition for their success. On the other hand, the provision of these services was also associated with higher difficulty and technical expertise and hence the relevance of outsourcing.

Along these lines, this research openly questioned the appropriateness of the explored context for the development of PPPs. So far, partnership has been just an idealised concept, without being materialised in practice. As discussed in the review of the literature and the research findings chapters, trust and openness are key aspects in partnership working; however, the market in which these relationships occur demands compliance to certain rules. The disclosed high level of formalisation led to several contradictions in the practice of partnership. For instance, despite recognising associations with the partnership rhetoric such as that the added value of PPP derives from enhancing closer commitment over time, these relationships are exposed to bidding processes that can put an end to the collaboration agreement at any time.

However, collaboration is not only determined by rules, contract specifications and requirements. Conversely to the established mode of formal governance, the style and nature of inter-organisational collaboration is also governed by the mutual interface of the parties along with the personal expectations and values they bring to the partnering relationship. There is much research evidence to indicate that partnership is at the



informal level of these types of inter-organisational collaborations. Thus, what matters is not the form of the contract but relationships. This fact adds the idea of continuous development and the influence of partners. Furthermore, this research has proven that the relational aspect has a say in the success and development of PPPs. Consequently, PPP management calls for consideration of and investment in these aspects. More specific management investment is required, mainly to deal with the higher level of complexity (Nissen et al., 2014) deriving from the involved subjectivity and lesser manageability of these relational elements but also as a result of PPP being consolidated as a new form of public governance.

Exploration of the practice of PPP identified that the focus needed to move away from the contract and purely administrative issues towards a wider approach based on the pursuit of mutual benefit. In fact, the research highlighted that working together is the added value derived from partnership, whereas formalisation undermines collaboration (Larkin et al., 2012). However, as evidenced in this research, PPP involves an implicit learning process in terms of each partner providing mutual support for the achievement of their respective objectives. This links with the argued relevance of accepting mutual dependence, which although it is a premise in partnership working (Perkins et al., 2010), in practice resulted in being a challenge. Indeed, this research has identified that PPP governance needs to focus on value creation rather than (self) defensive protectionism. Generally, this requires that public partner organisations change some of their behaviour patterns.

For instance, noticeable reluctance was identified towards either accepting or assisting private services providers in the achievement of their goals. However, helping private contractors to achieve their profit margins, for example, is mutually beneficial since by increasing their profitability the contractors can offer better prices and services to the public client organisations. Conversely, this idea, which fits with the “ideal/utopian” concept of partnership, was neither understood nor well accepted. Partnership in practice did not reflect this vision; instead, differences between the organisations provided fuel for prejudice.

Despite the above facts, the language of partnerships was present and extensively used, although not the embedded theory. This inconsistency, as Peattie et al. (2012) observed, is also shared in the practice of RM. As the explored cases demonstrated, the practice of partnership still is predominately based on traditional management styles (Osborne, 2010) and not relationship oriented. This supported the view that classical and neo-classical approaches are predominant in spite of the emphasis and prominence of relational governance in healthcare public policy (Wright & Taylor, 2005). One potential reason for PPPs lacking this relationship-driven element might be the fact that, as Wright & Taylor (2005) pointed out, government policy changes tend to be at structural levels rather than including behavioural and attitudinal transformation. This focus on re-arranging resources instead of aligning mindset and behaviour is further supported by high pressure from the Government's political agenda to meet discrete targets. According to Newman (2001, p. 120) "this suggests that a shift from hierarchy and markets towards governance through collaboration has been marginal, rather than central to the modernisation agenda".

The research stressed that the public sector's level of competence in terms of networking and disperse, joint governance modes is a controversial issue. Although unquestionably structural change has taken place, particularly within the NHS, the necessary paradigmatic shift of thinking (Rummery, 2006) away from transactional and traditional economic models is absent. Considering the over-formalisation, transactional drivers, lack of relationship development, and misuse of power and control present in the practice of this type of collaboration branded as partnership, it is questioned whether there is an actual third way or alternative form of governance in the public sector. Although, as Taylor-Robinson et al. (2012) stress, there might be undeniable disposition and motivation towards partnership, the actual resources and governance are not in place to support these practices.

As reported by this research, value is a process than can be affected by both internal and external influences over time; hence, appropriate revalidation and constant revitalisation are required. In order to assure mutual benefits, each partner needs to clearly identify their needs and wants. An appropriate level of openness can lead to the development of more meaningful contracts, thereby improving the prospects for the relationship and the collaboration as a whole. This research illustrated that problems in

PPP arose mostly due to a lack of understanding. Partners' expectations, requirements and needs, particularly on the part of the public client organisations, need to be clearly established. This level of clarity is a key to mitigating any counter-productive effects derived from existing or emerging differences between the parties that can threaten the foundations of partnership and create an environment that is at odds with the values advocated by the rhetoric of partnership. As the research evidenced, the public-private dichotomy, although arguably based more on personal reticence, prejudices and distrust than facts, was still latent.

Nonetheless, PPP is not only about clearly defining the needs, wants and objectives. As illustrated in this research, PPP requires a consistent approach to managing the relationship in order to achieve the established outcomes. In tandem with the contract, it is necessary to form a relational management plan that allows growth and development for both parties. Furthermore, the relationship was found to require continuous underpinning by the people involved. However, this research identified that no strategies were in place for developing the relational aspect of working in partnership at any organisational level. This represented a flaw within the management of PPPs, which unwisely tended to underestimate other important aspects such as the range of expectations that each partner organisation and its members bring to the relationship. The informal governance structure identified in this research pointed to the significance of organisational management traditions like RM and IM theories as necessary complementary partnership strategies.

Having said that, this research does not question the need to have a formal contract in this outsourcing context in which public services are involved. As one participant highlighted, "you have objectives to achieve". However, managing the relational dimension serves as a catalyst for the success of that formalised agreement and one of the strongest safeguards against failure (Gulati et al., 2006). Considering the fact that relational issues emerge from even the tightest contract (Watson, 2006), this research argued that a realistic strategy necessarily embodies the relational dimension in parallel with contract specifications. This relational dimension of PPP requires a level of investment in line with the particular needs.

The research stressed not only the importance of strategic planning of the PPP in order to ensure that partnership aims and objectives are effectively managed on a day-to-day basis but also that the PPP site manager is a key figure in this process. The role of individuals was over-emphasised in this research and not only in terms of their technical skills and experience but also their social abilities and attitudes. In truth, the successful development of a public private collaboration was dependent on the site managers' aptitude and attitude to partnering working. However, as some research cases revealed, this situation also entails a certain level of vulnerability since the partnering relationship is primarily dependent on one individual. Therefore, the consequences of this dependency also need to be considered.

In this vein, the research revealed that in fact PPPs have typically been subject to frequent changes in HR, sometimes at the client partner's request, or as a result of private services organisations promotion activities across the organisation, or as a logical consequence of the length of the contract. However, in the explored cases, little attention was paid to the appointment of new managers or the transition process for settling in new team members. Rather, it seemed to be down to the private organisation to select the most suitable site manager and ensure successful working of the team. Above all else, the key message is that in contrast to the common misconception, partnerships are not embedded within organisations; rather, their development depends on having the right people in place.

On the other hand, the research identified a most interesting behavioural pattern that was common to all cases in that the word partnership was used when referring to the contract, as if they were one and the same. This situation of confusion or interchangeability might also explain another characteristic aspect. In the explored research cases, the overall integration of the collaborative strategy across the site and the creation of a partnership identity tended to be ignored. Although, the rhetoric of partnership was mostly and commonly present, it was not equally reflected at different levels.

Basically, the research highlighted that the "actual" partnership lies in the encounter between site managers, in the operational team. As many public hospitality services managers stressed, the general acceptance of private contractors within hospitals

concealed an issue beyond that interface. Commonly, general reticence was directed towards private services providers and any of their activities within hospitals provided evidence of a hidden hostility towards accepting this type of “outsider”. Therefore, on the basis of the explained need of adopting the appropriate kind of mindset to work in partnership, integration of the project should be considered in the planning and management of PPP and a sustainability agenda drawn up in line with the established outcomes.

Based on the patterns that emerged, this research takes the further step of suggesting the formation of a *pre plan* whereby partners, especially client partner, reflect beforehand about their own understanding (conceptualising) and expectations of this concept and its drivers. To this end, partnership partners should ask themselves why they should work in partnership and, more importantly, how they can materialise those expectations and goals through working in partnership. Besides, this research expands its critique of the practice of PPP projects by reinforcing that to engage in partnership, first, the capability of the involved parties needs to be considered.

As this research evidenced, organisations sometimes participate in integrated ways of operation for which they are not prepared. However, parties need to be predisposed to work with each other; if this is not the case, prior investment in achieving these “*pre-conditions*” is necessary. The research findings also pointed to the fact that instead of focusing attention exclusively on outcomes, each partner organisation should engage in self-assessment throughout the life of the created PPP. Furthermore, this research also argues that partner organisations have to learn to see things from the viewpoint of their partners, an aspect that was overlooked across the sample cases.

Altogether, taking into consideration all the above issues, the research can only support those views that argue that PPP still is a “developing” strategy since partnership between public and private institutions lacks the consistency provided by an institutionalised approach (harnessing best practice). As one participant in this research argued, using the analogy of the UK’s relationship with Europe, it is not valid to want to be part of Europe without being governed by Europe. That is to say that these collaborative relationships need to be managed according to their individual characteristics and requirements, taking full account of the socio relational elements, whilst the common pattern identified in this research was one of aggressiveness in

contract terms versus fluffiness in relational terms.

Considering the manifested challenges associated with the concept of partnership (Nissen et al., 2014), especially those of a political or cultural nature, this research emphasised that PPP requires particular skills and attributes of its managers. As evidenced, in this uniquely complex context, traditional command and control management styles had proven inappropriate and ineffective. Therefore, considerable investment is necessary in developing the resources in terms of both capability and capacity to deliver results and guarantee sustainability. In addition, these resources need to be allocated according to the different stages and changes during the life of the contract. For instance, it has been argued in this research that, particularly in the early days, developing trust is very important to any PPP programme, whilst the achievement of results is not only related to the level of trust but also has been identified as a premise to build trust. Generally, PPP success was subject to the actual instigated level of trust in the partnering relationship, hence its relevance.

The research advocated the promotion of adding value through pertinent investment and attention to the relational aspect of working in partnership. Adopting partnership strategies involves going beyond measurement and understanding of partnership on the basis of performance and fulfilment of outcomes, as is normally the case. In addition, partners' organisations need to be proactive through precursory, solid, substantial, continuous strategies, tools and processes to establish a common baseline as guidance on how to support and develop the relationship over time. As claimed by Humphries & Wilding (2003) in their exploration and critique to the Ministry of Defence, rather than focusing on the application of specific contracts, the correct framework to promote effective partnering needs to be generated. The identified low trust culture needs be addressed by means of looser bureaucratic structures, flexible procedures, and more indirect control, in accordance with the principles of the concept of partnership.

This research does not exclusively argue for the relational aspect of working in partnership; rather, it calls attention to this dimension in combination with other fundamental aspects, from technical to legal, in order to approach partnership in an appropriately holistic manner, instead of viewing it solely as a transactional arrangement.

As indicated by the research informants, the formal legal structure was equally perceived as useful guidance by both partners' organisations. Although entailing complexity, the level of formalisation embedded within PPP agreements also represents a useful tool for clarifying understanding about the required services specifications and for achieving compliance. Furthermore, due to the discussed "public" nature of these services and its implications, avoidance of formalisation and accountability is impossible. However, alongside the intrinsic necessary attachment to rules, in order to ensure added value and effectiveness, this research advocated enhancing flexibility, which could be made possible by nurturing the informal or interpersonal dimension of collaboration as manifested within the research findings. This leads to investing in developing the psycho-social contract, which as this research extensively pointed out, requires appropriate thought, management investment and understanding.

#### **9.4. Research contributions**

This research made a theoretical contribution by reviewing and connecting collaboration, partnership and RM literature, identifying synergies and extracting the aspects most useful to the implementation and management of partnership working. In particular, it proposed both limiting and applying RM principles and objectives in partnerships between public and private organisations. RM theory is mainly based on private sector experience (McLaughlin et al., 2009) but more specifically, the role of interorganisational relationships has been overlooked within the NHS (Zolkiewski, 2011). In addition, PPP management is barely informed by theory (Powell & Downling, 2006; Sullivan & Skelcher, 2002) and lacks a theoretical framework. This research linked empirical evidence and the essentials of partnership theory, offering a theoretical framework to assess the relationship. The empirical evidence emphasised the role of RM in partnership enhancement and also reaffirmed the importance of services management theory in the public sector, particularly to public services management.

By making use of services management principles and adopting a relational approach to explore public-private collaboration management, this research addresses a gap in the "traditional" public management (McGuire, 2012; Osborne, 2010, Wright & Taylor, 2005). Besides, the actual inter-organisational environment was explored, focusing on its characteristics and limitations in accordance to the relational principles and conditions of understanding partnership collaboration. This research made an additional

contribution through focusing on the particular context of outsourced support public services, since as Chandler & Vargo (2011) stress, marketing demands specialisation. The research pursued understanding of the processes involved in partnership from a relational management perspective.

On the basis that perceptions and belief about a relationship drive behaviour and attitudes (Donaldson & O'Toole, 2000) this research brought together experiences and views from both sectors, to compare and contrast them not just within a particular partner organisation but across the two sectors. As a result, by highlighting the issues requiring attention, the study offered guidance for relationship management and fostering integration between public and private partners. One of the basic premises that justified this approach is the idea of generating value, the notion of "co-creation" in services marketing (Duffy, 2008). From this perspective, the research called for higher, equal participation and engagement between the parties, particularly on the public institutions' side, in order to take advantage of the potential of partnership.

This exploratory study intended to serve as a reference for further investigation to resolve the discussed dilemmas manifested currently in PPPs. This research offers empirical evidence relating to the market-based reforms conducted within the NHS. From a two-way perspective (public and private organisations' views), critical insight was gained on the intrinsic dynamics, relationships and potential barriers that accompany the development of collaboration between public and private, together with an examination of concordance between the practice and the implication of the rhetoric surrounding the concept of partnership.

Despite being one of the main targets for outsourcing policies, little attempt had previously been made to analyse collaborative provision of ancillary services, whilst the perspectives of the actors, on both sides, have been completely ignored. Furthermore, since attention has generally been centred on formal and operational issues, the discussion of the relational processes that play such a major role in partnership-type collaborations represents a contribution to the field of PPP studies. In this way, the multi-view of PPP partners adopted in this research was considered essential to understanding the intrinsic dynamics of these collaborative-type relationships but also



of significance for both theory development and practical guidance for practitioners. For instance, one important research contribution relates to the identification of the major role played by private project managers on site. This research clearly evidenced that private project managers have a significant role in managing the relationship with client organisations, in particular in increasing trust and loyalty. However, this outcome also highlighted the embedded risk of such level of dependence on one particular individual that demands both management and planning consideration.

In addition, the expectations and attributes that the client organisations identified as being valued in project managers serve as a framework for further investigation. Similarly, the research suggested that the public sector organisations should also invest in those individuals involved in dealing with the partnership relationship. As opposed to private services organisations, limited attention and resources were in place to support ancillary public services managers. In this regard, the private sector's requirements of the public sector organisation in its role as a partner were also outlined. Furthermore, the two-way focus resulted in the identification of expectations of partnership held by both parties in general that forms the psychological contract. This "informal" governance structure called to take notice of specific factors in PPPs.

Although, those expectations derived from the specific context of this research, they also can be applied to other PPP contexts. Moreover, by raising awareness of both involved parties' motives and drives, this research offers useful guidance for practitioners. In addition, it might enable public sector bodies to gain a clearer picture of the implications of adopting strategies such as partnership-based agreements, and as a result, lead to the development of more appropriate strategies. Likewise, the presented methodology can be applied to other public contexts and fields that embrace public-private partnership agreements.

A further contribution of this research was to propose lines for managing PPP strategically: 1) clear identification of the needs, drivers and expectations of both parties; 2) effort and commitment to work together; 3) building up and maintaining an equal relationship based on interdependence; 4) adopting a partnership identity; 5) focus on the relational aspect of the contract; and 6) with the appropriate support, especially from government, facilitating collaboration by providing the needed resources,

environment and conditions. Finally, the suggested framework, rather than introducing new alternatives, links the obtained empirical evidence on the existing “reality” of PPP with the principles of the concept of partnership to highlight areas where change is necessary. As has been discussed, “what” should be done (being and working in partnership) was known; however, this was not true of the “how”.

## **9.5. Research limitations**

Several limitations emerged as a result of conducting this research study, which are as follows:

- The study was confined to public services organisations in the UK, in particular the healthcare delivery system; therefore, despite its potential relevance to other areas, the conclusions drawn from this study may have limited generalisability. However, due to the global nature of the explored business phenomenon it is hoped that this study could be replicated in different contexts and countries.
- The confusion surrounding the PPP concept and its translation into partnering practices increased the complexity of engaging with this research problem. However, at the same time, the scale and significance of PPP collaborations increases the relevance of the researcher’s attempt to cut through this confusion.
- One of the most glaring limitations of this research arose from the impossibility of continuing the research of the used cases through different periods of their lifecycle. A longitudinal study could have offered critical information on the progression of PPPs and appropriate responses in terms of adaptations and resources. This research did not have the opportunity to refer back to the sources (research participants) in order to contrast and share the obtained data and interpretations and amend any possible misinterpretations.
- This research might be criticised on scientific grounds in that it did not make use of formal data. However, as it was committed to understanding the processes of partnership through the involved individuals, it followed an interpretive, exploratory case study strategy (Silverman, 2001).
- The research did not include the pre- processes of public and private sector partnership, such as the negotiation stages, which might have influenced the way the relationship developed. However, it emerged from the collected information

that the involvement of the research participants in these early stages was very limited.

- This research did not engage with local government institutions dealing with and managing these policies, although their perspectives and insights might have facilitated understanding of PPP as a whole.
- Finally, it was not possible to analyse the practice of RM activities in terms of strategy, allocated resources and tools, although any of the explored cases were potentially engaged in these practices. Instead, the research focused on the related management implications, language and concepts of RM in an exploration of the dynamics of PPP.

## **9.6. Recommendations for further research and last reflections**

During the course of this research significant changes took place within the research context that, above all, have increased the relevance of this research area. The current economic situation has increased the public sector's need for private capital and maximisation of resources through achieving greater efficiency. Hence, PPP seems likely to continue in the future in some form (Roumboutsos & Chiara, 2010). The need for such partnerships has indeed been accentuated by the recent global economic instability. As a result, and due to the need for improvement that this study has highlighted, further research into PPP management is timely and necessary.

- Firstly, clear definition of PPP is required in order to achieve more consistent performance metrics for successful partnering agreements.
- In addition, it would be interesting to apply the framework proposed in this research to current PPP projects for testing and comparison. Future research projects could also take a wider scope and include different sectors or cover a larger sample across ancillary public services.
- Similarly, it would be insightful to apply the findings of this research to other national contexts to allow international comparisons of the implementation of PPP. In addition, it would be useful to compare different types of partnership at different stages of their lifecycle in terms of the particularities, needs and expectations emerging from each period.
- This research has highlighted the importance of trust in the successful development of PPPs and recommends further work on this topic. For example, trust is also perceived as a source of power (Zolkiewski, 2011). Power

and dependence issues resulting from the interaction between public and private require further understanding.

- Given that this research highlighted the importance of the role of site managers, further research could be undertaken to consider and compare the effects of different leadership styles implemented in PPP. Furthermore, due to the highlighted level of dependence between individual private site managers and success in terms of achieving the public partner organisation's satisfaction, this research considers it relevant to explore this relationship in further detail along with the consequences of any possible change. For example, at the time of writing this final chapter, the author was aware that the private manager of the case that represented the most successful partnership experience, primarily because of the positive relationship developed on site by this individual, was no longer responsible for this function. Hence, this situation invites further research on issues such as the transition process, but this time from a successful partnership experience perspective as opposed to the mentioned examples where private site managers were replaced at public request.

Reflecting upon this research journey, there are a few modifications that could have been made during the course of this research to further enhance understanding on the complexity of partnership management in the approached context. This research could have included more considerations in the criteria for selecting the cases. For instance, it could have initially considered different life-cycle stages. Inclusion of different stages in the adopted partnership arrangement, such as initial, middle and maturity phases, would allow additional insights and better comparison of the dynamics and particularities to which PPPs are exposed. In the case of the initial stages, it might be also insightful to start exploring PPP from the bidding process and examine the level of influence that this phase has in determining the development of the relationship.

Besides, it would be useful to address at least two cases over a one-year interval, in order to appraise the internal dynamics in terms of attitudes and behaviours along with participants' general assessment and perceptions about the relationship. This longitudinal approach would extend information about the situational context, particularly in terms of relationship quality. Similarly, it would inform about any potential changes in the relationship along with their causes, allowing distinctions to be made between internal and external factors and their effects.

In addition, as it was manifested in this research, incidents and conflicts are expected during the life of any PPP. Therefore, it would be insightful to explore, using CIT, those sites that experienced any significant eventuality (e.g. private site managers replaced at request of NHS Trusts) and conduct a comparative analysis between incidents. Furthermore, interviews could be conducted collectively between two partners. This would allow not only an interesting debate between informants but also the reinforcement of each participant's statements and standpoint.

On the other hand, for comparison purposes, this research could have also included other outsourced services, such as cleaning or laundry, to reinforce the particularities derived from the distinctive nature of the services approached (food services). In addition, whilst, as observed in table 4.2, outsourcing is the common mode of procuring ancillary services, in-house contracts do exist. Therefore, it might be appropriate to include at least one case of in-house provision in order to compare, distinguish and verify the intrinsic characteristics that apply to the interface between public and private collaboration. For instance, attention could be directed towards differences on the level of acceptance about mutual dependency, behaviours and actions, expectations, and integration issues. This exploration would enable further discernment of the singularities of the public-private interface.

#### **9.6.1. Research journey reflections**

A general reflection that emerged from the research was that the research participants regarded partnership as largely based on common sense. Hence, the question is: why is partnership still so far from being truly successful and achievable? Moreover, if partnership is a matter of common sense, when does it stop making sense?

This research evidenced a lack of attention to the socio relational relations involved in PPP but, in addition, the generated contracting system was found to impede the development of the potential benefits from interpersonal relationships. However, as Granovetter (1985) pointed "social relations can bring order to economic life since where tensions arise it may be interpersonal relationships rather than economic incentives that allow organisations to keep working smoothly". But, above all,

Granovetter argues that “successful handling of complex economic transactions has less to do with selecting the appropriate governance form (i.e. internal organisation or market), than with the nature of personal relations and networks of relationships within and between organisations” (324). However, as this research illustrated, even in those cases where the PPP was characterised by good rapport and connection, the policy system necessitated the interruption of the relationship to put the services out to tender.

This study, on similar lines to Macneil’s (1983), Granovetter’s (1985) and Hughes’ (1996, 2011) work among others, considers that by prioritising discrete norms, formalisation and control, key elements such as trust and general cooperative behavioural patterns are considerably damaged and hence relational contracting is undermined. Governance mechanisms need to be in accordance with the intrinsic elements of collaboration and partnership, and these are about people.

This research argues that considering public sector drivers such as achieving efficiency or adding flexibility to the management of public services, the fact of not having the required resources, ability and disposition to implement this form of collaboration seems a contradiction. This represents a lack of joined up thinking in terms of the planning and resources that a policy as complex as PPP requires.

Another major question raised by this study is why these collaborative inter-organisational relationships still remain within the traditional client-supplier mould when the rhetoric adopted is claiming something entirely different. A possible reason for the observed mismatch between the idea of implementing PPP and the practice might lie in the complexity of instigating market-based policies in public domain, which results in the actual creation of a “quasi-partnership”. Inevitably questions also arise over the public sector’s ability to successfully make the transition from a transactional to the relationship partnership that it has avowedly adopted.

The transactional drivers behind PPP support those public management scholars who question whether it represents a qualitative shift in public-private relationships or the continuation of NPM. Bearing in mind that any organisational structure is constructed in accordance with the pursued goals and objectives (Schweitzer & Gudergan, 2011; Keast & Hampson, 2007), it is not surprising to find a rather non supportive governance structure in terms of the principles of partnership when the , outcomes

orientation is so dominant. There seems to be even a lack of awareness that partnership is different from outsourcing and that the NHS context is particularly problematic and complex. In sum, this study highlights the need for consistency in the practice of partnership in terms of providing a balance between the level of formalisation and attention to the socio-relational dimension. This research urges the government to enhance cooperation by directing its attention to the socio-relational dimension of PPPs.

A final observation regarding this study relates to its evolution. The starting point of this research was primarily to overview public and private institutions' experiences of entering into partnership by considering two different perspectives. However, the final research conclusions focus attention particularly on one side of the partnership in highlighting that the public sector needs to reconsider its approach to adopting PPP. Meanwhile, the government has failed to provide the necessary tools for its successful implementation. Nonetheless, rather than adopting a blame approach, this research encourages both sides to make a new beginning in order for partnership to become a reality rather than just a "tag".

-Word count: 93,462-

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## Appendices

### Appendix 1: Collaboration request sample letter

<Trust>

<Trust Address>

**Subject: Academic Research**

Dear < >,

I am writing to you kindly requesting your participation in my research project.

I am currently a PhD researcher at Sheffield Hallam University and as part of my doctoral studies I am undertaking a research project based on the contracting out of food services in the NHS.

My research is looking at the complexities of public and private partnerships management as well as the organisational relationships that are necessary in order to explore the contribution and potential of internal strategies for effective management.

The research would not require any direct involvement with patients. From a managerial level, in-depth interviews will be pursued with hotel services contract managers and estates & facilities managers as well as with catering managers of the provider organization. It is also anticipated that a number of contact services employees will be involved in the research through group discussions and further individual interviews with the most representative cases. Flexibility and adaptability will be pursued in order not to cause significant disturbance and in the short amount of time (two/three weeks in total).

If your Trust is on contract basis for catering services, I would really appreciate if you could consider the possibility of participating in my research. Sheffield Hallam

University operates a strict research ethical code of practice and I can assure you all research practice and contacts will be treated as rigorously confidential.

Please do not hesitate to contact me for further information or for any other enquiry.

I looking forward to hearing from you, I will contact your office in a week time of the above date in this letter

With kind regards

Carmen Pardo Vela

Sheffield Hallam University

< >

Tel: < >. Mobile: < >

Email: < >

## Appendix 2: Participant information sheet & consent form



Sheffield Hallam University

### Participant information sheet and consent form

**Title of project: contractually based service delivery partnerships.  
Internal relationship marketing for effective soft services  
management.**

Chief Investigator:

Carmen Pardo Vela

Sheffield Hallam University

< >

Tel: < >. Mobile: < >

Email: < >

### **You are being invited to participate in a research project**

Before you decide to take part it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully. Talk to others about the study if you wish.

- Part 1 tells you the purpose of this study and what will happen to you if you take part.
- Part 2 gives you more detailed information about the conduct of the study.

Please ask me if there is anything that is not clear or if you would like more information.

### **What is the purpose of the study?**

The aim of this study is to provide insights into organizational relationships where different stakeholders interact, such as the case of contracting out catering services in the National Health Service. By focusing on public-private-partnerships management issues and work members relationships, the research aims to provide suitable strategies for effective management.

### **Why have you been chosen?**

Following prior appropriate contacts with the Chief Executive and when appropriate the Research and Development Department, as the catering provision at your Trust is outsourced, you have been selected to voluntarily collaborate with this research.

### **Do you have to take part?**

No. It is up to you to decide whether or not to take part. If you do, you will be given this information sheet to keep and be asked to sign a consent form. You are still free to withdraw at any time without giving a reason, and if you wish it your data will be destroyed.

### **What will you be expected to do?**

The research does not require any direct involvement with patients. In-depth face-to-face interviews will be pursued with both Trust employees and catering staff. In addition focus groups discussion with foodservices staff will be conducted. Hence, the required participants are:

NHS staff:

- a) NHS hospital manager in charge of foodservices
- b) NHS facilities and estates department managers

Catering staff

- a) unit manager/catering manager
- b) catering operation managers
- c) services staff, especially front-line staff

### **How much time will it involve?**

It is estimated that the first round consisting of *in situ* face-to-face interviews with several managers will take about one hour / an hour and a half at the most, and requiring an average of two interviews per participant.

The second phase of the research will be approached through *in situ* focus groups discussions, between three or four in total, with a maximum of six participants per group with the private catering firm staff. These focus groups will take about one hour and a half.

### **Will your responses be anonymous?**

Any information that is obtained in connection with this study and pertaining to yourself as an individual participant will remain confidential and will be disclosed only with your permission, except as required by law. Your comments through either individual interviews or groups discussions may form part of this analysis. Once all the data is collected and analyzed for this project, I plan to share this information with the research community through seminars, conferences, presentations, or journal articles. However, your contributions will not be attributed directly to you. They will either form part of a larger pool of data, or in cases when direct quotations are used, anonymity will be maintained.

### **How will you be contacted?**

Once final agreement will be reached from your Trust, the above chief investigator in situ will introduce herself and outline in details the main aims, objectives and requirements for the research for clarification. Further arrangements will be undertaken according with your schedule availability and convenience times.

### **What are the possible benefits of taking?**

Feedback of research results will be given if required. Although the chief investigator cannot promise the study will help, the information displayed by your participation will contribute to a better understanding especially for future direction of contracting out initiatives and related management issues within the hospitality field.

### **If you wish to know more?**

If you have any questions about the research, you are free to contact the person conducting the study at the above address and telephone number.

Please contact the chief investigator:

Name	Contact number	E-mail
Carmen Pardo Vela	< >	< >



## **Part 2**

### ***Will your participation in this study be kept confidential?***

Our procedures for handling, processing, storage and destruction of your data are compliant with the Data Protection Act 1998.

All information which is collected about you and from you during the course of the research will be kept strictly confidential. All data will only be viewed by the researchers, your name will be removed from the data, and it will be stored securely. In any reports that come from this research it will not be possible to link individuals with data.

### **What will happen to the results of the research study?**

The researcher intends to publish the results from the research to the completion of the PhD degree. Direct quotations from participants might be inserted in the PhD report related to the present study. However, these quotations will not explicitly refer to the person hence, you will not be identified in any report/publication.

### **Who is organising and funding the research?**

The research project is supervised and sponsored by Sheffield Hallam University.

### **Who has reviewed the study?**

This study was given a favourable ethical approval by Sheffield Hallam University Research Ethics Committee of the Faculty of Organization and Management in order to assure legal requirements and good practice standards.

Although the risks inherent to this research for the various involved parts are totally limited, in the event of harm, Sheffield Hallam University will act as the sponsor for the research project and take on the responsibilities of the sponsor for non-clinical trials as set out in the Department of Health Research Governance Framework for Health and Social care.

**Many thanks for considering taking part and taking time to read this sheet.**



Centre Number: <name> Trust

Study Number: 07/MRE03/27

## CONSENT FORM

**Title of Project:** Contractually based service delivery partnerships. Internal relationship marketing for effective soft services management

Name of Researcher: Carmen Pardo Vela

### Please initial box

1. I confirm that I have read and understand the information sheet dated 01/05/2007 (version .....) for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason, without my legal rights being affected.

3. I agree to take part in the above study.



## Appendix 3: Semi-structured interviews

### Annex A: Client interview guide

Area	Themes	Rationale
Yourself	<ul style="list-style-type: none"> <li>• Background, role &amp; time working at the trust</li> <li>• Experience/relation with contract practices (PFI/PPP)</li> </ul>	Twofold, “breaking the ice” at the first minute of the interview by making participant feeling comfortable as well as visualising a profile of the participant background and management style
Partnership	<ul style="list-style-type: none"> <li>• Private sector main drivers</li> <li>• Dis/advantages Private sector collaboration</li> <li>• PPP and PFI differences, preferences</li> <li>• Partnership structure</li> <li>• Working skills Differences/adaptability for working in partnership</li> <li>• Managerial approach and structure</li> </ul>	Gathering impressions about the concept of partnership and how was understood to be put in practice
Relationship with contractor	<ul style="list-style-type: none"> <li>• Meaning: Supplier or partner?</li> <li>• Relationship values adopted (characteristics)</li> <li>• Collaborative attitude</li> <li>• Shared of power and influence</li> <li>• “<i>complementarity</i>”</li> <li>• Communications</li> <li>• Trust expectations</li> </ul>	<p>To understand how the relationship with the partner was being developed and the role of each partner in the adopted partnership. Level of commitment and expectations achievement</p> <p>Conflict and solving strategies</p>

	<ul style="list-style-type: none"> <li>• Committed and trusted supplier</li> <li>• Partnership feeling, success relationship, confidence between partners</li> <li>• Relevant conflicts/difficulties</li> </ul>	
<b>Contract issues</b>	<ul style="list-style-type: none"> <li>• Private partner involvement/ freedom</li> <li>• Working practices guidelines</li> <li>• Accountability</li> <li>• Specific responsibilities on contract terms</li> <li>• Modifications so far</li> </ul>	To analyse the contract format, monitoring and regulation
<b>Service issues</b>	<ul style="list-style-type: none"> <li>• Performance targets,</li> <li>• Sharing vision and objective on service improvement</li> <li>• Performance quality assessments types</li> <li>• Service monitoring method (key performance indicators &amp; financial penalties)</li> <li>• Performance reviews</li> <li>• Correction actions</li> <li>• Judge of the service. Significant improvements</li> <li>• Most satisfactory service aspects. Improvements needed/urgent</li> </ul>	<p>How the contract was regulated and outcomes assessed</p> <p>Level of improvement and change achieved.</p> <p>Satisfaction levels</p>
<b>Partnership evolution/future</b>	<ul style="list-style-type: none"> <li>• Remedial steps for relationship improvement (E.g. communication and understanding, meetings and reports, specific actions; partner commitment and enthusiastic support).</li> <li>• Strong foundation for the further collaboration in PPP basis</li> <li>• other options</li> </ul>	Attitude towards the future and willingness to continue in partnership that will corroborate the stated level of satisfaction achieved by the client

Other issues	<ul style="list-style-type: none"> <li>• health bodies guidelines/policies/pressures (financial reductions, BHS)</li> <li>• Staff labour conditions: employment opportunities and work environment</li> </ul>	Climate of cooperation External pressures and influences Derived issues of the adopted partnership
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**Annex B: Contractor interview guide**

Yourself	<ul style="list-style-type: none"> <li>• Background, role &amp; time working for this org.</li> <li>• Experience/relation with contract practices (PFI/PPP)</li> </ul>
Partnership	<ul style="list-style-type: none"> <li>• Private sector main drivers</li> <li>• Dis/advantages collaborating with public sector</li> <li>• PPP and PFI differences, preferences</li> <li>• Partnership structure</li> <li>• Working skills differences/adaptability for working in partnership</li> <li>• Managerial approach + structure</li> <li>• Success factors</li> </ul>
Relationship with trust/client	<ul style="list-style-type: none"> <li>• Meaning: Client or partner?</li> <li>• Relationship <u>values</u> adopted, characteristics. <ul style="list-style-type: none"> <li>• human interaction or business oriented</li> <li>• effective, commitment, understanding, continuous interaction</li> <li>• mutual relationships/adoption of common objectives/support,</li> <li>• democracy/consensus/conflict</li> </ul> </li> <li>• Collaborative attitude</li> </ul>

	<ul style="list-style-type: none"> <li>• Shared of power and influence</li> <li>• “Complementarity”</li> <li>• Communications</li> <li>• Trust expectations</li> <li>• Committed &amp; trusted supplier?</li> <li>• Partnership feeling, success relationship, confidence between partners</li> <li>• Relevant conflicts/difficulties</li> </ul>
<b>Contract issues</b>	<ul style="list-style-type: none"> <li>• Private partner involvement/ freedom</li> <li>• Working practices guidelines</li> <li>• Accountability</li> <li>• Specific responsibilities on contract terms</li> <li>• Modifications</li> <li>• Management programmes + operational plans/goals establishment</li> <li>• Public sector’s effect on private general management strategy. Adaptation management style/organisational culture</li> </ul>
<b>Service issues</b>	<ul style="list-style-type: none"> <li>• Performance targets</li> <li>• Sharing vision + objective on service improvement</li> <li>• Performance quality assessments types</li> <li>• Service monitoring method (key performance indicators &amp; financial penalties)</li> <li>• Performance reviews</li> <li>• Correction actions + effective feedback</li> <li>• Judge of the service. Significant improvements</li> </ul>

	<ul style="list-style-type: none"> <li>• Most satisfactory service aspects. Improvements needed/urgent</li> </ul>	
<b>Partnership evolution/future</b>	<ul style="list-style-type: none"> <li>• Remedial steps for relationship improvement (E.g. communication &amp; understanding, meetings &amp; reports, specific actions; Partner commitment &amp; enthusiastic support).</li> <li>• Strong foundation for the further collaboration in PPP basis</li> <li>• Other options/ expectations</li> </ul>	
<b>Other issues</b>	<ul style="list-style-type: none"> <li>• Health bodies guidelines/policies/pressures (financial reductions, BHS)</li> <li>• Staff labour conditions: employment opportunities &amp; work environment</li> </ul>	
<b>IM</b>	<b>Organisational culture</b>	<b>VALUES + GOALS</b> How does private organisation manage its employees +engage with? Inside relationships considerations, Organisation-employee relationship Strategies (recruit, train, motivate +retain employees) Rewards + recognition
	<b>Employees relevance for the organisation</b>	○ OPINIONS Encouraging employees participation Staff a source of feedback (undertaking improvements) Do they share their insights & experience with you? Which relevance has employees for your organisation? How does your organization engage with your staff? <ul style="list-style-type: none"> <li>• NEEDS</li> </ul> How do you know & meet your employees' needs?
	<b>Employee autonomy</b>	Does your organization encourage employees to take the extra step & use their initiative



	<b>Communication</b> (clarity role & standards)	Knowledge sharing Expectations transmit Effective feedback Sell objectives						
	<b>Service quality performance</b>	Systems & procedures/initiatives to assist employees to deliver roles & responsibilities effectively  (Training, knowledge transfer, cross-training, internal communications) What other factors do you believe assist employees in delivering service quality? What do you think it is required for employees to deliver service quality? (Mentoring support & encouragement, feedback)						
	<b>Commitment</b>	Organisation- employee relationship Support						
	<b>Work environment</b>	<table border="0"> <tr> <td>Perceptions</td> <td>Relationship + integration with other staff</td> </tr> <tr> <td>Employment opportunities</td> <td>Critical issues</td> </tr> <tr> <td>Transferability</td> <td></td> </tr> </table>	Perceptions	Relationship + integration with other staff	Employment opportunities	Critical issues	Transferability	
Perceptions	Relationship + integration with other staff							
Employment opportunities	Critical issues							
Transferability								
	<b>Manager role</b>	Dealing with staff Relevance (individual & organisation)						
	<b>Customer orientation</b>	Concept Achievement strategies Important/relevant factors						
	<b>IM concept</b>	Familiarity with the terminology (Individual) Meaning Strategies & examples						

## Appendix 4: Services staff focus groups

### Annex C: Pre-group discussion questionnaire

Please take a few moments to complete these questions. This survey is **completely anonymous**.  
Thank you

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#### Are you

- Male
- Female

#### Which age group do you fall into?

- 18-30
- 30-40
- 40-50
- 50+

#### Are you

- Full time
- Part-time.

#### Occupation

#### How long are you working for [Services provider name]?

- 0 - 6 months.
- 6 months- 1 yrs.
- 1 yr. - 2 yrs.
- 2 yrs. - 4 yrs.
- Over 4 yrs.

#### And how long in this Hospital?

- 0 - 6 months.
- 6 months. - 1 yr.
- 1 yr. - 2 yrs.
- 2 yrs. - 4 yrs.
- Over 4 yrs.

#### Have you work previously in hospitality? How long?

- 0 - 6 months.
- 6 months. - 1 yr.
- 1 yr. - 2 yrs.
- 2 yrs. - 4 yrs.
- Over 4 yrs.

## Annex D: Group discussion guide

Discussion session themes:	
<ul style="list-style-type: none"> <li>• Relationships (with colleagues, managers, other hospital staff...)</li> <li>• Attitudes towards work environment (the whole context)</li> <li>• Attitudes towards work task and service delivery (are they counting with all what they need, what is making difficult or unattractive their job, empowerment or submission?)</li> </ul>	

<b>Employment situation</b>	<p><i>Could you draw how do you look like when you are at work?</i></p> <p>How do you feel as employee working for "X"? Do you feel important within and for it? Could you give me an example?</p> <p>Likes &amp; dislikes about working at (s) Hospital &amp; for "X"</p> <p>Are you happy with your employment conditions?</p> <p>In general, what "X" as a company is offering to you?</p>
<b>Operational aspects</b>	<p><b>1. Job</b></p> <p>How do you describe your job? If you could use an adjective to describe it which one will be?</p> <p><b>2. Training and general skills</b></p> <p>How confident do you feel on your daily day work? Do you feel well trained for doing your job?</p> <p>How do you think do you normally respond to especial needs or "difficult/delicate situations" with customers?</p> <p><b>3. Support</b></p> <p>Do you feel that the organisation is taking care of you, giving encouragement and support? Example</p> <p>How important is this (support) for you?</p> <p>What other factors are important for helping and making more feasible your job?</p> <p><b>4. Environment</b></p> <p>Colleagues incentive/stimulus.</p>

	<ul style="list-style-type: none"> <li>• Have your colleagues any relevance or influence for undertaking your job and responsibilities? Are they a stimulus for working here? If any mistake happens do you feel will you find their support/help?</li> <li>• Are they or the environment in general making you doing progress and stimulating you for doing your best?</li> <li>• Are you given support to your colleagues? Do you feel it is important and of your responsibility giving advice to your close workmates?</li> <li>• Relationship with your line &amp; general manager</li> <li>• What about your relation and integration with the other hospital staff?</li> </ul> <p><b>5. Involvement &amp; participation</b></p> <ul style="list-style-type: none"> <li>• Do you feel your job is appreciated by others?</li> <li>• Your job is allowing you to use your full range of skills, experience/potential?</li> <li>• Do you have clear guidelines about your responsibilities and relationships with other employees within the organisation?</li> <li>• What are the main difficulties that can impede you from doing your job in the most accurate way?</li> <li>• Do you feel that your comments/contributions are listened and/ or being considered/ taken into account?</li> </ul> <p><b>6. Empowerment/ autonomy</b></p> <ul style="list-style-type: none"> <li>• How do you know what it is expected from you?</li> <li>• How do you describe your responsibility? Is important in the way do you perform for the organisation?</li> <li>• And if unexpected situation takes place, how do you feel with this? What would you do in this case?</li> </ul>
<p><i>I'm going to say a sentence, and I would like you to write down the first word that comes to your mind</i></p> <ul style="list-style-type: none"> <li>• <i>Your manager is ...</i></li> <li>• <i>The best thing about working here is...</i></li> <li>• <i>The most annoying thing of my work here is...</i></li> <li>• <i>Customers are ...</i></li> <li>• <i>If I could I'd change...</i></li> </ul>	

<p><b>Perceptions</b></p>	<p><b>1. Customers</b>          Try to see the company through the customers' eyes,</p> <ul style="list-style-type: none"> <li>• How would you describe the company? Which are your impressions of it?</li> <li>• If you were a (external) customer of this restaurant, how would you describe the service? Would you be a "regular" customer?</li> <li>• Is there anything that you think needs to be improved? What aspects would you improve/change? (Service, food, employees, environment,...)</li> </ul> <p><b>2. Service</b></p> <ul style="list-style-type: none"> <li>• What do you think makes a good service?</li> <li>• How do you think your manager deals with it?</li> <li>• How do you handle service interactions?</li> <li>• How do you describe your attitudes towards service delivery/customers?</li> <li>• Employee response <i>to special customer needs and requests/to problem customers/to service delivery failures</i></li> </ul> <p><b>3. Customer orientation</b></p> <ul style="list-style-type: none"> <li>▪ What are your impressions about the focus/attention that "X" is paying to customers? Could you give an example of this?</li> <li>▪ What service elements do you think are important to customers? And what are their service expectations? Is there any difference if the customer is staff, external/ internal customer or a patient?</li> <li>▪ How do you describe the attitude of your colleagues dealing with your customers/patients?</li> <li>▪ What do you think you can do to improve the service or satisfaction of your customers?</li> <li>▪ What factors make difficult to achieve "this desired" good service?'</li> <li>▪ Do you feel concerned about this? Why?</li> </ul> <p><b>4. Organisation</b></p> <ul style="list-style-type: none"> <li>• How do you describe your company?</li> </ul> <p>Imagine is a person on this person's behalf you need to complete a dating agency application form including things such as hobbies, preferred holiday destinations, its personality...)</p> <ul style="list-style-type: none"> <li>• What do you think is important for "X"? And what's the most important thing above all?</li> </ul>
<p><b>Employees' satisfaction, emotional situation</b></p>	<ul style="list-style-type: none"> <li>• Think about someone working in this company whose job was or is being refereed as a good example. Could you describe it? What do you think contributes to him/her doing his/her job well?</li> </ul>

	<ul style="list-style-type: none"> <li>• Think about someone in this organisation or of your colleagues that you know s/he is not motivated or not "at ease" working here. What do you think the factors are in this situation? How do you feel about that? Do you think you can do something about that?</li> </ul> <p><i>We are now at the moment when you started to work at (s) hospital how was it? How that has change? And you? What is different? What is better? What is worst? And your expectations were they different? How would you like it will be in the future?</i></p> <ul style="list-style-type: none"> <li>• What is important to you?</li> <li>• What do you need in your career to keep you energised &amp; motivated?</li> </ul>
<b>Closing comments</b>	Summarise the main points of the discussion, agreements and disagreements with the collaboration of each individual. Additional comments/ thoughts. Anyone reconsidering his/her position.

## Appendix 5: Data collected

CASE	CONTRACT TYPE	SERVICES OUTSOURCED	PRIVATE SERVICES PROVIDER	NO. INTERVIEWS & FOCUS GROUPS	
C.1 (PILOT)	Small PFI	Catering-kitchen/restaurant	1	6 I	4 Fg.
C.2	Small PFI	Catering-kitchen/restaurant	1	5 I	4 Fg.
C.3	Small Private Contract	Catering-kitchen/restaurant	2	7 I	3 Fg.
C.4	Big PFI	New hospital	1	5 I	3 Fg.
C.5	Big PFI	New hospital +hard & soft services	2	3 I	1 Fg.
C.6	Straightforward Contract (prior to PFI)	catering-kitchen/restaurant	2	2 I	
C.7	Big PFI	New hospital +hard & soft services	1	1 I	
SERVICES PROVIDER HR MANAGERS			1	1 I	
			2	1 I	
				31 I	15 Fg.
				<b>TOTAL:</b>	<b>46</b>

## Appendix 6: Research cases profile

### Research cases profile

- The majority of the cases obey to small PFI projects, mainly undertaken in order to provide catering services in addition to investing on the facility and equipment (kitchen and restaurant)
- The bigger PFI projects (2 of 5 cases- C.4 & C.5) involved building up a new hospital plus the provision of both hard and soft services
- The time period of the selected cases ranged from the late 90s (1997, 1998, 1999) to the early 2000 (2002).
- The longer duration also corresponded to the biggest investments and larger projects ranging from 30 to 35 years, while the smaller PFI projects coincided on 15 years
- The two bigger PFI projects of this research were also characterised by having a SPV
- Only one case was just a small private contract hence, subject to solely site specifications in terms of duration; for instance by the time of this research there was one renewal of 10 years after signed a contract of a six years period.
- In all small scale PFI projects at least another facility was outsourced - commonly laundry, domestics, or carpark/security services. In those cases, different private contractors used to coexist within the same site since any services provider organisation used to deliver more than one provision



**Annex E: Research Cases Outlook**

	<b>CASE 1</b>	<b>CASE 2</b>	<b>CASE 3</b>	<b>CASE 4</b>	<b>CASE 5</b>	<b>CASE 6</b>	<b>CASE 7*</b>
<b>Foundation Trust status</b>		YES	YES		ONGOING Applying		
<b>Date</b>	January 2002 January 2017	01/04/ 99- 31/03/14	May 1997 May 2003	01/12/02	1999-2029	1993	July 1998-June 2031
<b>Type</b>	Small PFI	Small PFI	Small private contract	Big PFI	Big PFI (One of the fourteen first in the UK)	Contract (Prior to PFI)	Big PFI
<b>Duration (years)</b>	15	15	(1) 6 (2) 10	35 (Soft services renewal in 2011)	30	15	33?
<b>Contractor</b>	A	A	B	A  (Biggest contract for "A" in UK)	B  (First PFI)	B	A
<b>SPV/ Consortium</b>	NO	NO	NO	YES	YES	NO	YES
<b>Services</b>	Catering- kitchen/restaurant	Catering- kitchen/restaurant	Catering- kitchen/restaurant	New hospital	Hospital +hard & soft services	Catering- kitchen/	New hospital?

						restaurant	
<b>Services improved</b>	YES		YES considerably			YES significantly	
<b>First contract experience (Catering)</b>	YES		YES			YES	
<b>Other contracts</b>	2 (Domestics car-park/security)	2 (Linen 13 years ago & laundry 2 years ago)	2 + 2 in-house	All hard and soft facilities	All hard and soft facilities	1 (Hospital laundry)	All hard and soft facilities
<b>Other contract with same provider</b>	Possibly Potential to deliver other services short term	NO	NO	Same Provider all soft facilities	Same Provider all soft facilities	NO	Same Provider all soft facilities
<b>Renewing intention</b>	Still ongoing (year 8) Maybe		1 <sup>st</sup> contract extended twice. New contract 10 years Yes-re-tendering ongoing				

## Appendix 7: Private contractors organisations

### Annex F: Private services organisation “A”

Core values	Employee-organisation relationship philosophy
<ol style="list-style-type: none"> <li>1. Honesty. “Our honesty is not negotiable. We respect our customers, our colleagues and our company-honesty comes first”. Constitutional value and key relationship success factor, long-stable business relationships and improved employment environment. By implementing an open communicative relationship, belonging feeling and a good work environment</li> <li>2. Engagement, Initiative. “Entrepreneurship-we act. Action speaks louder than words. All our employees have a “licence to act” and are expected to do so”</li> <li>3. Responsibility.” We care”. Indifference is immoral. We care about what we do and we do it”</li> <li>4. Continuous quality improvement. Quality-we deliver. We are professionals with a passion for quality. We deliver on our promises”</li> </ol>	<ul style="list-style-type: none"> <li>• “Important to make feel to the employee as part of the company since he/she is representing the whole company”</li> <li>• To make them to be proud of it (belonging feeling). Learning from mistakes. Also, to offer to employees rewards such as bonus “We are not just a number”</li> </ul>

### Annex G: Private services organisation “B”

Core values	Employee-organisation relationship philosophy
<p>Organisation mission:</p> <p>“We strive to improve the quality of daily life for the people we serve”. “Improving the quality of daily life” –is what we genuinely have the capability to do for the people we serve”</p> <p>Values:</p> <ul style="list-style-type: none"> <li>• Service spirit. We are proud to provide service to others. We take care in getting to know our clients and customers. We listen to their needs and</li> </ul>	<p>The organisation provides opportunities to individuals to grow in their jobs, for learning and personal development.</p> <p>“As a company, we spend more on learning and career development that anyone else in our business. We are one of the largest organisations to achieve full Investors in People accreditations”. Opportunities for</p>

<p>pay attention to detail. We make ourselves available and responsive, welcoming and efficient. What we say is what we do-we believe we must always keep our promises.</p> <ul style="list-style-type: none"> <li>• Team spirit. We believe strong teamwork is essential to deliver our service. Working together successfully means recognising our different qualities and skills. It depends on good communications, honesty and mutual respect, with everyone pulling together to achieve clear goals.</li> <li>• Progress spirit. Excellence in service means finding every opportunity for improvement- going the extra mile, taking the initiative, looking for better ways of doing things in our daily routine. It means learning from mistakes when they occur. In these ways, we each make progress as the company as a whole succeeds.</li> </ul>	<p>craft training and practical skills development-including National Vocational Qualifications (NVQs) giving the organisation encouragement to staff to take full advantage of these courses and making career progress within the company. Most learning and development programmes used to be provided locally in order to be easy and convenient to attend.</p> <ul style="list-style-type: none"> <li>• Communication. Organisation own publication produced for the staff on regular basis containing a wealth of information, from articles of interest and special offers to comments on company performance.</li> <li>• Recognition. Employee of the month. Every month each division nominates an “employee of the month” who receives vouchers to the value of 100. This is in recognition of outstanding effort or achievement. Each year a divisional “employee of the year” is selected from these winners. All divisional employees of the year receive 500 worth of vouchers, and attend the company Star Awards ceremony where the company “employee of the year” is announced.</li> <li>• Training. Nationally recognised and valued qualification, enhancing career prospects/internal promotion. Providing a sense of real achievement; improving levels of morale and motivation in the workplace; as well as providing new and developing existing skills</li> <li>• Staff surveys regarding employee engagement in order to collect views of the working environment, and to measure the factors that drive commitment, loyalty and a sense of responsibility in the workplace</li> </ul>
<p>Organisation success in PPP due to:</p> <ol style="list-style-type: none"> <li>Effectively managing a large and unskilled workforce;</li> <li>Keeping the costs of its raw materials down through economies of scale;</li> <li>Managing very large contracts, or at least gaining the confidence of multinational companies as well as convincing them that it is actually far less effort to put the contracts into private facilities organisation's capable hands than to do it 'in-house'.</li> </ol>	

### Appendix 8: Compared individuals' perceptions about private services organisations

Services Provider A		Services Provider B	
Management's views	Staff's views	Management's views	Staff's views
<b>C.1</b>		<b>C.3</b>	
<ul style="list-style-type: none"> <li>• Healthcare roots organisation</li> <li>• Specialist in the healthcare sector</li> <li>• Strong company</li> <li>• Focused in moving further into public sector</li> <li>• Looking after people</li> <li>• Strong people ethics</li> <li>• Professional</li> <li>• High integrity</li> <li>• Entrepreneur &amp; innovative</li> <li>• Pursuing organic grow</li> <li>• Not interested in expanding too quickly</li> <li>• Supportive organisation that helped in achieving targets.</li> </ul>	<ul style="list-style-type: none"> <li>• Only caring about money</li> <li>• Good image all that mattered</li> <li>• Major concern that the job needed to be done over staff caring. Staff just a worker</li> <li>• (Not listening to staff)</li> </ul>	<ul style="list-style-type: none"> <li>• Large</li> <li>• Leading company</li> <li>• Good market potion (Healthcare)</li> <li>• Good employer:                             <ul style="list-style-type: none"> <li>○ Staff</li> <li>○ Management support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ “Profit wanted nature”</li> <li>○ Not really concerned about providing good service and choices</li> <li>○ The most important thing was making customer happy</li> <li>○ Staff feeling easily replaced</li> </ul>
<b>C.2</b>		<b>C.5</b>	
<ul style="list-style-type: none"> <li>○ Well organised organisation</li> <li>○ People focused</li> <li>○ Reinvesting on the service</li> <li>○ Providing with the needed tools &amp; equipment</li> </ul>	<ul style="list-style-type: none"> <li>○ Making money the top priority. Operational retail side paramount</li> <li>○ Concerned about external image</li> <li>○ Growing organisation looking for new business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>○ A renowned organisation within the healthcare sector</li> <li>○ Having a lot to offer to public healthcare</li> <li>○ Broad catering experience</li> <li>○ Extensive back up, resources, expertise &amp; skilled organisation</li> <li>○ Private services organisation grown</li> </ul>	<ul style="list-style-type: none"> <li>○ Money oriented &amp; with tight staffing levels</li> <li>○ Pushing staff to the limit</li> <li>○ Saving money &amp; short staffed</li> </ul>

	<ul style="list-style-type: none"> <li>○ Reaching own goals &amp; looking for improvement</li> <li>○ Staff have little importance &amp; easily replaced</li> <li>○ Cutting costs oriented</li> <li>○ Proving good services</li> </ul>	<ul style="list-style-type: none"> <li>○ substantially over the last 10 years</li> <li>○ High percentage in bidding processes, tendering competitions &amp; new contracts</li> <li>○ Offering a very good value for money deal to clients</li> <li>○ Very transparent organisation, Open door policy</li> <li>○ “Offering first class service” attitude</li> <li>○ An actual investor in people. Looking after staff because staff are considered the main asset for the organisation and the key to success.</li> <li>○ Aim by looking after staff retention is achieved.</li> <li>○ Research executed in order to get to know staff &amp; their well-being</li> <li>○ Management communicate with staff believed to be the critical point</li> <li>○ Leading by example</li> <li>○ Professional &amp; efficient</li> <li>○ Organisation charity</li> <li>○ Customer oriented, committed to understand customers and their needs</li> <li>○ Willing to be the best &amp; the first organisation in everything, keep trying to develop.</li> </ul>	
<b>C.4</b>			
<ul style="list-style-type: none"> <li>○ Extensive network &amp; support. Knowledge &amp; expertise shared by other organisational sites. Regular support &amp; networking available from and within the private organisation. Good higher structure that used to provide staff &amp; managers with the time &amp; resources.</li> <li>○ Committed to provide quality standards. Continuous focus on improving as key to succeed</li> </ul>	<ul style="list-style-type: none"> <li>○ Caring about making profit &amp; not caring about anything else, not caring about staff. Putting pressure on staff for making money</li> <li>○ Committed company to provide a good service</li> </ul>		

<ul style="list-style-type: none"> <li>○ Service oriented organisation, money is not coming first but service. A caring company about the service provided</li> <li>○ Being “on the top end of the sector” (healthcare)</li> <li>○ Delivering &amp; doing what expected effectively. “Delivering what they say and they say what they do” (C.4, p.2)</li> <li>○ Honest. Believing that honesty creates a better atmosphere and credibility</li> <li>○ Leading from the front,</li> <li>○ Demanding high standards</li> <li>○ Committed to be innovative, up to date &amp; professional. Innovative, forward thinking, open to new initiatives &amp; continuously looking for ways &amp; opportunities to developing further the service.</li> <li>○ Caring company. Caring about staff. Staff wellbeing concern. Considerable respect to staff. An organisation that valued staff. <ul style="list-style-type: none"> <li>○ Strategies in place to make staff feeling appreciated incentivising &amp; motivating people.</li> <li>○ Good employer concerned to listening to staff.</li> <li>○ High relevance allocated to training. Providing staff with the training, resources &amp; support needed.</li> <li>○ Good working conditions offered.</li> <li>○ Staff especially managers able to “feel part of the team” in spite of the size of the organisation. At management levels, manager used to feel valued and getting recognition by the organisation. There was low manager turnover</li> </ul> </li> <li>○ The aim: implementing and maintaining an effective work force that feels valued &amp; being making a difference</li> </ul>		
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## Appendix 9: Management individuals' background

	C.1	C.2	C.3	C.4	C.5
<b>Site project manager</b>	<p>a)</p> <ul style="list-style-type: none"> <li>• 22 years hospitality background (8 hotel management &amp; 14 catering)</li> <li>• 1<sup>st</sup> contract</li> <li>• 1<sup>st</sup> healthcare experience</li> <li>• 1<sup>st</sup> time working services provider "A"</li> </ul> <p>b)</p> <ul style="list-style-type: none"> <li>• Catering background (retail)</li> <li>• 1<sup>st</sup> public sector</li> <li>• 1<sup>st</sup> time healthcare</li> <li>• 3 years with the services organisation 1</li> </ul>	<ul style="list-style-type: none"> <li>• 29 years working for the NHS</li> <li>• Since 1982 within the same site</li> <li>• Transferred NHS staff by trust request</li> <li>• 8 years working with private services 1</li> <li>• Nearly retired (2 more years to go)</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure industry background</li> <li>• 1<sup>st</sup> time healthcare sector</li> </ul>	<ul style="list-style-type: none"> <li>• 5 years with the private organisation</li> <li>• Hospitality background</li> </ul>	<ul style="list-style-type: none"> <li>• Transferred NHS staff</li> </ul>
<b>Catering manager (Implementation)</b>				<ul style="list-style-type: none"> <li>• Extensive hospitality background</li> <li>• Previous chef</li> <li>• Retail background</li> <li>• 4 years with services provider "A" in this site</li> </ul>	



<p><b>Catering assistant manager</b></p>	<ul style="list-style-type: none"> <li>• Hospitality background 1<sup>st</sup> time services provider 2</li> </ul>
<p><b>Commercial catering &amp; retail manager</b></p>	<ul style="list-style-type: none"> <li>• 22 years catering experience as food &amp; beverage manager</li> <li>• 5 months with private food services "A"</li> <li>• Leisure industry background</li> <li>• 13 years Working with same private contractor "B"</li> <li>• 5 years on site (hospital)</li> <li>• 1<sup>st</sup> time in healthcare</li> </ul>
<p><b>Head chef</b></p>	<ul style="list-style-type: none"> <li>• Previous catering background</li> <li>• 18 years working site (a children hospital)</li> <li>• 5 years with the private services "B"</li> </ul>
<p><b>Patient services manager</b></p>	<ul style="list-style-type: none"> <li>• 20 years working for the NHS</li> <li>• 2,5 years transferred to private services 1</li> <li>• Any previous business experience</li> <li>• Recognised her need of finance and business management training</li> </ul>

## Appendix 10: Site contract managers' profile

C.1 <sup>2</sup>	<ul style="list-style-type: none"> <li>• People oriented</li> <li>• Having positive attitude</li> <li>• Simple approach (simple strategies)</li> <li>• Honesty in what he was doing</li> <li>• Learning life approach in his job</li> <li>• Committed to the organisation. Feeling grateful, aiming to stay in the long term</li> <li>• Seen difficulties as challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Committed to the place, the job &amp; people</li> <li>• An individual that does not accept failure</li> <li>• Turning overnight to be the site manager was a big learning curve</li> <li>• Contract still needed to settle but open to any other opportunity (promotion) within the organisation</li> </ul>
C.2	<ul style="list-style-type: none"> <li>• Fully committed to the cause of offering a good service mainly to patients</li> <li>• Any commitment to the private organisation rather just to the job</li> <li>• Open door policy</li> <li>• Acknowledging the relevance of the staff</li> <li>• Trying to speak often with staff. Enjoying talking with them</li> <li>• Ensuring communication at different levels</li> <li>• Believing that to offer good results was necessary to ensure that staff were well trained and feeling valued</li> </ul>	
C.3	<ul style="list-style-type: none"> <li>• Expectations meet (about private organisation)</li> <li>• Being leading the contract</li> <li>• Enjoying the job</li> <li>• Good at dealing with people, building relationship up</li> <li>• Determination to achieve goals</li> <li>• Ambition to become the site a reference</li> <li>• Aiming to progress. Higher/challenging responsibility</li> <li>• Loyalty/intention to work for the same private services</li> </ul>	

<sup>2</sup> During the research fieldwork the catering manager was promoted to another site and the catering assistant manager took place, hence both managers were included to illustrate the profile.

	organisation			
C.4 <sup>3</sup>	<ul style="list-style-type: none"> <li>• Commitment to the organisation. Total flexibility and disposal to the organisation to commit into any other entrusted role or task</li> <li>• Passionate</li> <li>• Commitment to the job (providing a good service) and job satisfaction. Ambitious aiming to "make an impact" managing the contract and having a good reputation among staff as a good boss</li> <li>• The management role understood as having charisma, honesty and keeping involved the team</li> <li>• Considering himself one of the team rather than being the boss</li> <li>• Aware and belief on the relevance of staff as well as the level of dependency on them to succeed.</li> <li>• Giving support, transmitting to staff that they are important and significant for the organisation from all the different fronts such as manager, line manager and supervisors, to staff be feeding back</li> <li>• Important making management approachable in order to staff knowing what they need to be doing. Being clear</li> <li>• Feeling being who steers the organisation in the right direction but staff are the one who make it works or not.</li> <li>• Giving and return" belief. Giving support &amp; tools to staff. But also giving the praise of any good job done. <i>"I always say to people, you give me 100% and I will give you 100% support and it works"</i></li> <li>• Making things not complicated</li> <li>• Being fair</li> <li>• Right and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>• Enjoying working for the organisation</li> <li>• Believing on what he was doing and feeling proud of it (progress)</li> <li>• Aiming to <i>"get the best out of my team"</i></li> <li>• Concerned about transmitting that staff were valued &amp; respected plus staff wellbeing was at the forefront.</li> <li>• Being available to staff. Approachable, visible on "shop floor"</li> <li>• Regular communication</li> <li>• Concerned to develop the team</li> <li>• Aware of being as good as his team was</li> <li>• Engaged with the workforce</li> <li>• Passionate &amp; enthusiastic</li> </ul>	<ul style="list-style-type: none"> <li>• Supportive &amp; approachable</li> <li>• Recognising staff relevance, making staff feel worthy. Concern in making staff feel valued and thanked as well as about their well-being</li> <li>• Taking into consideration staff ideas &amp; contribution</li> <li>• Ambitious and aiming to achieve same quality standards as high street market</li> </ul>	<ul style="list-style-type: none"> <li>• Comfortable with contractor operational way. The change of being transferred experienced as a refreshing experience</li> <li>• Enjoying job, motivated, being proud of what they were providing (good quality service)</li> <li>• willing to learn and making career progress</li> <li>• Higher management training needed (finance &amp; general management)</li> <li>• Believing not having any issue with staff and that they were feeling comfortable speaking with her</li> <li>• Approachable to staff and giving staff a voice</li> <li>• Communicating &amp; spending time with staff</li> <li>• Management style. <ul style="list-style-type: none"> <li>o Staff motivation understood as: <ul style="list-style-type: none"> <li>▪ Listening to staff</li> <li>▪ Making staff feeling comfortable</li> <li>▪ Having the needed information</li> <li>▪ Being supported</li> <li>▪ Customers' complaints taken as a source of suggestions for improvement</li> </ul> </li> </ul> </li> </ul>

<sup>3</sup> Due to the size of the site, in C.4 were included the different managers by sections that include site project manager, catering implementation manager, catering assistant manager, commercial & retail manager, and patient services manager.

C.5	Aware of being the prototype of manager wanted by the private organisation with the expertise (commercial backgrounds) and ability to make significant changes to help to build the facility Showing the practicality: what, how and why needed to be done together with instilling in each and every member of staff ownership	Not having much contact with staff & role was mainly based on managing finance
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## Appendix 11: Services staff sample information

### Annex H: Staff focus group participants information

<b>Staff focus group participants information</b>						
	Research Case	Number of Participants	Employment type		Gender	
			Full time	Part time	Male	Female
	CASE 1 (Pilot)	15	n/a	n/a	n/a	n/a
	CASE 2	18	88,88%	11,11%	16,66%	83,33%
	CASE 3	14	92,85%	7,15%	35,71%	64,28%
	CASE 4	9	77,77%	22,22%	11,11%	88,88%
	CASE 5	4	100%	0%	25%	75%
<b>Total Cases</b>	<b>5</b>					
<b>Total Fg. participants</b>		<b>60</b>				

**Annex I: Catering staff sample profile**

Case	Staff profile	
<p><b>C.1</b></p>	<p>Female            40-50 years old            Full time            Over 4 years with the private caterer organisation            Over 4 years within the hospital            Over 4 years hospitality background</p>	<p>Medium high age workforce            Over 4 years stay            With experience</p>
<p><b>C.2</b></p>	<p>Female            40-50 years old            Full time            Working over 4 years in the hospital            4 years with private organisation            Over 4 years hospitality background</p>	<p>Medium age workforce            Over 4 years stay            With experience</p>
<p><b>C.3</b></p>	<p>Female            Over 50 years old            Full time            Maximum 6 months working for private food services organisation            6 months in the hospital</p>	<p>Older workforce            Short stay            With experience</p>

	Over 4 years of hospitality background	
<b>C.4</b>	<p>Female</p> <p>18-30 years old</p> <p>Full time</p> <p>1-2 years working for private food services organisation</p> <p>1-2 years working in the hospital</p> <p>Over 4 years hospitality background</p>	<p>Young workforce</p> <p>Medium stay</p> <p>With experience</p>
<b>C.5</b>	<p>Female</p> <p>40-50 years old</p> <p>Full time</p> <p>2-4 years working for private food services organisation</p> <p>2-4 years working in the hospital</p> <p>Maximum of 6 months of hospitality background</p>	<p>Medium age</p> <p>Medium length stay</p> <p>Short previous hospitality background</p>

## Appendix 12: Staff views

### Annex J: Staff perceptions final themes & categories

Themes	Categories & concepts
Working environment & climate	<ul style="list-style-type: none"> <li>• Conditions differences conflict/ non equity</li> <li>• Short staffing levels</li> <li>• Atmosphere/ climate</li> <li>• Working by the client vs. the private organisation comparison</li> <li>• Flexibility (working times &amp; personal circumstances)</li> <li>• Work overload &amp; stress (pushed to limit), over-tasked</li> <li>• Performance/ productivity differences between staff</li> <li>• Uncertainty (future)</li> <li>• Improvement expectations</li> </ul>
Staff profile	<ul style="list-style-type: none"> <li>• Performing with capabilities</li> <li>• NHS background adaptability</li> <li>• Love/enjoy job</li> <li>• Staff appearance &amp; quality product equals steam &amp; confidence</li> <li>• Intention to stay</li> <li>• Attachment to the private organisation</li> <li>• Attachment to the hospital (over private company)</li> </ul>
Perceptions & relationship with private services organisation	<ul style="list-style-type: none"> <li>• Private organisation paramount: money</li> <li>• Main private organisation concern: job done by staff</li> <li>• Private organisation committed to provide good service</li> <li>• Contractor abusive behaviour: inappropriate working conditions</li> <li>• Contractor concern about external image</li> <li>• Retail side a paramount for contractor</li> <li>• Outsourcing a right option to NHS</li> <li>• Level of trust on the private organisation</li> </ul>
Management-staff relationship	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Relationship with management</li> <li>• Management visible/seen</li> <li>• Staff listened &amp; comments on board/ Action</li> <li>• Bad planning (Management)</li> <li>• Appreciation &amp; feeling valued</li> <li>• Support &amp; understanding</li> <li>• Private contractor caring about staff</li> <li>• Hearing “thank you”</li> <li>• Unfair/ unaccepted reward system</li> <li>• Management fairness</li> <li>• Team work/ support</li> <li>• Committed to deliver (good service)</li> <li>• Necessary more training</li> <li>• Expectations on staff too high/unrealistic</li> </ul>



### Annex K: Staff main highlighted issues through cross-cased analysis

	Different employment terms & conditions	Staffing issues	Communication	Training
C.1	✓	✓	✓	
C.2	✓	✓	✓	✓
C.3	✓		✓	✓
C.4	✓	(No staffing issues)	✓	✓
C.5		✓(Tight)	✓	✓

	Appreciation/ acknowledgment	Support	Collective rewards
C.1	✓	✓	Unfair reward system
C.2	✓ (Non economic)		✓ unfair
C.3		✓	No rewards
C.4	✓		No rewards
C.5	✓ (Particularly after extra work)		✓

### Appendix 13: Private organisations' partnership concept understanding

	<b>Partnership Values</b>	<b>Partnership Failure</b>	<b>Partnership Success</b>
<b>C.1</b>	<ul style="list-style-type: none"> <li>• Mutual respect</li> <li>• Trust &amp; confidence on partner</li> <li>• Being part of the team</li> <li>• (Role) responsibility</li> <li>• Partners being open to each other (communication)</li> <li>• Involvement in the community</li> </ul> <p>*Specially needed to be developed in those cases where scepticism was present due to the uncertainty &amp; change originated.</p>	<ul style="list-style-type: none"> <li>• Reluctance to contractors</li> <li>• Not being open with contractor</li> <li>• No willingness to trust</li> <li>• Demarcation (not being a “trustee” as a limitation to contractors)</li> <li>• Unclear specifications &amp; guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Being able to be partners, accepting role responsibilities, giving evidence plus respect enhance trust on the other partner</li> </ul>
<b>C.2</b>		<ul style="list-style-type: none"> <li>• Contractor not involved/integrated</li> <li>• Parties not working together, team approach</li> <li>• Not having constant communication</li> <li>• Contractor not being contactable</li> </ul>	<ul style="list-style-type: none"> <li>• Right contract specifications</li> <li>• Contractor being positively involved</li> <li>• Parties working together as a team</li> <li>• Keeping continuous open up communication</li> <li>• Being contactable &amp; enhancing talk by having regular contacts</li> <li>• Working on the relationship</li> <li>• Longer term contracts (for building up relationships)</li> <li>• Contractor breaking down barriers &amp; making client feel comfortable</li> <li>• Contractor having knowledge &amp; understanding on NHS (politics, structure, procedures)</li> <li>• Transferring previous manager like a transition person</li> </ul>

C.3	<ul style="list-style-type: none"> <li>• Parties feeling identified with each other</li> <li>• Sharing same goal/s</li> <li>• Commitment</li> <li>• Honesty</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of communication (or bad communication)</li> <li>• Lack of problem solving effective approach</li> <li>• Contractor not being involved &amp; part of the team. Being excluded</li> <li>• Contractor not sharing the same goal/s</li> <li>• One partner not willing to make the contract to work</li> <li>• Contractor not bringing innovation and improvement to the service/s</li> </ul>	<ul style="list-style-type: none"> <li>• Contractor site manager being positive, enthusiastic &amp; passionate with the job</li> <li>• Team working closely</li> <li>• Client willing to make it to happen.</li> <li>• Both parties needed to make it to work, both parties agreed a compromise</li> <li>• Important to bend the rules &amp; working together</li> <li>• Being contracts overall about people</li> <li>• Having clear direction (objectives), both tackling key problems &amp; equal involvement</li> </ul>
C.4	<ul style="list-style-type: none"> <li>• Honesty</li> <li>• Giving praise</li> <li>• Common end</li> <li>• Doing parties their best</li> <li>• Working closely (to achieve the correct level of a good service)</li> <li>• Striving to reach the outcomes</li> <li>• Eager to improve</li> </ul>	<ul style="list-style-type: none"> <li>• Prejudices (less quality, careless) &amp; lack of contractor acceptance (spot of criticism, seeing contractor as a threat)</li> <li>• Not equal commitment &amp; effort in making a successful relationship</li> <li>• Not being open &amp; honest</li> <li>• Lack of communication</li> <li>• Bad rapport between the parties</li> <li>• Frequent changes at management levels (either side)</li> <li>• Contractor : <ul style="list-style-type: none"> <li>○ Not delivering the service as expected</li> <li>○ Overall profit oriented/commitment</li> <li>○ Where transition took place not having an appropriate plan/strategy as well as an accurate "mobilisation" team.</li> <li>○ Contractor engaged to the task (providing the service) rather to the client (hospital) &amp; the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Good partnership when it built on trust</li> <li>○ Contractor being truthful <ul style="list-style-type: none"> <li>○ Client trust believed to be achieved by listening to the client and its needs, which needed to be put into perspective with the best solution</li> </ul> </li> <li>• Contractor showing commitment &amp; effort to success</li> <li>• Contractor caring about the organisation, the service &amp; staff</li> <li>• Contractor service and not money oriented</li> <li>• Contractor not only actually delivering but being delivering the best possible service</li> <li>• Contractor being proactive</li> <li>• Contractor foreseeing problems and dealing with them before getting big issues</li> <li>• Contractor participating and being actively involved</li> <li>• An approachable contractor. Being seen/visible</li> <li>• Working over the time with the same people at management levels (site management team)</li> <li>• Individuals willingness to success, being passionate and enthusiastic</li> </ul>

		aim (patients)	<ul style="list-style-type: none"> <li>• Communication &amp; listening</li> <li>• Working together</li> <li>• Having good rapport with client</li> <li>• Client acceptance of contractors</li> <li>• Transferring previous client manager/s facilitated building up relationship &amp; rapport with client</li> </ul>
<b>C.5</b>	All working together to achieve the best for the patient (p.1, business manager: 95) in an efficient manner (limited budget)	<ul style="list-style-type: none"> <li>• Contractor felt unwanted: high rejection from client to make the contract to succeed (NHS traditionalists minded)</li> <li>• Contractor being at the centre of all criticism</li> </ul>	<ul style="list-style-type: none"> <li>• Honesty &amp; transparency</li> <li>• Good &amp; open communication</li> <li>• Getting on well</li> <li>• Good relationship</li> <li>• Integration</li> <li>• Having the client satisfied (receiving what was expected)</li> <li>• Helping client reaching own objectives</li> <li>• Local proximity</li> </ul>

**Appendix 14: Public partner's PPP perceptions & views<sup>4</sup>**

Client's Partnership experience, perceptions & behaviour	C.1	C.2	C.3	C.4	C.5	C.6	(C.7) <sup>5</sup>
<b>GENERAL ASPECTS</b>							
Private sector collaboration needed	Yes		Yes	Yes	Yes	Yes (but now less)	
Outsourcing an imposed option (any other choice)	Yes	Yes	No	Yes	Yes	Yes	Yes
Outsourcing acceptance (as an appropriate option)	Yes	Yes	Yes (+)	Yes	+/-		
Outsourcing considered an appropriate option	Yes Depending on type of services				No		
Uncertain future to outsourcing	(No PPP will continue but uncertain the form		Yes (+)				

<sup>4</sup> (Note: this table although extracted from data, aimed to minimise researcher's possible bias and interpretation by focusing directly on the answers facilitated by the research participants. Hence, those unfilled boxes were purposely left as such because the interviews and conversations maintained with participants did not refer directly to the particular issues/themes indicated on those boxes).

<sup>5</sup> C.7 was only interviewed one participant, the client and hence it was an unfinished case.

	/type)						
<b>PFI as a good option</b>	No Acceptance just for hard facilities	Better small	No (+)		No		
<b>Soft facilities easy targets to costs reduction</b>	Yes						Yes
<b>Soft services left without investment until their detriment</b>	Yes	Yes	Yes	Yes			
<b>Catering a complicated service</b>	Yes		Yes	Yes (legislation)			
<b>Restrictive contract</b>	Yes	No		No flexibility possible but priced up	Yes	Yes	
<b>In-house provision preference</b>	Yes		No	Yes (profits remaining NHS)	Yes	Yes	
<b>In-house provision intention</b>	No	Small consideration	No		Maybe	Maybe	No the 1 <sup>st</sup> option
<b>Confident ability to manage in-house</b>	No <b>xxx</b> either management/capital	No <b>xxx</b> Not management skill but yes capital	Yes  Not interested	Yes?  But without able to imitate contractor management skills		No	(no)

<b>NHS brand preference (site)</b>			Limited		Yes	Yes	
<b>Better services delivered by contractor (major ability)</b>	Yes	Yes & at better cost	Yes	Yes	No	Yes	Yes (+)
<b>Dependency on contractors (capital, resources, time)</b>	Yes	Yes (economy of scale)	Yes	Yes (high investment)	Yes		
<b>Outsourcing equals non equity  Contractor in better position (e.g commercial terms, contract benefiting more contractor)</b>	Yes		Yes in PFI		Yes		Yes (because of the contract format and being one of the first PFI in the country)
<b>Staff transition OKAY</b>	Yes		Yes	No (IUPE helpful)	Yes	Yes	Yes
<b>Positive private collaboration contribution</b>	Yes		Yes	Yes		Yes	Yes (+)
<b>Learning experience (from contractor)</b>	Yes		Yes  (high interest contractor's way)			Yes	Yes
<b>NHS perceived as having change significantly towards</b>		Yes	Yes				(Not yet compared to private

business-like							organisations)
AFC recognised impact/pressure		Yes	Yes			Yes	Yes(++) (benchmarking process decision)
Catering staff having different terms & conditions (TUPE but not yet AFC)	Yes	No		Yes		Yes	Yes
Staffing issues	?	No			Yes (++)		No
<b>RELATIONAL AND MANAGERIAL ASPECTS</b>							
“Having to” work together attitude (Needed to work with contractor)	Yes		Sort of		Yes		
Comparisons: • Man & wife/marriage • Landlord-tenant	Yes				Yes		
Contractor as a partner	Yes		Yes	No	No	Close to but still a provider	Yes
Feeling of “being in partnership”			Yes				Yes



<b>Bringing contractor on board</b>	Yes ✓✓✓	Yes	Yes	Yes	No	Yes	Yes (included trust meeting structure)
<b>Contractor acceptance on site</b>	(a bit more)		Yes (People get used to it after a long period of time)			Limited. Improved but still some reluctance	
<b>Demarcation (trust vs. contractor membership)</b>			No	Yes		Still present	A bit
<b>Prejudices against contractors</b>				Yes		No at management level	
<b>Preventive behaviour (towards contractor e.g. increased service standards)</b>	Yes	Yes?	Yes?	Yes	Yes		Yes
<b>Suspiciousness</b>	Yes	Yes	No	Yes(+)		Yes	
<b>Concern about any opportunism from contractor (suspiciousness given for granted).</b>	Yes		Yes	Yes	Yes		
<b>Relationship based on outcomes specifications</b>	Yes	Yes	Yes	Yes			Yes
<b>Impossible relationship due to the differences</b>	No		No	Difficult no impossible	Yes		

between client & contractor given for granted	It was possible Looking common ground						
Monitoring role	Yes ✓✓✓		Yes	Yes ✓✓✓	Yes ✓✓		Yes (medium because difficult to hide bad scores)
Client intervention believed to be needed	Yes		Yes?	Yes (+++)		Yes	
Executing power on contractor (intimidation of loosing contract)		Yes	Yes			Yes	Indirectly because of always wanted to obtain best deal
Client having more power/Powerful role	No rather higher influence	Yes	Yes				Little bit <i>"The ball is our court now"</i>
Demanding client (high specifications & expectations)	Yes			Yes	Yes		
Risk transferring	Yes	Yes	Yes	Yes (+)			
Sharing information	Yes ✓✓✓	Yes ✓✓✓	Yes ✓✓✓	Yes ✓✓✓	Yes ✓✓	Yes	
Trust	Yes	Yes	Yes	Yes- ongoing	No	Yes ongoing	Yes

<b>Working together and equal involvement. Integration</b>	Yes	Yes	Yes	Yes			
<b>Working together/ Team approach/Team experience</b>			Yes				Yes
<b>(Loosing) Control. Ownership concern</b>	No	No	A bit	A bit but accepted	Yes ✓✓	Yes Depending on the case	No
<b>Will/making contract/ relationship to work</b>	Yes	Yes	Yes?	Yes			
<b>Client satisfied</b>	Yes	Yes	Yes	(High expectations)	Needed improvement	Yes (+)	No (Belief of not getting best deal)
<b>Contractor commitment &amp; responding</b>	Yes	Yes	Yes	Yes			Yes
<b>Expectations meet</b>	Yes	Yes (Exceeded)	Yes		No	Yes	?
<b>Service improvement achievement</b>	Yes	Yes	Yes	Yes	Not appreciated Service described as acceptable	Yes	Yes
<b>Looking for better deals in spite of satisfaction</b>	Yes (Regular external benchmarking)	Yes	Yes				Yes (Benchmarking)

<b>Site ,manager Influence/dependence</b>	Somechow		Yes. High			High	Yes
<b>Site manager as a key</b>			Yes	Yes (+)			Yes
<b>Early days strains</b>	No			Yes			
<b>Local management (site manager) change request</b>	No	No	Yes (Twice)	Yes		Yes	
<b>Client satisfied with contractor way of dealing with management change and improvement achieved with new manager</b>			Totally			Yes totally	
<b>Involuntary management changes (Different faces)</b>	No				Yes		
<b>Experienced a honey moon -that was over</b>	Yes					Yes (6 months)	
<b>Good specifications a paramount</b>	Strongly Yes		Yes	Yes	Strongly Yes		
<b>Client making expectations + needs clear</b>	Yes		Yes	Yes			
<b>Success down to individuals rather than organisations</b>	Yes		Yes (+)			(Yes)	Yes

<b>Acceptance contractor profit orientation</b>	Yes Client profit oriented	Yes	Yes (+) Client profit oriented	No ***	No		Yes (Sharing profit)
<b>Culture/ interests crashes</b>	Not being an issue						No
<b>Disagreement contractor HR values</b>				Yes			Just were seen a bit harsh their processes to staff
<b>Good relationship</b>	Yes	Yes	Yes	"Reasonable"- still building up		Yes	Yes
<b>Intention to continue. Future optimism</b>	PPP in future in general	Yes	Uncertain			Same provider	Uncertain
<b>Future decisions influenced by market trends &amp; political decisions</b>	No			Yes at least taken into consideration			
<b>Open to any other alternative/s (Best deal)</b>	Yes VfM	Yes		Yes		Same provider or in-house	Yes

### Appendix 15: Private partner PPP perceptions & views

PPP GENERAL PERCEPTIONS & VIEWS					
	C.1	C.2	C.3	C.4	C.5
Investment needed (facilities)	Yes	Yes	Yes	Yes	Yes
Outsourcing better option for healthcare	Yes	Yes	Yes	Yes	
Long term contracts equals developing better the service & client relationship	Yes	Yes			
Financial private sector drivers	Yes		Yes		
Catering staff particular (idiosyncrasy) Opinionated, NHS mentality, reluctance to change, satisfaction going beyond financial returns. Hard work & low payment rate	Yes+++				
Different working terms & conditions				Yes	
RELATIONAL & MANAGERIAL ASPECTS					
Comparisons:					
1. Jisaw 2. Marriage	1. Yes		2. Yes		
Contractor acceptance on site	Ongoing		Yes	Yes	
Perceived high reluctance from client	Yes (hospital)			Yes	
Demarcation (NHS Trust vs. contractor membership)	Yes				

Having to "fight" against contractors' bad reputation	Yes			?	
Contractor easy spot to criticism when anything is going wrong	Yes				
Feeling being on board	Yes	Yes	Yes		
Early days strains			Yes		Yes
Involuntary management changes (different faces)		No			
Clear set specifications					
Relationship based on outcomes specifications		Yes	Yes	?	Yes
Restrictive specifications	Yes – but needed for the start				
Contractor having to help & advising client in limiting its needs	Yes	Yes			
Relationship ongoing	Yes				Yes
Good relationship	Yes	Yes	Yes	Yes	
Feeling being in partnership			Yes		
Feeling a partner			Yes		
Differences between both organisations affecting the success & or development of the contract			No but limiting contractor		Yes
Too much monitoring					
High client intervention					
Client having more power/powerful role/influence					

Demanding client (High specifications & expectations)	Yes			Yes	Yes
Sharing Information	Yes	Yes	Yes		
Two ways communication	Yes	Yes	Yes	Yes	
Trust	Yes	Yes	Yes		
Working together & equal involvement. Integration		Yes	Yes		No
Team approach/ Team experience			Yes		
Will/making contract/ relationship to work	Yes	Yes	Yes		
Client satisfied	Yes	Yes	Yes		No
Contractor committed	Yes	Yes	Yes	Yes	Yes
Client expectations meet	Yes	Yes	Yes		No
Service improvement achievement	Yes	Yes	Yes	Yes	
Will of exceeding client's expectations	Yes		Yes		Yes
Adding value. Going beyond service specifications	Yes		Yes	?	
Contract needs individualisation (bending rules to the site)	Yes		Yes		
Aiming being the best choice & contractor for the client	Yes		Yes	Yes	Yes
Important having the right management team			Yes		
Site manager as a key			Yes		



Site manager supported by the private organisation	Yes	Yes	Yes+	Yes	Yes
Site manager & managers committed to the organisation	Yes		Yes	Yes	Yes
Site manager influence/dependence			Yes		
Important the support, collaboration and rapport with other involved groups	Yes	Yes	Yes		
Contractor having autonomy/freedom	Yes	Yes	Yes		Yes
Equal relationship in terms of trust & power					No
Success down to individuals rather than organisations	Yes +++				
Committed to the cause. Being patient oriented & offering a quality service the only thing that matters independently of who provide the service	Yes+	Yes	Yes +++		
Confidence to continue to be the site services provider	Yes	Yes	Yes	Yes	
PPP future continuation	Yes		Yes	Yes	
Market vulnerability to government decisions	Yes				Yes