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Public Private Partnership Agreement Management:

Khanyile, Patricia Nonhlanhla

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Public Private Partnership Agreement Management:

The Folateng PPP Initiative

Patricia Nonhlanhla Khanyile

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

Public Private Partnerships (PPPs) are seen as a way of enabling the government to gain access to private expertise and funding in order to improve service delivery without the necessity of borrowing. The Folateng (the private arm of the Johannesburg Provincial Hospital – the Charlotte Maxeke Hospital) PPP initiative was established with the goal of delivering quality medical services to the public at a profit while retaining essential skills.

The purpose of this research was to establish the best practices for effective contract and relationship management within the PPP, to maximise benefits to all stakeholders with particular reference to the healthcare sector in South Africa.

The data were collected during in-depth interviews with specially selected respondents involved in the healthcare sector, the PPP unit in the Department of Treasury and the Folateng PPP initiative at the Charlotte Maxeke Hospital. A research interview guide was used for the interviews, which were recorded by audiotape and accompanied by extensive handwritten notes. The data were subsequently content analysed.

The findings of this research were that setting of goals and objectives was seen as the top priority in ensuring effective contract management, followed by appointing a project officer with the best fit for the specific undertaking, along with selecting a project team of the most appropriate profile. Project monitoring and administration were regarded as the next most important issues for effective contract management.

With regard to effective PPP relationship management, communication was found to be a top priority in this research, followed by corporate governance and dispute resolution. The mutual benefits of an effectively managed agreement were found to be firstly keeping to the budget and generating a profit. The

second benefit was providing or obtaining quality services. The final mutual benefit was delivering the project on time to assure service delivery.

There are imperatives that must be in place from the conception to the termination of a PPP agreement to ensure effective management and ultimate success.

DECLARATION

I, Patricia Nonhlanhla Khanyile, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Patricia Nonhlanhla Khanyile

Signed at ……

On the …….. day of …… 2010

DEDICATION

This work is dedicated to my late parents, Ephraim and Nokwazi Khanyile who instilled in me the values of perseverance and hard work.

ACKNOWLEDGEMENTS

I would like to acknowledge the love and support I have received from my children, Mbali and Sibonelo Ngubane and my partner Bankole Omotoso throughout my studies. They have been understanding when I had no time for them and always willing to help. I also thank the rest of my family for the love and support they have given me.

I would also like to thank all my friends for their support and encouragement throughout my studies. They have made sure that I persevere and also helped me in various ways, whether through contacts or going out for a coffee break.I would also like to thank my colleagues at work and fellow students who have assisted me in various ways.

I am very grateful for the willingness to be interviewed and the support I have received from the Medscheme respondents, the GEMS respondents and employees, the Board of Healthcare Funders respondents, the respondents from the Folateng PPP initiative at the Charlotte Maxeke Hospital, the Gauteng Department of Health respondents and employees and the Department of Treasury PPP unit respondents and employees.

I would also like to acknowledge the assistance and support I have received from my supervisor Prof. Terri Carmichael throughout this project. I am also thankful to all other Wits Business School faculty members who have assisted in various ways.

I also thank God for giving me the health and strength to finish this work.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to determine the best practices for contract management, relationship management and the mutual benefits of public private partnerships (PPP) in the healthcare sector using the Folateng ("Place of healing") PPP initiative as a case study.

The PPP between South African provincial hospitals and the medical aids was set up in 2002. Similar PPPs have spread to other provinces except in the Western Cape where it was initiated (Carlisle 2002). Currently Gauteng, KwaZulu-Natal and the Free State provinces also have these PPPs in some of their academic hospitals. In this PPP the academic and quaternary hospitals provide hospital beds to the 154 registered medical aid patients at a reduced cost (about half) compared to private hospitals (Carlisle 2002).

The PPP in the Charlotte Maxeke Hospital, known as the Folateng PPP initiative, was opened in May 2002 to enable the Gauteng province to get extra revenue from the medical aid patients and those able to pay extra for health care. The underutilised beds in the hospital are made available at a cost to the medical aid patients. The hospital pays over a portion of the revenue to the province and keeps a portion of the revenue. According to the Gauteng Health Department's 2004/05 budget speech, the Folateng PPP initiative in the Charlotte Maxeke Hospital collected R31 million by October 2003.

There is no study that has been done to establish whether the Folateng PPP initiative agreement management has been successful. The Gauteng province needs to know whether the Folateng PPP initiative agreement management is being conducted in an efficient and effective manner. The Gauteng province also needs to know whether there is a need for improvement within the Folateng PPP initiative agreement management if the findings indicate that the PPP agreement management has shortcomings and it is not effective and efficient.

1.2 Context of the study

Public private partnerships are dated from the 1960s where the USA federal government used them as a tool for stimulating private investment in development of inner city infrastructures, (Pongsiri 2001). Mixed economy systems that consist of a variety of economic patterns have also strengthened the interdependencies between private sector and public sector (Pongsiri 2001).

Governments have used different methods to gain access to private funds to fund government services and infrastructure. PPPs are always seen by governments as one of the easiest ways a government can deliver services or infrastructure without borrowing and gain access to private expertise (Shaw 2003). It is important to distinguish PPPs from public-private initiatives (PPIs).

The Draft Health Charter defines public-private initiatives as :
"...a Public Private Interaction in terms of which one or more persons or entities involved in health care within the public sector interact with one or more persons or entities involved in healthcare within the private sector or the Non Governmental Organisations (NGO) sector with the object of achieving a mutual benefit or goal and includes, but is not limited to a Public Private Partnership. Public Private Interaction include public financing of health services provided by the private and / or NGO sector; private financing of publicly provided health services; innovative health care delivery models and business models for health practices; delivery models aimed at retention and effective distribution and utilisation of skills; use of public assets for the provision of health services by the public sector" (Shuping and Kabane 2007)

Manuel (2007) defines a PPP in South African law as a contract between a government institution and private party, where:

- The private party performs an institutional function and/or uses state property in terms of output specifications
- Substantial project risk (financial, technical, operational) is transferred to the private party

- The private party benefits through unitary payments from government budgets and/or user fees.

The South African National Treasury PPP Manual has a similar definition of a public-private partnership as a commercial transaction between an institution and a private party in terms of which the private party:
(a) Performs an institutional function on behalf of the institution; and / or
(b) Acquires the use of state property for its own commercial purposes; and
(c) Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
(d) Receives a benefit for performing the institutional function or from utilising the state property, either by way of:

(i) Consideration to be paid by the institution which derives from a revenue fund or, where the institution is a national government business enterprise or a provincial government business enterprise, from the revenues of such institution; or
(iii) Charges or fees to be collected by the private party from users or customers of a service provided to them; or
(iii) A combination of such consideration and such charges or fees.

Labuschagne (1998) details the following types of PPPs in the health industry in South Africa with the concession form of PPP being the most common:

Concession; the private sector designs, rehabilitates or constructs and finances a facility for the department of health; it also provides maintenance of the facility and equipment for a fixed long term period. Revenue is from public to private partner.

1. Build-own-operate or build-own-transfer concession where the revenue is from the users. The building is leased to the department for a period and can be transferred back to the department for a fee or free of charge

2. Lease of the maintenance of the facility to a private partner who would be responsible for rehabilitation and maintenance.

Shuping and Kabane (2007) also mentions another type of PPP in the healthcare industry called a co-location PPP. This PPP occurs when the public and private sectors operate on a similar service and collaborate rather than compete, resulting in the receipt of revenue by the public sector and generation of profit by the private sector in a win-win enterprise. This occurs when the public sector has redundant assets and the private sector has commercial reasons for the utilisation of these excess State assets.

On the international front Tamyko (2007) explains a PPP as voluntary long term collaboration between public and private sector partners to jointly develop products and services, sharing risks, expenses and benefits. Ball and King (2006) explains a Private Finance Initiative (PFI) as a privately built-owned-maintained project and a PPP as having output specification for a level of services expected by the public sector and appropriate amount of risk transferred to the private sector. Broadbent and Laughlin (2003) explains a PFI in its purest form as being a design, build, financed and operated by the private sector. They also distinguish Privately Financed Projects (PFPs) from PPPs and PFIs.

It is important to have a regulatory framework before embarking on a PPP project. The regulation framework must satisfy the demands of both the public and private sectors Pongsiri (2001). Joyner (2007) argues that the attributes, motivations and individual processes of the key actors i.e. project managers and company directors also have an important role in the success of the partnership.

The main legislation governing PPPs at the national and provincial levels of government in South Africa is the Public Finance Management Act (1999) (PFMA) and Treasury Regulation 16. Municipal PPPs are governed under the Municipal Finance Management Act (2003) (MFMA), the Municipal PPP Regulations, and the Municipal Systems Act (2003) (MSA). All of this legislation

supports and reflects government's policy objectives for delivering infrastructure and public services, in line with its constitutional mandate. As a means of procuring and delivering infrastructure and services, PPPs are in line with the intent of both the PFMA and MFMA. Both acts focus on delivering outputs through value-for-money solutions. Treasury Regulations also allow PPPs to be developed with a range of different characteristics. These all involve transferring risk to the private party for designing, financing, building, and operating infrastructure and services Manuel (2007).

Braa (2002) discusses how as a legacy of apartheid, the new South Africa inherited one of the least equitable healthcare systems in the world; 60% of the resources are used by the private sector, serving only about 20% of the population. Braa (2002) discusses how in order to rectify the wrongs of the past; the new South African government launched the Reconstruction and Development Program (RDP) with a title that clearly expressed its intent: the reconstruction and development of communities that suffered under apartheid.

The healthcare system in South Africa is still currently characterised by inequities. (Mzolo and Semeyi 2006). The public sector caters mainly for the majority of the population who are mainly poor and the private sector provide first world medical care to those who can afford to pay high fees for their medical care. There is evidence of shrinking in the population coverage of the medical schemes. Rispel and Setswe (2007) say the current coverage by medical schemes is estimated to be 14% of the population of South Africa. McIntyre and Van der Heever (2007) say 21% of the South African population use the private sector and pay for this out of pocket but they are ultimately dependent on the public health system. The rest of the population (64.2%) is entirely dependent on the public health system.

The South African National Health Act (2004) makes provision for the establishment of a comprehensive national health system. The governance of the national health system falls under the National Department of Health with some responsibility devolved to the provinces, districts and municipalities. The district health system was introduced in the White Paper on the Transformation

of Health System in South Africa (1997) with one of its main goals being to increase access to healthcare for the poor. In this system the healthcare system is based on primary healthcare services, with effective referral systems at the primary, secondary and tertiary care levels. The White Paper on the Transformation of Health System in South Africa (1997) tables the current four levels of care in hospitals:

Level 1 Hospital

This level is for patients that require treatment which may be adequately and appropriately provided at the first level of referral (e.g. a community hospital) by a generalist. This hospital has access to basic diagnostic and therapeutic facilities.

Level 2 Hospital

The hospitals provide specialist services at the provincial level. They are also equipped with an intensive care unit (ICU).

Level 3 Hospital

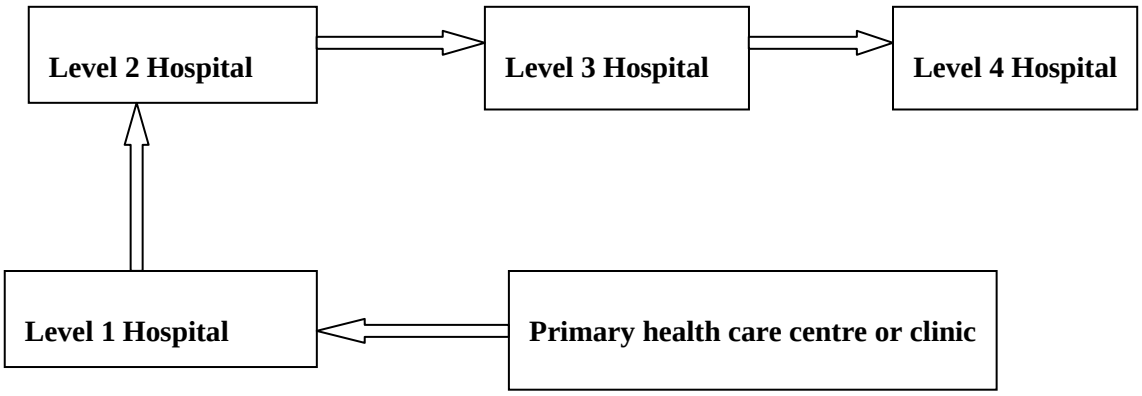
This level is for patients requiring the expertise and care associated with the specialties, sub-specialties and other less common specialities (such as cardiology, endocrinology, oncology, plastic and trauma surgery, neonatology, sophisticated paediatrics and specialised imaging), or requiring access to scarce, expensive and specialised therapeutic and diagnostic equipment found only at a central or tertiary hospital (the third level of referral).

Level 4 Hospital

These facilities provide quaternary health care (such as liver transplantation and heart transplants) at a national level.

The Folateng PPP initiative is both a tertiary level and quaternary level hospital. The diagram below shows the referral system starting from the lowest level of care in the public sector, the local clinics and primary health care centres.

Figure 1: South African Public Health Referral system



1.3 Problem statement

1.3.1 Main problem

The purpose of this research is to establish the best practices for effective contract management and relationship management that will result in mutual benefits to all parties with particular reference to the healthcare sector in South Africa.

1.3.2 Sub-problems

1. To establish the best practices for effective contract management

2. To establish the best practices for relationship management

3. To identify the mutual benefits to be expected from an effectively managed contract

1.4 Significance of the study

This research aims to answer questions and raise questions for further research into the management of PPPs in South Africa. The provincial governments and other government departments will benefit from this research as there are many PPP initiatives currently in South Africa such as the Gautrain project and the

Inkosi Albert Luthuli Hospital Project. The former Minister of Finance, Trevor Manuel says in his presentation that there are twenty PPP projects currently actively being implemented and six projects reaching financial closure during 2007/2008 (Manuel 2007).

It is of major concern to the public how the Folateng PPP initiative performs as the South African public health sector currently has poor service delivery to its main customers (Mzolo and Semeyi 2006). Public health is one of the two areas targeted by the National Treasury Department in its goal to accelerate human development South African Treasury Department Budget Report (2007). Manuel (2007) states that as one of the National Treasury Department initiatives to expand the quality and capacity of the public service, it intends "increasing use of public private partnerships in key service delivery areas" (South African Treasury Department Budget Report 2007).

This intention by the government should be accompanied by proper management of these PPPs to ensure value for money (VFM). There have been critics of the Folateng PPP initiative in the media where they state that due to a lack of recovery of funds from the medical aids, the poor are subsidising the rich. The Gauteng province has had to use funds meant for the public wing to subsidise the Folateng PPP initiative in the Charlotte Maxeke Hospital which was running at a loss (Mzolo and Semeyi 2006).

This research may enable the Gauteng Provincial Government and private sector to effectively manage similar PPP agreements in the future and thus be profitable for both partners. The research may also help both the public and private partners to be able to ask the right questions and thus analyse if the PPP has mutual benefits.

1.5 Delimitations of the study

The study is limited to the Folateng PPP initiative of Charlotte Maxeke Hospital in Gauteng due to financial and time constraints. The Gauteng Provincial

Government PPP officials, the private partner PPP officials and the National Treasury PPP officials in Gauteng have been interviewed.

The limitations of the study are the lack of random sampling and possible subjective bias. The lack of random sampling makes it not possible to generalize the findings to similar PPPs. The subjective bias may affect the interpretation of the results.

1.6 Definition of terms

Term	Meaning
ANC	African National Congress
BHF	Board of Healthcare Funders
BSC	Balanced Score Card
CEO	Chief Executive Officer
EFQM	European Foundation for Quality Management
MASA	Medical Association of South Africa
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
NHS	National Health System
NHRPL	National Health Reference Price List
NRPL	National Recommended Price list
PFI	Private Finance Initiative
PFMA	Public Finance Management Act
PFP	Privately financed projects
PPI	Public Private Interaction
PPP	Public Private Partnerships
RDP	Reconstruction and Development Programme

RM	Risk Management
RWOPS	Remunerative work outside the public sector
TQM	Total Quality Management
UK	United Kingdom
UPFS	Uniform Patient Fee Structure
USA/US	United States of America
VFM	Value for money
WHO	World Health Organization

1.7 Assumptions

The assumptions that have been made are the following:

a) There is an existing Folateng PPP initiative agreement management contract
b) There are outputs specifications and standards set for the management of the contract
c) There are active management processes and reviews of the Folateng PPP initiative contract
d) The information will be made available for the purpose of the research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The literature review looks at what is available on contract management and project management. The literature review also examines the factors for effective relationship management and looks at what are the mutual benefits of an effectively managed contract.

2.2. Background discussion

A case study on the Folateng PPP initiative has been done as part of the research. The Folateng PPP initiative is a PPP in the Gauteng Province's Charlotte Maxeke Hospital. The business model of this PPP started in the Western Cape and has been adopted by other provinces. The government makes use of unutilised space in the hospital to provide a service at a fee to medical aid patients. The research looks at the management of the agreement for this PPP and what are the mutual benefits of this PPP.

2.3. Public Private Partnership Agreement Management

Public Private Partnership agreement management is project management that is guided by the signed contract between the partners. In any project it is important for the project manager to understand why the project is necessary i.e. the strategic fit to the organisation, what are the options and what will this project do i.e. context, how will the project be carried out i.e. task and who needs to be involved i.e. roles. (Webster 1999).

Heinbuch (1996) in his research on achieving effective service contracting results found that the process followed from the initiation of the contract was crucial. He found that the process must be in accordance with the hospital level directives, there must be gathering of information internally and externally so

that comparative analysis of costs and level of service can be performed, multiple bids must be obtained. He also states that a process of monitoring the negotiation stage, the implementation stage of the contract and ongoing service delivery must be developed and implemented.

Heinbuch (1996) also states that the processes above are enhanced by the following:

- Identifying the right people to manage the contract process
- Determining the contracted service relationship to the larger organisations objectives
- Ensure common understanding of goals between contract managers and the managers initiating the contract
- Ensure stated goals are actual goals
- Ensure policies are followed
- Clarifying the service goals to be achieved at the outset
- Specifying at the outset how the contracted work will be performed
- Involving all stakeholders in the process
- Recognising information inherent in comparative analysis
- Taking a long term perspective to contracting especially for services that are difficult to cancel
- Recognising organisational inhibitors and facilitators and dealing accordingly with them.

Cicmil (1997) states that the critical factors in effective project management is understanding the customer's expectations, planning realistically for all resources continuously through the project cycle, ensuring project leadership skills necessary to build-up effective teams and having a sound communication system in place that spans the project network. Critical success factors in effective project management ensure that the objectives of the project are met (Murphy and Ledwith 2007).

The table below defines the success factors as identified by the various researchers. The critical success factors are different from success criteria through which the success of a project is measured.

Table 1: Literature review of success criteria and success factors (Murphy and Ledwith 2007)

Author	**Success criteria**	**Success factors**
Fortune and White (2006)	Not addressed	Top management support Clear and realistic objectives Efficient plan Performance monitoring Communications Resources
Crawford et al. (2005)	Not addressed	Relationship management Resource management Time management Cost management Risk management
Westerveld (2003)	Budget, schedule, quality appreciation by: client, project personnel, users, contracting partners and stakeholders	Leadership and team Policy and strategy Resources Stakeholder management Schedule Risks
White and Fortune (2002)	Complete within schedule Complete with budget Meet client requirements	Clear goals/objectives Realistic schedule Top management support Adequate resources Effective Risk Management Clear communication channels
Davies (2002)	Not addressed	Risk management Responsibilities plan Scope change control process Line of sight feedback Learning from experience
Belassi and Tukel (1996)	Cost Time Client satisfaction	Clear goals/objectives Top management support Scheduling Sufficient resources Planning and control Monitoring and feedback Client consultation

Platz and Temponi (2007) define the following as the most desirable outsourcing contract which is central to the relationship:

- Key elements of performance are service level and quality; and means of measuring performance. Performance incentives and penalties are also important to performance. Communication and confidentiality is also part of performance
- Key financial elements are costing and pricing with the amounts clearly stated
- Key human resource elements must address all issues affecting the customer's in-house staff
- Key legal elements are the transfer of assets and intellectual property rights. Warranties and liabilities that are fair must be provided by either party. Terms of disengaging provide a framework for terminating the relationship. Method of dispute resolution must be documented also.

Longman and Mullins (2004) list the seven essentials for project success as:

- A compelling business case for project management to convert intent into will amongst the team members
- Make project management practical, relevant and beneficial from day one
- Provide support coaching and feedback to team members
- Make systems and procedures user friendly
- Make project management a win for team members and managers by providing rewards and recognition
- Make project management an ongoing learning process
- Trumpet success.

"Best practices may be described as optimum ways of performing work to achieve high performance (e.g. Bogan and English, 1994; Ramabadron et al

1997; Zairi, 1996)". Loo (2003):29. and Jarrar and Zairi (2000) define best practice as either:

- A good idea that has not yet been proven;
- or good practice i.e. a procedure or method that has been implemented and resulted in improved business results.
- Proven best practice i.e. a practice that has been determined to be the best approach for many organisations.

Loo (2003) developed a multi-level causal model for best practices in project management. The first component of this model is project management skills. In this component two categories are emphasised, the technical skills and people skills of the project manager and staff. Loo (2003) also has organisational facilitators and inhibitors as the next component of the model. These can make a project succeed or fail respectively. The facilitators are the:

- Senior management commitment
- Leadership style that are effective in change management, innovation and staff empowerment
- Comprehensive and integrated project management system with policies and procedures that are consistently applied in the organisation
- Training and development of all employees
- A fair compensation program targeted at both the individual and teams.

Loo (2003) states technical and people competencies as the next component resulting from the skills and facilitators mentioned above. The technical competencies are planning, controlling and procedures. The people competencies will be leadership, communication and conflict management. The final component in the model is the feedback loops which help to reinforce effective actions and trigger corrective actions. These are ongoing project reviews, project audits and evaluations to detect shortcomings and make recommendations.

Ruuska and Vartiainen (2003) identified the following critical project competencies in their research:

- Managing and understanding of the project by every team member
- Knowing and understanding the goals of the project
- Communication between the members and entire network

Mann, Adebanjo and Kehoe (1998) also have similar components in their research on best practices in the food and drink industry. The best practices by business excellence criteria are:

- Leadership of the executive team i.e. their behaviour and actions
- Policy, strategy i.e. how the organisation formulates and implements
- People management e.g. skilled employees, communication systems
- Resource management, i.e. financial, information technological and material resources
- Process management i.e. how the processes are identified, managed, reviewed and improved
- Customer satisfaction i.e. what is he organisation achieving in relation to the satisfaction of its external customers
- People satisfaction i.e. what are the organisational achievements in relation to the satisfaction of its employees
- Impact on society. Here the organisational achievements in relation to satisfying the needs and expectations of the community
- Business results i.e. what is the organisation achieving to its planned objectives and satisfying the needs of and expectations of the stakeholders.

Wade and Kleiner (1998) in their paper for practices of excellent companies in the managed healthcare industry mention the service profit chain methodology that managed care companies developed to meet their customer's

expectations. This emphasises the relationship between profitability, customer loyalty, employee satisfaction, employee loyalty and productivity, employee selection, job design and work environment. Laszlo (1999) applies a quality management approach to project management and the model looks at leadership, planning, people, processes, suppliers, customers and the results of the project.

There are three main functions in effective PPP agreement management identified in Module Six of the PPP Manual:

1. Service delivery management is the systems and procedures designed to manage performance and risk
2. PPP agreement administration is the administrative processes that ensure all the documents relating to the PPP and procedures contained in the PPP agreement are effectively managed
3. Partnership management which deals with structures of accountability and how the two partners will relate to each other.

2.3.1 Service Delivery Management

It is important in any relationship where mutual goals have been set, that measurements for these goals are agreed upon and measured appropriately at regular intervals. The goal of the public sector is usually efficient and effective service delivery and the goal for the private sector is profit. It is interesting to note that in the Folateng case the goals are reversed for the public sector, the government provides service for a financial return to the private partner. A management team has to ensure that they regularly review the service delivery against the targets in the output specifications.

The South African National Treasury Department PPP Manual (2004) divides service delivery management into risk management and performance management. Performance management includes affordability of the service to the institution, service delivery and quality, value for money and performance

improvements. The PPP performance management process must include the development of a performance management model.

Performance Management

There are various performance measurement/management systems. In the literature review the methods mentioned were activity based costing, Sink and Tuttle model, Perfomance pyramid, Theory of constraints, Perfomance prism, Medori and Steple's framework, European Foundation for Quality Management (EFQM) Excellence Model and the Balanced Scorecard (BSC). Tangen (2004) states that an approach like the BSC and the performance pyramid links strategy to action. Tangen (2004) says they show what to measure but their weakness is that they do not provide practical methods of how to measure.

Tangen (2004) suggests that the choice of a suitable measurement technique for a particular organization will depend on:

- The purpose of the measurement
- The level of detail required
- The time available for the measurement
- The existence of available predetermined data and
- The cost of measurement

Marr and Schiuma (2003), in their analysis of the dominating concepts in business performance measurement, found that Kaplan and Norton's BSC was the most regularly cited method of business performance measurement. This is a method that gives management an ability to measure past performance for future success. It is different from the previous methods that were backward looking by considering only past financial performance. It has four perspectives: the financial perspective, the customer perspective, the internal operations perspective and the learning and growth perspectives. Cobbold, Lawrie and Marshall (2004) found that in a UK devolved governmental organization the perspectives of activity and outcome were used instead of the usual four

perspectives in their balance score card to avoid confusion over the financial perspective.

There has been some success in using the balance score card in the health sector. Bateman, Breilinger-O'Reilly, Schmidt and Smith (2006) found the use of the BSC in a U.K. mental hospital as a management approach to drive actions strategically, a success. Kim and Smith (2005) documents how the balanced score card was implemented as a valuable and effective tool to facilitate the success of healthcare service providers in the Summa Health System. Bloomquist and Yeager (2008) found that in designing and implementing a BSC in a healthcare setting achieving the perfect balanced score card takes time. He says that you need to be:

- flexible with the process
- consistent with your measures
- clear with your leadership
- open with communication
- thorough in utilizing existing infrastructure
- efficient in setting individual goals
- inclusive in your participation;
- and be systematic in continuously improving the process.

Bush (2005) has almost similar findings on the experiences of the U.S. Army when creating and implementing the balance score card. McGuire and Radnor (2004) found to the contrary that in a case study of the BSC in a UK Health Authority the performance measurement and evaluation was an administrative task and not used as management improvement tool by the managers. The research also found that there was no sense of ownership.

Calandro and Lane (2006) takes the use of the BSC further from measuring performance only to also measure risk in an enterprise. They suggest that this additional BSC will enable the organisation to measure and manage risks to their strategies that have been designed to create value.

Barr (2007), in his research to evaluate the effectiveness of Public-Private Partnerships as a Means to Improve Health and Welfare Systems Worldwide, recommends the qualitative and quantitative analysis of the following :

- Intended outcomes of the PPP
- Effort target specific aspects of health and wellbeing
- Effort identify specific measurable indicators for intended outcomes
- Target levels for these indicators
- Did indicators change? What was the direction of the change? Attained target levels
- Data to support those changes in indicators due to program under study
- Any outcomes not expected

Further review of literature reveals that there is agreement that there should be incentives for improvement of performance and disincentives for performance failures which are clearly outlined from the outset. There should also be a will from both partners to implement these incentives and disincentives consistently. This aids in improving trust and transparency as the way the contract is to be managed is set out clearly from the beginning. Post and Obirih-Opareh (2003) remark on assessing the performance of public private collaboration in solid waste collection in Accra, that the country did not have effective monitoring and control systems in place for the contract. The partnering relation eventually led to distrust amongst the parties.

There is agreement that there should be a dedicated management on both sides that ensure that performance is according to the contract. There is a question on whether the government has the necessary resources and time to properly manage the PPP contracts. The private sector seems to be more capable in managing the contract which shifts the balance of power towards it. Trafford and Proctor (2006) found that there were no plans to evaluate failures and successes in strategy objectives in their case studies. Good leadership was lacking in the government structure affected by environment it is constructed

and deployed. They suggested that the partners must work hard at understanding each other or else the relationship will not work.

Diamond (2002) concludes in his research that too much is expected from local public service staff, as they lack skills to work successfully in PPPs. This is a very important finding as public service employees that are involved hands-on in the PPP operations must have the capacity to manage the contract successfully. Diamond (2002) also suggests that government need adequate resources to manage and monitor these contracts. The other suggestion he makes is that there must be accountability and transparency structures in the government to assure public of economic value of these contracts.

Jamali (2007) on his study of customer satisfaction in the context of a public private partnership found that customer satisfaction of PPP projects measurement shows mixed results. This was mainly due to customer apathy and their lack of choice in PPP projects. He suggests that the managers move beyond internal operational measures of the PPP and look at customer satisfaction to avoid poor service levels in future.

Improvement of the internal processes is important. McAdam and O'Neill (2002) suggest performance measurements based on best value. He also suggests that the managers must work together to develop a competitive strategy. High quality services can be part of the competitive strategy. Sinha (1999) found that total quality management (TQM) in public sector was more talk than action.

Risk Management

Risk is defined as a problem that has not occurred yet (Cervone 2006). Different projects will have different risks inherent to that project. Risk management provides a systematic process for planning, identifying, analysing, monitoring, responding to and controlling risks throughout the project cycle (Cervone 2007). Risk management processes include risk management planning, risk identification, qualitative and quantitative risk analysis; and risk response

planning. All the risks identified in the project must have a risk management plan.

The Antidote from CSBS (2000) gives a formal risk management process that must be followed throughout the project cycle:

1. Consolidate information about the project
2. Plan the risk management process itself and how it is to operate
3. Identify where risks might arise in a project and what might be done about them
4. Structure a clear understanding of the implications of any assumptions about the relationships between risks and response to them
5. Allocate responsibility for managing risks to named individuals
6. Estimate the likelihood of risk events occurring and their impact in terms of cost and duration
7. Evaluate the important difficulties in the project and implication of responses to them
8. Recommend contingency plans in terms of actions, timing, ownership and resource requirements
9. Manage the risk management process in relation to the progress of the actual project, measuring performance and re planning as appropriate.

2.3.2 Project Administration

Administration of the contract is about the reporting on the contract and maintaining all the documentation regarding the project. Grimsey and Lewis (2004) in their paper on the governance of the contractual relationship, develops a framework for managing and reporting on the contract management. They define contract management as the process undertaken to maintain the integrity of the contract and ensure that roles and responsibilities contractually outlined are well understood and carried out to the contract standard. The framework includes the following:

- Measures to assess the ongoing business viability of the private partner to meet the requirements for the term of the contract and the major areas of risk
- Suggestions on how to report on these indicators
- Indicators of reporting quality standards to ensure private parties are meeting performance requirements
- Aspects that should be periodically audited or reviewed
- The structure of the reporting requirement.

Disterer (2002) states the following steps to ensure transfer of knowledge between projects:

- In the proposal stage of the project steps to capture and transfer of knowledge must be taken
- The responsibility of this task must be assigned
- Areas of new knowledge must be identified
- Methods of documenting, storing and preserving experiences
- Post-completion reviews need an open and constructive atmosphere of generosity, freedom and safety between project team members
- Project profiles and the contact person must be documented to ensure retention of knowledge.

Leseure and Brookes (2004) in their research state that the best knowledge management practices in project organisation are based on two grades of knowledge. Kernel knowledge has to do with knowledge of the core competencies of the company and ephemeral knowledge is project specific knowledge. He lists three knowledge management systems: infrastructure eg. hardware and software, infostructure which is about the formal rules which govern exchange between the actors in the project network; and lastly the infoculture which is about the background knowledge that the actors in the project take for granted. The table below illustrates best practices.

Table 2: Best knowledge management practices in project organisation (Leseure and Brookes 2004)

Systems	Kernel knowledge	Ephemeral knowledge
Infrastructure	Level 1- strategic awareness: nature, owners and users Level 2- Generic infrastructures: office libraries, corporate universities, “experience project managers” Level 3- Specific technical infrastructures: dedicated software/expect systems Level 4- Specific organisational structures: virtual organisations and back offices, job redesign (knowledge-based role definition)	Membership in interest groups, associations, Corporate libraries Relationship networks and/or competencies databases (ERP) Knowledge sharing intranets Consulting and outsourcing
Infostructure	Elements: formats, templates, procedures, stage gates and other process models Strategic balance between spontaneity and control	Groupware systems Procedures and stage gate models
Infoculture	Horizontal collaboration culture Transmission of legacy: training, mentoring Recruiting and selection Involvement in the social construction of knowledge: roadmapping, statement of intent, memos, newsletter, workshops Learning mechanisms: post–project reviews, post mortem phases, after action reviews	Contribute to receive culture (not knowledge engineering “Keeping current culture”: newsletters, workshops, and training Collaboration in the supply chain

Leseure and Brookes (2004) suggest that project managers will mostly use infoculture and that during the early phases of the project cycle the manager will

rely on memory as the infrastructure and infostructure are not available. He says generous sharing of information at this early stage sets the pattern for future communication. Infoculture is important at the end of the project when reviews are done and learning takes place.

Conclusion

Public Private Partnership agreement management is project management that is guided by the signed contract between the partners. The process is managed from the initiation of the proposal for the project, analysis of the best option, implementation of the project, maintaining the project operations and termination of the project. Heinbuch (1996) in his research on achieving effective service contracting results he found that the process followed from the initiation of the contract was crucial.

The goals of the project must be fully understood by the project manager and his team. This includes knowing why the project was embarked upon, how it will solve the problem that caused its initiation, how this will be done and what are the objectives of the project. Heinbuch (1996) states that effective service contracting is enhanced understanding of the contracted service relationship to the larger organisation's objectives and ensuring common understanding of goals between contract managers and the managers initiating the contract and that the stated goals are actual goals.

It is essential for any project to have senior management support. This provides the project manager with champions for the project who will influence other stakeholders and market the project. Some projects have internal stakeholders and external stakeholders. Heinbuch (1996) states that effective service contracting is enhanced by involving all stakeholders in the process. Loo (2003) found senior management support to be one of the organisational facilitators in making a project a success.

Cicmil (1997) states that one of the critical factors in effective project management is planning realistically for all resources continuously through the project cycle. The project should be allocated enough time and enough financial and human resources. The project manager and his team must have the right mix of complementary skills to be able to manage the technical aspects of the project. The team must be able to plan for service delivery, monitor the service delivery using a performance management system and a risk management system. Loo (2003) found that leadership styles that are effective in change management, innovation and staff empowerment are as important as organisational facilitators in making a project a success. The team must be trained and empowered in their duties.

The team should also be able to control any deviations, deal with change and perform administrative duties. Platz and Temponi (2007) found that it is one of the desirables in an outsourcing contract to have a clearly defined service level and quality and means of measuring performance to ensure effective performance. He also found that incentives and penalties are also important to performance. Heinbuch (1996) states that effective service contracting is enhanced by specifying at the outset how the contracted work will be performed and clarifying the service goals to be achieved.

Client consultation is important throughout the project as it ensures that the project team remain aware of the customer's desirables and needs. Cicmil (1997) states that it is critical in effective project management to ensure that the customer's expectations are understood from the start of the project and their input sought throughout the project. This ensures that the project meets the client expectation. Wade and Kleiner (1998) in their paper for practices of excellent companies in the managed healthcare industry, mention the service profit chain methodology that managed care companies developed to meet their customer's expectations. This service profit chain emphasises the relationship between profitability, customer loyalty, employee satisfaction, employee loyalty and productivity, employee selection, job design and work environment.

Risk needs to be managed throughout the project cycle. Different projects will have different risks inherent to that project and the project manager needs to be always on the lookout of what may go wrong and plan how to prevent or manage once it has happened. Risk management provides a systematic process for planning, identifying, analysing, monitoring, responding to and controlling risks throughout the project cycle Cervone (2007). Risk management processes include risk management planning, risk identification, qualitative and quantitative risk analysis; and risk response planning. All the risks identified in the project must have a risk management plan.

Ongoing project reviews, project audits and evaluations help in detecting shortcomings and making of corrective recommendations. Result analysis at the end of a project provides for organisational learning as the feedback will enable the organisation to realise mistakes they must avoid in future projects and takeaway lessons that will improve the company's competitive edge. Longman and Mullins (2004) list making project management an ongoing learning process and trumpeting success as essentials for project success.

2.3.3 Proposition One

Best practice for effective PPP agreement management includes:

- Clear goals and objectives
- Senior management support
- Resource allocation i.e. time, money, employee
- Planning, monitoring and control
- Client consultation
- Risk management
- Result analysis

2.4 Public Private Partnerships Relationship Management

Trafford and Proctor (2006) found in their research that the five significant areas of interest for a successful partnership were communication, openness, planning, ethos and direction. Shinners (2006) found that the behaviour of the partners such as honest communication, flexibility, awareness of cultural differences and patience helped the partnership to become and remain successful. Ferguson, Paulin, Moslein and Muller (2005) found in their research that relationship management was important to the success of the partnerships they studied.

Maheshwari, Kumar and Kumar (2006) suggest the following framework to optimise success in supply chain partnerships. It is based on the phases of the lifecycle of the partnership and provides a way to manage and optimise the realisation of partnership benefits.

1. Foundation phase emphasises selection of suitable partners and determining the feasibility of the partnership to ensure a strong foundation of the partnership
2. Implementation phase is about getting the partnership up and running by building physical infrastructure, trusting relationships and ground rules for working together
3. Shakedown phase is when the partners are coming to grips with partnering realities so that they can achieve normality. In this phase collaboration and orchestrating change are the critical issues. It is important to provide the following during this phase:
    - Provide strong leadership
    - Manage asymmetry
    - Build partnering skills
    - Manage conflicts
    - Manage performance
4. Onwards and upwards phase continues from the normal phase until the abandonment of the partnership. The benefits of the partnership are ascertained during this phase. The critical issues are innovation and continuous improvement. After these have been achieved monitoring of

continued relevance, building upon partnership experience and enhancing partnering capabilities.

Bagchi and Paik (2001) have a similar process model for a successful public private partnership in port information system development. These studies show how important it is to manage the PPP relationship from the inception phase to the exit stage.

It is important for the project team to be effective. A team is defined by a small number of individuals with complementary skills holding themselves mutually accountable to a commitment to quality, customer service and productivity (Natale, Libertella and Edwards 1998). According to Natale et al. (1998) effective team management involves the following:

- Sharing a common goal
- Knowing the skills of each team member
- Trust in the relationship
- Empowerment of the team members
- Training of the team members
- Open communication and dealing with conflict constructively
- There must be a team based reward system

Elloy (2008) found in his research that teams that have supervisors who are trusting, innovative and who positively reinforce group members when they have performed well contribute to the development of self-management leader behaviours of goal setting, self-criticism and self-reinforcement in their team members. Barczak and Wilemon (2001) found that the drivers of team member satisfaction were team characteristics, clear project goals, clarity about evaluation and rewards, effective leadership, management support and manageable levels of conflict and stress.

Diamond (2002) suggests the following strategies to ensure that partners work successfully in the partnership:

- Establishing time for the partners including the public to develop an understanding of what is the aim of the project

- Understanding the differing models of working utilised by the private partner
- Developing the capacity of the local groups to participate in the partnership
- Ensuring that the private partner develop their capacity to engage in community based work
- Clarifying an evaluation strategy that is understood by all participants
- Introducing innovative models of supervision for the public sector
- Identifying a critical friend to the project who may identify areas of conflict
- Developing a conflict resolution strategy for the initiative.

Frankel (1996) found in his research that informal social contracts between the key contacts, who manage the alliance, help in achieving a successful long term alliance practice. The informal social contract relies on co-operation and trust to ensure mutual interest in a relationship. The PPP Manual (2004) agrees with this social contract as it states that it is important that a balance is maintained between allowing the private partner to perform their duties as per the PPP agreement and for the institution to intervene when necessary.

“Paying attention to communication has the potential to yield enormous organisational benefits”. (Irving and Tourish 1994:53). Irving and Tourish (1994) state that behaviours found in hierarchical cultures like the NHS, tend to inhibit open communication and emphasise the need of open, flat structured communication. Natale et al. (1998) found that effective team management required dispersing with paradigms of controlled, linear hierarchies.

Webster (1994) states that the Hermann leadership styles affect the way we relate to management situations. There is an analytical style, the implementer, the strategic thinker and the people person. To be an effective manager the project manager needs to know his dominant leadership style and make sure he manages his stakeholders by choosing the most appropriate style for different

situations Webster (1994). Barber and Warn (2005) talks about firefighter-firelighter leadership styles that the project manager must possess. This will enable the project manager to be proactive by developing strategies and supporting the team while also being reactive and solving problems.

In relationship building it is important to know who are the stakeholders in the project, their interest and the nature of their power and influence. The project manager must be able to use social network mapping when trying to understand why a certain interest position is held by the stakeholder and or the source of the intensity (Bourne and Walker 2005). They also recommend talking to people as much as possible to track relationships. The project manager must use the social network to positively influence the relevant stakeholder once the interest of the stakeholder is understood.

Carruthers, Ashill and Rod (2006) found in their research of the healthcare supply chain that the project manager from the government partner must act as stakeholders when assessing the factors that characterise the relationship they have with their private partner and the desired relationship. They found that working together in co-operative partnerships led to more efficient services.

Cervone (2005) states that using different styles of influencing on the project can help the project manager to be more effective. This will help to improve the communication amongst the team members. The styles the project manager can use are:

- Autocratic – this should be avoided as it breeds resentment
- Collaborative – good but can take long to get a decision
- Logical – works well if everyone in the team is logical thinker
- Emotional – charisma
- Assertive – direct request for what you want or do not want, most effective
- Passive – submission, takes long
- Marketing – sell ideas to others

- Bargaining- concessions used to get a mutually agreeable conclusion.

Conflict is generally regarded as disagreement regarding interests or ideas (Esquivel and Kleiner 1997 in Adomi and Anie 2005). Organisational conflict is the discord that occurs when goals, interests or values of different individuals or groups are incompatible and those individuals or groups block or frustrate each other's attempt to achieve their objectives (Adomi and Anie 2005:520). They recommend the following for conflict management in Nigerian university libraries:

- The managers must see conflict as positive occurrence that can increase performance
- Managers must stimulate conflict by encouraging different views from time to time
- Conflict should not be allowed to escalate
- Workshops with other similar organisations on conflict management must be conducted

Darling and Fogliasso (1999) presented a model on conflict management with three steps for effective conflict management. The preliminary step consist of powerbase development by the manager acting as an arbitrator, relational acceptance consist of open discussion of differences and then clarifying issues, the last one is meaningful communication by sensitive reflection of the manager involved in the conflict. The next step is the resolution step where the manager looks at the assumption by each party, allows objective identification of a common goal, then an alternative is selected. The last one is the maintenance steps where agreement on action to resolve the conflict is undertaken, feedback review of how the parties have been able to resolve the conflict and thus minimise chances of a reoccurrence.

Skjorshammer (2001) did a case study of the conflict resolution practices at a hospital. The structure formed to deal with conflicts had four levels. The first line of dealing with the conflict was the immediate superior assisted by the

personnel department and other helpers. If this level does not work then the next line is the conference between the parties and a mediator. The third level is mediation. The fourth and last level is litigation.

Conclusion

The parties that work together in a partnership have to manage their relationship to ensure success of the project. Ferguson et al. (2005) found in their research that relationship management was important to the success of the partnerships they studied. It is important to start working on the relationship from the inception of the project to ensure project success. Maheshwari et al. (2006) and Bagchi and Paik (2001) had similar findings regarding optimisation of success in partnerships by starting to work on the relationship building from inception. It is important for the partners to operate in an ethical manner that is governed by the policies of their organisations and also by what is in their agreement. Maheshwari et al. (2006) found that the setting of ground rules for working together at the implementation phase ensures success of the project.

The social skills of the project manager are crucial in the managing of the relationship. The positive attitude and behaviour of the project manager and the project team enforces mutual trust. Maheshwari et al. (2006) found that the proper selection of suitable partners from the start also help in building positive trusting relationships. Frankel (1996) found in his research that informal social contracts between the key contacts, who manage the alliance, help in achieving a successful long term alliance practice. The informal social contract relies on co-operation and trust to ensure mutual interest in a relationship.

Communication is important to ensure that everyone understands what the goal of the project is. This will keep everyone focused on the same goal. Trafford and Proctor (2006) found in their research that one of the five significant areas of interest for a successful partnership was communication and openness. Everyone in the project team should be able to communicate freely and be able to get relevant project information. Shinners (2006) found that the behaviour of

the partners such as honest communication, flexibility, awareness of cultural differences and patience helped the partnership to become and remain successful. It is important to communicate with all the stakeholders in the project so as to understand their interest and the nature of their power and influence (Bourne and Walker 2005).

The structure also affects communication in a project. Most researchers recommend a flat structure. Irving and Tourish (1994) states that behaviours found in hierarchical cultures like the NHS, tend to inhibit open communication and emphasise the need of open, flat structured communication. Natale et al. (1998) found that effective team management required dispersing with paradigms of controlled, linear hierarchies.

The partners need to frequently assess the relationship and look at strategies to improve the relationship and also training of the team so as to improve partnering skills. Maheshwari et al. (2006) found that it is important throughout the implementation, maintenance and termination phase to monitor the continued relevance of the relationship, building upon partnership experience and enhancing partnering capabilities. Carruthers et al. (2006) found in their research of the healthcare supply chain that the project manager from the government partner must act as a stakeholder when assessing the factors that characterise the relationship they have with their private partner and the desired relationship.

Open communication and trust building that occurs from the start of the relationship help to minimise conflict and ensures that there is healthy conflict that is resolved in a fair manner. Natale et al. (1998) found that effective team management involves open communication and dealing with conflict constructively. Diamond (2002) suggests developing a conflict resolution strategy for the initiative as one of the strategies the partners must adopt to ensure they work successfully. Maheshwari et al. (2006) suggest during the phase when the partners are coming to grips with partnering realities that they must manage conflicts and resolve disputes so that they can achieve normality.

2.4.1 Proposition Two

The best practice for effective PPP relationship management includes managing the following dimensions of the relationship:

- Corporate governance
- Trust and attitudes
- Communication and information sharing
- Relationship assessment
- Dispute resolution

2.5 Benefits of an effectively managed PPP agreement

Success criteria are the measures by which success or failure of a project will be judged (Murphy and Ledwith 2007). Success criteria are concerned with meeting the client's expectations within the allocated time, specifications and budgeted cost. The success of any project is dependent on four major criteria:

- The system resulting from a project must be acceptable to the customer
- The system must be delivered according to the agreed upon schedule
- The system must be delivered within the agreed upon budget and
- The system development process must have a minimal impact on ongoing operations

Zou, Wang and Fang (2008) list the following benefits of PPPs:

- Reducing the cost to implement the project (Li and Akintoye 2003)
- A form of financial engineering or off balance sheet financing (Centennial Consultancy 2005)
- Potential best practice of risk sharing to improve productivity and performance (Li and Akintoye 2003)

- Transferring risks from government to competent private partners (Grimsey and Lewis 2004)
- Superior value for money (regarded as sole reason for adopting a PPP type of project procurement method by the New South Wales Treasury Office (2002)
- Shorter construction period (Department of Transport and Regional Services 2005)
- Attracting larger, potentially more competent and productive bidders to the project (Li and Akintoye 2003)
- Streamlined contracts and simplified procurement (Department of Transport and Regional Services 2005)
- Facilitation of innovation, bringing diverse interests together and enabling public authorities to cohere around common objectives (Jacobs 1997)
- Getting away from the bureaucratic and political processes involved in publicly procured projects (Grimsey and Lewis 2004)
- An effective manner in introducing new technologies and encouraging technology transfer (Blaiklock 2003)
- Effective vehicle of bringing about efficient buildings resulted from the whole-of-life view of the project (Grimsey and Lewis 2004)
- Access to skills, experience and technology of the private sector (Li and Akintoye 2003)

Boyd (2001) lists the five maxims of project satisfaction in software development:

- Deliver the product that the customer desires or needs
- Deliver quality consistent with the price
- Deliver the project in a timeframe the customer desires or needs
- Deliver the desired degree of feedback that the customer desires
- Have a system of conflict resolution that is fair to both the customer and the development team.

Boyd (2001) comments that it is important to know what the project satisfiers and dissatisfiers are using the zone of satisfaction that consist of high quality, low cost, fast and how important each one is to the customer. The project manager must use this as a guide to ensure optimal levels of satisfaction.

The Antidote from CSBS (2000), the UK Industrial society quotes the following reasons for project failure:

- Inadequate definition
- Poor or no planning
- Wrong leader
- Scope not defined
- Inappropriate team
- Ineffective controls
- Poor communication
- Unrealistic timescale

There are different opinions on whether a PPP is an efficient way for government to deliver services. The economic benefits have been debatable as it is unclear whether some of these partnerships are best value for money. The length of some of these contracts has also been questioned as to the value for money the public sector gets in the long term. Flinders (2005) states that the short term office of government enables government to spend large sums spread over years and claim success now even if later on, the project becomes too expensive. This shows that for government sometimes it is more important to show signs of service delivery now to their electorate knowing well that over time the costs of the service will be uneconomical for the taxpayers.

Flinders (2005) also talks about how the threat of a PPP is used as an influential weapon by government in underperforming departments. Here the governments use the threat of outsourcing that function to a private partner to get improved performance. Clarkson (1972) found empirical evidence supporting his proposition that hospital managers in non-proprietary hospitals will be less diligent in challenging medical insurance companies than managers

in proprietary hospitals. Grimshaw, Vincent and Willmott (2002) talks about the gains and losses that occur when procuring services from private providers across specialisation, market cost discipline, contract performance discipline and private sector expertise and flexibility. They note about how the private sector has more power when negotiating due to the expertise of their advisors which gives them an advantage over government. They also state that the public sector is more concerned about its reputation in the area of service delivery and not the profitability. This causes the public sector to not benefit from the relationship as much as the private partner.

Hodge (2004) discusses how the government in Australia was able to transfer commercial risk to the private partner but failed to look after the governance risk. He talks about how citizens should be allowed to see the project and finance details. He also cautions the government that if they shirk their governance duties the price paid for these deals may be high with the taxpayer being the loser.

There are different opinions on whether there are meaningful gains from the private partner especially in terms of skills transfer. The public partner is seen as being too bureaucratic and unable to change quickly. The paper by Grimshaw et al. (2002) asks the question whether there are performance gains from the United Kingdom's (UK) PPPs and where the balance of power lies. The identified pressures for government to outsource in this paper are:

- Specialisation in their core activities and giving non-core activities to experts
- Market gains from tendering and thus lowering costs
- The contract is believed to provide a superior way to monitor levels of quality of output
- The private partner is said to provide innovation.

These same pressures to outsource were seen as also obstacles for performance gains from the PPP's. For the UK's National Health System (NHS) case study the barriers were fragmentation of service provision, high bidding costs deterring competition, high commitment of resources and time to contract

performance monitoring and limited expertise in human resource policy by the private partner and practice a threat to cooperative employment relation. The balance of power was found to be mostly with the private sector.

The mutual goals of the private partner and public partner need to be achieved for a partnership to be successful. There needs to be a constant balance of these goals by the government that embarks on PPP projects. Shaw (2003) discusses how the New Labour government in the UK uses PPPs as a policy instrument to ensure modernisation while using resources efficiently and improving quality of care. He identifies flaws in the NHS PPP; the Concordat, as being the neglect of areas of need in the local community as the private partner pursues the most profitable services. He notes that the NHS PPP, the Concordat may lead to loss of skilled NHS resources to new private entrants in this lucrative sector. He also criticizes that long term PFI contracts may lead to obsolescence as the private partner ignores the maintenance of infrastructure, equipment and local community service needs while pursuing profits.

Conclusion

The three pillars of an effectively managed project is a project that is completed on time while sticking to the budget and providing a quality service or product as a result. Murphy and Ledwith (2007) define success criteria as concerned with meeting the client's expectations within the allocated time, specifications and budgeted cost. The success of any project is dependent on the project results being acceptable to the customer. The clients in a project will have different needs and priorities. Thus it is important for the project team to know exactly what the customer's expectations are and what the client can tolerate and what is important in terms of time, cost, and quality. It is important to know what the project satisfiers and dissatisfiers are using the zone of satisfaction that consist of high quality, low cost, fast and how important each one is to the customer (Boyd 2001). The project manager must use this as a guide to ensure optimal levels of satisfaction.

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advantage over government. He states also that the public sector is more concerned about its reputation in the area of service delivery and not the profitability. This causes the public sector to not benefit from the relationship as much as the private partner.

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- The contract is believed to provide a superior way to monitor levels of quality of output
- The private partner is said to provide innovation.

These same pressures to outsource were seen as also obstacles for performance gains from the PPP's. For the UK's National Health System (NHS) case study the barriers were fragmentation of service provision, high bidding costs deterring competition, high commitment of resources and time to contract performance monitoring and limited expertise in human resource policy by the private partner and practice a threat to cooperative employment relation. The balance of power was found to be mostly with the private sector.

The mutual goals of the private partner and public partner need to be achieved for a partnership to be successful. There needs to be a constant balance of these goals by the government that embarks on PPP projects. Shaw (2003) discusses how the New Labour government in the UK uses PPP as a policy instrument to ensure modernisation while using resources efficiently and improving quality of care. He identifies flaws in the NHS PPP; the Concordat, as being the neglect of areas of need in the local community as the private partner pursues the most profitable services. He notes that the NHS PPP, the Concordat may lead to loss of skilled NHS resources to new private entrants in this lucrative sector. He also criticises that long term PFI contracts may lead to obsolescence as the private partner ignores the maintenance of infrastructure, equipment and local community service needs while pursuing profits.

The PPP is mainly concerned with obtaining value for money. Thus at the inception stage of the project the treasury considers the cost benefit of doing the project in-house or getting the private sector to do it. The risk transfer to the private partner and the gaining of private funds and expertise is also considered. Zou et al. (2008) list reducing the cost to implement the project, achieving a form of off balance sheet financing, transferring risks from government to competent private partners as the benefits of PPP.

2.5.1 Proposition Three

The mutual benefits of an effectively managed PPP agreement are:

- Quality services or products
- Project completed on time
- Budgets not exceeded on project completion
- Transfer of risk to the private partner
- Access to skills, experience and technology of the private sector.

2.6 Conclusion of Literature Review

Almost all the literature describes a PPP as a long term collaboration between government and private partners to achieve mutual goals and involves some transfer of risk to the private partner and remuneration of the private or public partner. The main legislation governing PPPs in South Africa is:

- Public Finance Management Act (1999) (PFMA)
- Treasury Regulation 16
- Municipal Finance Management Act (2003) (MFMA)
- Municipal PPP Regulations
- Municipal Systems Act (2003) (MSA).

Public Private Partnership agreement management is project management that is guided by the signed contract between the partners. Effective management of the agreement consists of managing from the initiation of the project right until termination of the project. The goals of the project must be fully understood by the project manager and his team. It is essential for any project to have senior management support. The project should be allocated enough time and financial and human resources.

The project team should be able to control any deviations, deal with change and perform administrative duties. Client consultation is important throughout the project as it ensures that the project team remain aware of the customer's desires and needs. This ensures that the project meets the client expectation. Risk needs to be managed throughout the project cycle. Ongoing project reviews, project audits and evaluations help in detecting shortcomings and making of corrective recommendations.

The parties that work together in a partnership have to manage their relationship to ensure success of the project. It is important to start working on the relationship from the inception of the project to ensure project success. It is important for the partners to operate in an ethical manner that is governed by the policies of their organisations and also by what is in the project agreement.

The social skills of the project manager are very crucial in the managing of the relationship. The positive attitude and behaviour of the project manager and the project team enforces mutual trust. Frankel (1996) found in his research that informal social contracts between the key contacts, who manage the alliance, helps in achieving a successful long term alliance practice. The informal social contract relies on co-operation and trust to ensure mutual interest in a relationship.

Communication is important to ensure that everyone understands what the goal of the project is. This will keep everyone focused on the same goal. Everyone in the project team should be able to communicate freely and be able to get relevant project information. It is important to communicate with all the stakeholders in the project so as to understand their interest and the nature of their power and influence (Bourne and Walker 2005). Most researchers recommend a flat structure. Irving and Tourish (1994) state that behaviours found in hierarchical cultures like the NHS, tend to inhibit open communication and emphasise the need of open, flat structured communication.

The partners need to frequently assess the relationship and look at strategies to improve the relationship and also ensure training of the team so as to improve partnering skills. Open communication and trust building that occurs from the start of the relationship help to minimise conflict and ensures that if there is conflict it is resolved in a fair manner. Diamond (2002) suggests developing a conflict resolution strategy for the initiative as one of the strategies the partners must adopt to ensure they work successfully.

The three pillars of an effectively managed project is a project that is completed on time while sticking to the budget and providing a quality service or product as a final outcome. Murphy and Ledwith (2007) define success criteria as concerned with meeting the client's expectations within the allocated time, specifications and budgeted cost. The success of any project is dependent on the project results being acceptable o the customer, delivered on time at the agreed budget and with minimal disruptions to ongoing operations (Murphy and

Ledwith 2007). Boyd (2001) also found similar results in his research of project satisfaction in software development.

The PPP is mainly concerned with obtaining value for money. Thus at the inception stage of the project the treasury considers the cost benefit of doing the project in-house or getting the private sector to do it. The risk transfer to the private partner and the gaining of private funds and expertise is also considered. Zou et al. (2008) list reducing the cost to implement the project, achieving a form of off balance sheet financing, transferring risks from government to competent private partners as the benefits of PPP.

2.6.1 Research Proposition One

Best practice for effective PPP agreement management include:

- Clear goals and objectives
- Senior management support
- Resource allocation i.e. time, money, employee
- Planning, monitoring and control
- Client consultation
- Risk management
- Result analysis

2.6.2 Research Proposition Two

The best practice for effective PPP relationship management includes managing the following dimensions of the relationship:

- Corporate governance
- Trust and attitudes
- Communication and information sharing
- Relationship assessment
- Dispute resolution

2.6.3 Research Proposition Three

The mutual benefits of an effectively managed PPP agreement are:

- Quality services or products
- Project completed on time
- Budgets not exceeded on project completion
- Transfer of risk to the private partner
- Access to skills, experience and technology of the private sector

CHAPTER 3: RESEARCH METHODOLOGY

3 RESEARCH METHODOLOGY

3.1 Research methodology/paradigm

The qualitative research methodology is exploratory especially where there is inadequate information available on the research topic. In this approach the researcher makes knowledge claims based on constructivist perspectives or advocacy/participatory perspectives or both (Creswell 2003). The constructivist knowledge base is reliant on social construction by asking open ended questions to participants about their experiences. It also uses strategies of inquiry such as narratives, phenomenology, ethnographies, grounded theory studies or case studies (Creswell 2003).

The researcher collects open-ended emerging data with the primary intent of developing themes from the data. The researcher collects participant meanings, focuses on a single concept or phenomenon. The researcher also brings personal values into the study. The researcher then makes interpretation of the data and creates an agenda for change or reform. The researcher also collaborates with the participants (Creswell 2003).

The qualitative method is suitable for this research question as there is a lack of research on this particular PPP model in South Africa. Conducting in-depth one-on-one interviews has brought out more substantial information about this PPP and has contributed to a better understanding (Creswell 2003). As a medical professional and also an entrepreneur it is highly interesting to be involved in the improvement of the South African health system. The theory from the literature review has been used as a framework to collect data from the Folateng Project management using indepth interviews, observation and other available documents.

3.2 Research Design

A case methodology has been used to gather data. Case studies is a qualitative research strategy where the researcher explores in-depth a program, an event, an activity, a process or one or more individuals. The cases are bound by time and activity and researchers collect data using a variety of data collection procedures over a sustained period of time (Creswell 2003).

As a research strategy the case study is used in many situations like the following (Yin 1994):

- Policy, political science and public administration research
- Community psychology and sociology
- Organisational and management studies
- City and regional planning research
- The conduct of dissertations and thesis in social science.

Case studies can also be descriptive and explanatory besides exploratory. The choice of the case study strategy is determined by the type of research question posed, the extent of control the researcher has over behavioural events and the degree of focus on contemporary than historical events (Yin 1994). The research questions that ask how or why, are more explanatory and likely to be used with case studies (Yin 1994). Also there is no requirement for control over behavioural events in a case study.

The focus in a case study is on contemporary events. This makes the case study methodology more suited to this research as the propositions made above are either confirmed or not confirmed by how the Folateng PPP initiative contract management, relationship management and the benefits of the PPP compare to the literature. The results eventually demonstrate if the project is successful or not. The case study has been done in a normal setting during interviews and observations with no control on behaviour. PPPs are still relatively new in South Africa; the Folateng PPP initiative is six years old and thus not a historic event.

The case study enquiry copes with the technically distinctive situation in which there are many more variables of interest than data points. It also relies on multiple sources of evidence with the data needing to converge in a triangulating fashion. The case study enquiry also benefits from the prior development of theoretical propositions to guide data collection and analysis (Yin 1994). In this research the case study enquiry is applied to explain the outcomes of the Folateng PPP initiative. The research propositions have been linked to the data gathered and analysed by comparing to the data themes.

3.3 Population and sample

3.3.1 Population

The population is all PPPs similar in nature to the Folateng project, i.e. government hospitals with a section to take in private patients. The sample was a specialist sample of individuals, restricted to the government and private partner experts involved in PPPs. The Folateng PPP initiative in Charlotte Maxeke Hospital has been used as a case study. A representative from the South African National Treasury PPP unit, a Folateng project officer from the Gauteng Department of Health, the CEO of Charlotte Maxeke Hospital, and the ex-CEO of the Charlotte Maxeke Hospital were interviewed. Other relevant management officials and senior operational staff responsible for the operations in the Folateng PPP initiative in Charlotte Maxeke Hospital were also interviewed. Medical aid senior officers, medical aid administrator officers and a senior officer from the board responsible for all the South African medical aids are also interviewed in depth.

The Charlotte Maxeke Hospital is an accredited central hospital at level 4. It has 1088 beds serving Gauteng patients and patients from neighbouring provinces. The Charlotte Maxeke Hospital falls under the jurisdiction of the Gauteng Department of Health. It offers in-patient and specialist out-patients services mainly at level 2 and level 3. The professionals and support staff in the hospital exceeds 4000 people. Support services are delivered through a mix of in-house, outsourced and other government agencies e.g. Public Works.

The hospital is also the main teaching hospital for the Faculty of Health Sciences at the University of the Witwatersrand. The hospital provides the service base for undergraduate and postgraduate training in all areas of health professions. The joint employees produce world class research and collaborate with several universities on the African continent and abroad.

The services in the hospital are funded jointly by the National Tertiary Services Grant as well as the provincial budget allocation. The hospital is in Parktown, Johannesburg and serves as a referral hospital for a number of surrounding hospitals. It has been acknowledged as the Best Public Hospital in Gauteng for four years from 2003-2007 by the readers of a major local newspaper, *The Star*.

The Folateng PPP initiative launched as a pilot project in 2002 provides private wards for medical aid and cash paying patients. Since then other local hospitals like the Helen Joseph, Pretoria West and Sebokeng Hospitals have embarked on providing similar facilities. The rationale for this initiative is to use the money generated from the service to improve the wards and environment in the wards where the public patients are catered for.

The number of beds in the Folateng PPP initiative has increased from 95 to 184 by January 2008. The income generated from the service increased to R38 million in March 2005 compared to R4.8 million in the first year of operation in 2002/2003. Currently a 20-bed intensive care unit is being established to cater for the increased demand.

The Folateng PPP initiative is becoming a recognisable brand in the Gauteng province that gives patients a high standard of care at cost effective rates. The patients are not discharged when their medical aid funds run out – the hospital continues to care for them. The private patients in the Folateng PPP initiative are given access to private bathrooms, wards with better interior decorating and television sets. They are treated by the hospital staff and have access to any medical officer who is available, who charges a fee for the consultation. The patients are charged a single tariff for a package of services, disposables and pharmaceuticals.

The Charlotte Maxeke Hospital has been chosen for the case study due to its established long standing experience in the Folateng PPP initiative and also because it is more accessible. The acting CEO of the hospital has been with the hospital for a while and will thus provide a highly valuable input to this research. The high number of beds and mostly the different demographics of the operational and management staff in the Charlotte Maxeke Hospital will enrich the research.

3.3.2 Sample and Sampling method

The sample is limited to the academic hospital, the Charlotte Maxeke Hospital that hosts the Folateng PPP initiative. Thus the sampling will be convenience sampling in one province, Gauteng with the Folateng PPP initiative and other officials involved in PPPs.

Table 3: List of Respondents

Position of individual	**Company Name**
PPP Unit Official	National Department of Treasury
Gauteng Folateng Project Officer	Gauteng Health Department
Acting CEO of Charlotte Maxeke Hospital	Charlotte Maxeke Hospital
Previous CEO of Charlotte Maxeke Hospital	National Health Laboratory Services
Charlotte Maxeke Hospital Folateng PPP initiative manager	Charlotte Maxeke Hospital
Senior Manager	Board of Healthcare Funders
Medical Officer in Folateng PPP initiative	Charlotte Maxeke Hospital
Medical Aid Official	Government Employees Medical Scheme (GEMS)
Medical Aid Administration Official	Medical Aid Administration Company e.g. Medscheme

3.4 Procedure for data Collection

Data was collected from October 2009 till December 2009 by arranging a one hour face-to-face meeting with each interviewee and then using the telephone to verify or get further information from the respondents. The relevant public health official has been approached for permission to conduct the research at the Charlotte Maxeke Hospital. Formal letters and further telephone calls were done to request meetings to explain the research and to obtain permission to conduct the research from each respondent. The amount of time needed for the interview was provided to each respondent and the plans for using the results were communicated (Creswell 2003).

The research question guideline was used during the in-depth face-to-face structured open-ended interviews and the interview subjects have been allowed to expand and give more information if they wanted to. Data has been recorded on audiotapes and extensive handwritten notes taken. A journal on the interview experience has been kept to help reflect.

3.5 Data analysis and interpretation

Detailed description of the individuals and the setting has been given. Summaries of the interview notes have been done and feedback on the summaries has been requested from the informants (Creswell 2003). The data has been displayed as diagrams to enable visualisation of the themes or subjects (Creswell 2003). Content analysis of interview data from open-ended questions has been useful. Rugg and Petre (2007) recommend identifying categories from the data that are from either literature, research question or derived from the data. The next step has been to count the number of times each subject mentions the topic.

The data has been coded according to the themes that emerge. Interpretation of these themes by the researcher has been done so that a conclusion and lessons can be extracted. The data is presented in a detailed descriptive narrative format (Creswell 2003).

Leedy and Ormrod (2005) recommend the following strategies to minimise the researcher's biases and influences affecting the interpretation of data:

- Collect two or more different kinds of data related to a particular phenomenon
- Get multiple and varying perspectives on any single issue
- Make an effort to look for evidence that contradicts your hypotheses
- In the final research report the writer must acknowledge any biases he/she have so that the readers of the report are aware of them.

3.6 Validity and reliability

Validity of a measurement instrument is the extent to which the instrument measures what is supposed to measure (Leedy and Ormrod2005). Thus validity is concerned with the accurate presentation of concepts being measured.

Reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed (Leedy and Ormrod2005). Thus reliability is the extent to which a measuring procedure or question yields the same result when repeated several times. This enables a researcher to generalise their findings.

A pilot interview using the questionnaire was held with a medical aid administration company official and after the interview his input on the validity and reliability of the questionnaire has been taken into consideration.

3.6.1 External validity

External validity of a research study is the extent to which its results apply to situations beyond the study itself – in other words the extent to which it can be generalised to other contexts (Leedy and Ormrod2005). The results will most likely not be replicated in a different context. To ensure that this research is

representative, the research has been conducted in a real-life setting and the sample was representative of similar projects in the province.

3.6.2 Internal validity

Internal validity of a research study is the extent to which its design and the data it yields allow the researcher to draw accurate conclusions about cause and effect and other relationships within the data (Leedy and Ormrod2005). Thus internal validity is concerned with how well the measurement process is structured.

To ensure internal validity, triangulation was used. Data from interviews has been used for triangulation. In triangulation multiple sources of data are collected with the hope that they will all converge to support a particular hypothesis or theory (Leedy and Ormrod2005). Member checking was used where the final report was discussed with the respondents to determine if they feel they are adequate.

3.6.3 Reliability

Reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed (Leedy and Ormrod2005); Creswell (2003). The following techniques have been used to ensure reliability:

- Bias has been clarified when necessary
- Peer debriefing has been done to enhance accuracy of account

CHAPTER 4: PRESENTATION AND DISCUSSION OF THE RESULTS

4.1 Introduction

The interviews from all the respondents have been transcribed and then analysed. Each respondent's transcribed interview was searched for the number of times each proposition point was mentioned. The total number of each proposition points was counted and then the top three in each proposition are documented.

The results of the study are both presented and discussed in this chapter as per the points in each proposition. Thus firstly the best practices of effective contract management in terms of the literature review and the respondents views obtained during the interview are discussed, secondly the best practices in relationship management; and lastly the benefits of an effectively managed contract are discussed.

4.2 Demographic profile of respondents

The respondents were representative of all race groups in the Republic of South Africa. The respondents were chosen because of the likelihood of being involved in the Folateng PPP initiative or any other PPP project. The Department of Treasury respondent was chosen because of his involvement in the PPP unit which means he is a custodian of all PPPs in South Africa. His input was very useful as he had a lot of hands-on experience as someone who is involved in monitoring PPPs. The BHF respondent was chosen for his involvement in regulating the medical aids.

The two medical aid industry respondents were also chosen because of their companies having a large population of medical aid patients. It was important to get their input as some of their patients utilise the Folateng PPP initiative. It is

the patients who belong to their schemes who utilises the Folateng PPP initiative as a designated service provider.

The two CEOs were chosen because of their being previous and current managers of the hospital. The ex-CEO was involved in the initiation of the Folateng PPP initiative and was valuable as a source of information on the strategic reasons for embarking on this project. The current CEO is still new in the hospital but it was important to get his input on how the Folateng PPP initiative is managed or how it should be managed.

The operational staff at the Folateng PPP initiative was chosen for their seniority in the unit. They were able to give information on how they operate the Folateng PPP initiative and some used the interview to voice their vision on what they think should happen. The Folateng project officer is the driver of the project. It was important to interview him as he had firsthand knowledge of how the project is managed and what are the benefits.

The Department of Treasury respondent has vast exposure to the various PPPs in South Africa as he is part of the monitoring department. He gave a lot of useful information on how PPS contracts and relationships are currently managed. He had a lot of examples to provide from his exposure. He was also able to highlight areas of weaknesses in the current PPP projects.

There was an assumption that there is a contract between the medical aids and Folateng PPP initiative which was not realised. In reality there is no specific contract for the Folateng PPP initiative and medical aids. The medical aid respondents felt having a contract with the Folateng PPP initiative will be more beneficial for them because they will have guaranteed beds for their patients. The only contract the medical aids have is with the Gauteng Department of Health which is appointed by some medical aids as a service provider. The Department of Health also sign a contract with medical aids for prescribed minimum benefits which compels the medial aid to pay the public hospitals for the medical aid patients who are admitted with certain conditions even if their

medical aid funds are exhausted. Thus most of their input was on how they would like to see the Folateng functioning as a PPP.

The ex-CEO of the Charlotte Maxeke Hospital provided very useful information in terms of why the Folateng PPP initiative was initiated and how it was resourced. He explained clearly the strategy behind the Folateng PPP initiative and how it has benefited the public hospital. The current CEO was interviewed even though he told us that he is not very involved in the Folateng PPP initiative management. The aim of the interview conducted with him was to get more information on how he thinks the Folateng PPP initiative should be managed and how it is benefiting the hospital. It was very useful to interview him as he provided information of the current situation in terms of the relationship between the Folateng PPP initiative and the public side.

The Folateng PPP initiative manager was very informative in providing information on how they manage the project, how they manage the various relationships with the public hospital, the private patients and the medical aid companies. The doctor that has rooms in the Folateng PPP initiative gave information as a service provider in the Folateng PPP initiative on how he is experiencing the management of the Folateng PPP initiative and the relationship.

The project officer has been with the project almost from inception. The information we obtained from him during the interview regarding the monitoring of the Folateng PPP initiative, the relationship management in the Folateng PPP initiative and the benefits of the Folateng PPP initiative was invaluable.

4.3 Presentation and Discussion of Results Pertaining to Proposition One

Research Proposition One

Best practice for effective PPP agreement management include:

- Clear goals and objectives
- Senior management support
- Resource allocation i.e. time, money, employee
- Planning, monitoring and control
- Client consultation
- Risk management
- Result analysis

Table 4: Summary of the findings for Proposition one

Practice	**Mentions**	**Number of respondents out of nine**
Setting Goals and Objective	65	8
Project Officer	62	9
Project team	62	8
Contract Management	58	7
Stakeholder support	41	6
Risk Management	36	8
Result analysis	36	6
Client consultation	10	5

According to the responses from the research interviews the perception seems to be that the top three best practices for effective contract management are setting of goals and objectives, allocating a project manager and a project team to the project and monitoring the contract.

4.3.1 Goals and objectives

Setting of goals and objectives of a project in a PPP was seen as a top priority by most of the respondents. They felt that the success of a project will depend on setting clear goals and objectives. They said that without setting of goals you do not know where you are going. Thus setting of goals will help avoid wastage of public funds and ensure value for money. This is in agreement with the literature; Webster (1999) found that it is important in any project for the project manager to understand why the project is necessary i.e. the strategic fit to the organisation. Ruuska and Vartiainen (2003) also identified knowing and understanding goals of the project as one of the three critical project competencies.

The Folateng PPP initiative had clear goals and objectives from the outset that were documented in a business case. According to the ex-CEO every member of the project team committed to these goals and objectives and they worked extra hard to ensure the realisation of the Folateng PPP initiative. Longman and Mullins (2004) also state that a compelling business case for project management to convert intent into will amongst team members is one of the seven essentials for project success. The objectives were to bring in extra revenue, improve the quality of healthcare services, and retain skills within the public sector so as to ensure service delivery for the public hospital. The business case developed for the Folateng PPP initiative is in line with Heinbuch (1996) who found in his research that there must be gathering of information internally in the hospital and externally so that a comparative analysis of cost and level of service can be performed.

Thus there is agreement between literature and this research that setting of clear goals and objectives is one of the best practices for effective PPP agreement management.

4.3.2 Senior Management Support

Support of the PPP project by all the stakeholders was seen as important by the respondents. The stakeholder support was seen as providing leadership to the

project and ensuring that operations have someone at the top who will give directions. The Folateng PPP initiative had found it cardinal to have political support as they could have been seen as taking from the poor to give to the rich. Thus political support of the Folateng PPP initiative gave the credibility to the project that they were not deviating from the national government's vision of service delivery to the disadvantaged. They also had to solicit the Department of Treasury's approval of the business case. This is in line with the multilevel causal model developed by Loo (2003) in his research where he found senior management commitment to be a facilitator of project success.

The Folateng PPP initiative also has to have support from the Gauteng province. According to the ex-CEO who was part of the initiation of the Folateng PPP initiative at Charlotte Maxeke Hospital, the former Gauteng Premier, Mr Mbhazima Shilowa, was a champion of the project. Due to this relationship he says he was able to get the full support from the Gauteng province and implement new ways of doing things in the public hospital. This is in line with the findings of Bourne and Walker (2005) who say it is important for the project manager to use social network mapping when trying to understand interest positions of the stakeholders so as to build fruitful relationships.

The Gauteng Health Department Chief Operations Officer, Dr Rahman was also involved from the start of the project in 2001 and gave his expertise to guide the project. The Folateng PPP initiative had support within the Charlotte Maxeke Hospital. The previous CEO had to work tirelessly with his team to ensure the success of the project. The clinical heads of the various departments in Charlotte Maxeke Hospital had to also be involved from the start and did provide full support to the project. The Folateng project officer stated that he gets a lot of support from the Chief Operations Officer in the Gauteng Department of Health. The Folateng PPP initiative manager at the Charlotte Maxeke Hospital felt that the project officer was very supportive.

Thus there is agreement between literature and this research that senior management support is one of the best practices for effective PPP agreement management.

4.3.3 Project Officer

According to the respondents the project officer is important in providing leadership and sustainability to the project. He/she provides the contact point for each of the parties with various interests in the PPP. This is in agreement with Cicmil (1997) who state that ensuring project leadership skills necessary to build up effective teams is one of the critical factors in effective project management. The respondents agreed that the person must have the right qualifications to drive the project and he must also have the right social skills as a project officer with a negative attitude can destroy the relationship. Webster (1994) states that for a project manager to be effective he must be able to know his dominant leadership style and make sure he manages his stakeholders by choosing the most appropriate style for the different situations. The respondents agreed that it is important for the project officer to be appointed at the beginning of the project. The project officer can also be the contract manager in some PPPs.

Most of the respondents felt that it was important for this position to be filled as the monitoring of the contract fails if there is no appointed project officer. They also felt this person must be senior in position within the institution so as to be able to handle the responsibilities of the position appropriately. They felt appointing a junior official to the position is disempowering as he will not be able to stand his ground and make the right decisions. They felt that it is better to spend more money and appoint the right person as the project costs a lot of money already.

The Folateng project officer was appointed in 2003 a year after the Folateng PPP initiative started and he has been in the position since then. He supports the four Folateng PPP initiatives in Gauteng. He has been in the private healthcare industry since 1989. He has experience in setting up a private wing in a Botswana public hospital where he had to mentor members of his team as part of his outputs. He has been doing the same with all the Folateng PPP initiative managers. This is in line with Loo (2003) who found leadership style

that is effective in change management, innovation and staff empowerment to be a facilitator of project success.

Each Folateng PPP initiative has a manager that was appointed from the start of the project. The Folateng PPP initiative managers are from a nursing background. The Charlotte Maxeke Hospital Folateng PPP initiative manager was previously a senior Matron in the hospital.

Thus there is agreement between literature and this research that allocating the right resources in terms of a project officer is one of the best practices for effective PPP agreement management.

4.3.4 Project Team

The project team is important in providing the right skills needed in the project. According to the Department of Treasury PPP unit respondent the PPP requires three skills mainly technical skills, legal skills and financial skills from the outset. These skills do not need to reside with the project officer only; he can make use of other people with those skills in the public institution. The other functions in the public partner's side that are needed can be cross-functional to provide efficiency e.g. sharing the human resource department. Cicmil (1997) state that planning for all resources realistically throughout the project is one of the critical success factors in effective project management.

The respondents from the medical aid industry also emphasised the need of having a team with the right skills for the project. It may be coding experts, case managers that will ensure that their members receive quality care. They empower their team to make decisions so as to increase efficiency. They ensure that their team works closely with the private partner and transfer skills where necessary to ensure the success of the project. This is in line with Natale et al. (1998) who found that effective team management involved knowing the skills of the team, empowerment of the team and open communication.

The Folateng PPP initiative has the Project Officer in the Gauteng Department of Health assisted by someone from the Facilities Management Department, Revenue and Contract Management Department, Director of Hospital Services, Clinical Support, Department of Revitalisation and Capital Projects, Chief of Operations, Risk Department, Internal Audit, Quality Assurance Department and the National Treasury Department. All these departments work together taking unanimous decisions to ensure the success of the Folateng PPP initiative.

The Charlotte Maxeke Folateng PPP initiative has a manager who is assisted by her four deputies. The deputies look after the ICU ward, high care ward, medical ward and surgical ward. The manager used the public side administration department initially and now she has an in-house administration department funded by the cash generated from the Folateng PPP initiative. The members of her administration department are trained in-house. This is in line with Loo (2003) who found training and development of all employees to be a facilitator of project success.

The Folateng PPP initiative manager also works with the Quality Assurance manager from the Gauteng Department of Health. The nursing staff consists of mostly agency staff. There is one doctor who is available at the Folateng out-patient department during the day and he runs his practice from the rooms he rents there. The other doctors that work in the Folateng PPP initiative are from the public side of the Charlotte Maxeke Hospital and provide services after hours to the patients at no cost to the Folateng PPP initiative. The doctors bill the medical aid directly at Board of Healthcare Funders (BHF) rates at the National Recommended Price List (NRPL) for their services. They are not allowed to charge patients Medical Association of South Africa (MASA) rates which tend to be much higher.

Thus there is agreement between literature and this research that allocating the right resources in terms of a project team is one of the best practices for effective PPP agreement management.

4.3.5 Project Monitoring

Heinbuch (1996) states that a process of monitoring from the negotiation stage, implementation phase and ongoing service delivery must be developed and implemented so as to achieve effective service contracting results. Project monitoring and administration was felt to be the weakest point of PPPs by the respondent from the Treasury department. The respondent from the Department of Treasury felt that the public institutions regard the PPP projects as self-monitoring and failed to allocate adequate resource to monitor the project. His observations are in line with the findings of Diamond (2002) who found that too much is expected from local public service staff as they lacked skills to successfully work in a PPP. Post and Obirih-Opareh (2003) found that the lack of effective monitoring and control systems in a solid waste collection public private collaboration in Accra led to distrust among the parties.

The respondent from the Department of Treasury said that everyone allocated to the PPP project must have the deliverables there as part of their key performance indicators to ensure they do their duties. He said that the PPP project has to be monitored from the feasibility to the end of the project by all the parties involved including the National Treasury Department. There are penalties and incentives that are built into the monitoring of the project by the Treasury Department which are not necessarily financial in nature.

The medical aid respondents agreed that it is important to allocate resources to manage the contract to ensure they get value for their money. They also ensure that they get quality services by having case managers who monitor the progress of patients admitted to the Folateng PPP initiative.

The Folateng PPP initiative does not have a contract with the medical schemes. It is appointed as a designated service provider by most schemes. They only sign contracts when they do Prescribed Minimum Benefits with the medical aids where the medical scheme promises to pay for the patient even if the funds are exhausted. They do have service level agreements with medical aids. Thus there is no actual contract signed by each party that is monitored. The patients

are the ones that sign a contract when utilising the services of the Folateng PPP initiative. The patients are charged BHF rates with the Folateng PPP initiative also abiding by their own fee structure the Uniform Patient Fee Structure (UPFS).

The management of the Folateng PPP initiative is done by the manager and her deputies. They report to the project officer and they have individual performance contracts. She has a sister in charge of case managing who works closely with the case managers from the medical aids. The medical doctor was not sure of the effectiveness of the case managing system as he feels the case managers are not specialists and thus cannot be in a position to adequately assess that what is going on in the hospital is adequate.

Thus there is agreement between literature and this research that ongoing planning, monitoring and control of performance is one of the best practices for effective PPP agreement management.

4.3.6 Client consultation

The respondent from the Charlotte Maxeke Hospital confirmed that monthly surveys are done on both the public and private side to ensure that customers are satisfied. Cicmil (1997) states that understanding the customer's expectations is one of the critical factors in effective project management. The patient's answers to the questionnaires provide the Charlotte Maxeke Hospital with information on the customer's expectations. Corrective action will be undertaken when necessary and system improvements instituted. The Batho Pele principles are part of the practical efforts by the public health department to improve healthcare. Batho Pele is about putting the people first thus ensure good customer care.

There is also a complaints department that hand over to the quality assurance department to correct the problem. The Folateng PPP initiative doctor stated most of the new patients are through word of mouth advertising. He says that initially the patients are sceptical of the treatment they will get in the Folateng

PPP initiative but by the time they leave they are positively converted. He says most of the patients they get are through word of mouth advertising by previous patients resulting in a constant 100% bed occupancy at the Charlotte Maxeke Hospital Folateng PPP initiative. This is opposite to the findings of Jamali (2007) on his study on customer satisfaction in the context of a PPP where there were mixed results due to customer apathy.

Thus there is agreement between literature and this research that client consultation is one of the best practices for effective PPP agreement management.

4.3.7 Risk management

The respondent from the Department of Treasury states that they look at all proposals for PPPs for how risk will be managed and transferred in addition to other things. This makes it easier for the Treasury Department to sell the proposal to other stakeholders and get the appropriate approvals. This is in line with Cervone (2006) who says that risk management provides a systematic process for planning, identifying, analysing, monitoring, responding to and controlling risks throughout the project cycle. The hospital respondent stated that there must be risk analysis, monitoring and evaluation to ensure that the project is on the right track. The other respondent from the medical aid felt that there should be sharing of risk in a PPP so that there is no loser.

The project officer is the one tasked to look after the risk in the project. This is in line with one of the recommended steps i.e. allocate responsibility for managing risks to named individuals; in a formal risk management process by The Antidote from CSBS (2000). He is assisted by the Risk Department and Internal audit department from the beginning of the project. The project officer stated that when it comes to risk nothing is left to chance.

The Folateng PPP initiative is the only partner in the relationship carrying most of the risk according to one respondent. The fee structure which is an inclusive

fee for service makes them more vulnerable as they are not able to charge per item used by the patient. Thus they have to be more vigilant as there is no private partner to transfer it to. The project officer said the Folateng PPP initiative will lose money instead of generating profits if risk is not managed properly. The ex-CEO also confirmed that they have to avoid any wastage and teach staff to be vigilant and cost conscious. The Folateng manager is given all reports after audits which are usually annually and know whether they are improving or not.

Thus there is agreement between literature and this research that risk management is one of the best practices for effective PPP agreement management.

4.3.8 Result Analysis

The medical aid respondents felt it was important to learn from a project and felt there is no point in doing something if you cannot learn from it. Loo (2003) also stated that feedback loops help reinforce effective actions and trigger corrective actions. These feedback loops are project reviews, project audits and evaluations. The medical aid respondents stated that they have a committee that reviews all the projects they did after each year. They plan how they can enhance, change or perfect on the project in the future. They also document their findings and made them available for sharing so that mistakes are not repeated.

Disterer (2002) stated the steps to ensure transfer of knowledge between projects which included assigning a responsibility of this task and creating methods of documenting, storing and preserving experiences. The respondent from Treasury felt that PPP administration has been very poor resulting in poor knowledge management. There is failure to get reports from private partners in some projects. He stated that sometimes there is no succession planning such that when a person leaves a public institution the knowledge is gone. Thus reviewing a project is difficult for PPPs as some project documents go missing.

This has resulted in the Department of Treasury taking an active role in assisting PPPs with contract monitoring.

The project officer has to be able to give a report when the project is evaluated. The staff in the Folateng initiative at the Charlotte Maxeke Hospital has monthly meetings to provide regular feedback. The project officer meets with them often, sometimes up to three times a month. The contract managers of the various Folateng PPP initiatives talk to each other daily and share information. The Folateng manager also sits in the meetings of the public side of the Charlotte Maxeke Hospital and gives input. The hospital shares some of the employees for certain tasks and this helps to improve the quality and transfer of knowledge in the hospital. The Folateng PPP initiative also provides reports to the CEO of the hospital feedback from the patients through surveys to help the hospital to learn and improve.

Thus there is agreement between literature and this research that result analysis is one of the best practices for effective PPP agreement management.

Proposition one may thus be accepted.

4.4 Presentation and Discussion of Results Pertaining to Proposition Two

Research Proposition Two

The best practice for effective PPP relationship management includes managing the following dimensions of the relationship:

- Corporate governance
- Trust and attitudes
- Communication and information sharing
- Relationship assessment

- Dispute resolution

Table 5: Summary of the findings for Proposition two

Practice	Mentions	Number of respondents out of nine
Communication	124	8
Corporate Governance	52	8
Dispute Resolution	42	8
Trust and attitude	25	8
Relationship Audit	9	5

According to the responses from the research interviews the perception seems to be the top three best practices for effective PPP relationship management are communication, corporate governance and dispute resolution.

4.4.1 Corporate Governance

According to the Department of Treasury there are three committees that are responsible for enforcing corporate governance. They are the steering committee, ISO committee and operational committee. They have to meet often and ensure that corporate governance is in place. They are guided by the PPP manual and the PPPs are also encouraged to have internal policies as well. Loo (2003) found a comprehensive and integrated project management system with policies and procedures that are consistently applied in the organisation to be a facilitator of the success of the project.

The Folateng PPP initiative at Charlotte Maxeke Hospital is guided by the policies from the Gauteng Department of Health e.g. Batho Pele principles and the rules of the hospital e.g. what time the operation theatres finish the slates for the public patients affects when the Folateng PPP initiative patient can have his operation. They also follow National Acts and regulations. They also created their own by-laws which became their guiding values. Heinbuch (1996) found in

his research on effective service contracting that the process followed from the initiation of the contract must be in accordance with the hospital directives.

The medical aid respondents felt that corporate governance is good for business and reduces chances of corruption. They also have their own policies and ethos e.g. they insist that their paying patents do not stand in long queues for medicine. The project officer felt that it was important to act according the corporate governance of your institution during service delivery.

Thus there is agreement between literature and this research that corporate governance is one of the best practices for effective PPP relationship management.

4.4.2 Trust and Attitudes

The Department of Treasury respondent felt that PPPs was like a marriage because the partners are in the project for different reasons. Most of the respondents felt that it is not good to blindly trust the other partner to do the right thing. They felt that there must be monitoring of the deliverables without intervening in the business of the other to ensure that you can trust each other. The right attitude in the relationship was felt to be important. The leadership must be seen to be working together and thus send a positive vibe to the project team. Maheshwari et al. (2006) list in their framework, to optimise success that in the implementation stage of a project building trusting relationships is essential.

The Folateng manager said that they maintain trust by providing regular reports on everything that happens at the Folateng PPP initiative to the project officer and maintains daily contact with the medical aid case managers to report on the patient's progress and ensure that they feel free to come to the hospital whenever they like. This is in agreement with Natale et al. (1998) who listed trust in the relationship as important for effective team management.

The doctors seemed to not to be trustworthy when it comes to doing remunerative work outside the public sector (RWOPS) as they sometimes stole hours from the public side and thus most of the Folateng PPP initiative respondents felt they had to be monitored also.

Thus there is agreement between literature and this research that having trust and the right attitude is one of the best practices for effective PPP relationship management.

4.4.3 Communication and information sharing

“Paying attention to communication has the potential to yield enormous organisational benefits” (Irving and Tourish 1994:53). The Department of Treasury recommends three levels that form the communication structure in a PPP. They are the steering committee is the highest level where the directors are involved, they meet quarterly, the ISO committee that meets monthly and the operational committee that meets daily. They encourage free flow of information in both ways. Ruuska and Vartiainen (2003) identified communication between members as one of the three critical project competencies. Trafford and Proctor (2006) also found communication to be one of the five significant areas of interest for a successful partnership. The Department of Treasury also recommends the establishment of a complaints department and a help desk for the end users. The Department of Treasury respondent felt that the contract manager should have access to the help desk and do spot checks.

The medical aid respondent felt that information sharing encourages integration and enables people to trust you. This is in agreement with Shinners (2006) who found in his research that having honest communication amongst the partners helped the partnership to become and remain successful. The medical aid respondent believe that having a communication plan that is transparent to everyone enables people to know how they will get information or disseminate it. The meetings were seen by the medical aids as an important platform to

share information and resolve issues. They felt it was important for the two teams to communicate all the time. Also the information sent to the patients was important to the medical aids and they wanted to be able to control this aspect. The information systems used by the two institutions must be able to talk to each other to increase efficiency.

Initially when the Folateng PPP initiative started, the province provided a lot of support through their communication unit. They also have a Charlotte Maxeke Hospital web page, and weekly newsletter. The Folateng PPP initiative respondents felt that it was very important to communicate and share information. They felt that it is a form of education when you share information. This is in agreement with Longman and Mullins (2004) who found providing support coaching and feedback to team members to be one of the seven essentials for project success. The project officer prefers to have face-to-face meetings. The Folateng manager provides monthly reports to the project officer and communicates daily with the medical aids. The communication is kept very open. This seems to be in agreement with Natale et al. (1998) who found that effective team management required dispersing with paradigms of controlled linear hierarchies as it inhibited open communication.

Thus there is agreement between literature and this research that communication and information sharing is one of the best practices for effective PPP relationship management.

4.4.4 Relationship assessment

The relationship was seen as important by most respondents. They felt that the partnership has to be assessed in terms of structure, monitored and reviewed constantly so that the partners do not take each other for granted. Ferguson et al. (2005) found that relationship management was important to the success of the partnerships they studied. Maheshwari et al. (2006) found that choosing the right partner at the foundation phase of a supply chain partnership optimised

success. Theyalso listed building partnering skills during the shakedown phase as optimising the success of the relationship.
The Department of Treasury respondent found that poor communication affected the relationship negatively. A medical aid respondent also felt that it was important to get along but also meet the objectives. Team building exercises are seen as another way to improve the relationship by the medical aid respondents.

Having regular meetings with the medical aids also helped to strengthen the Folateng PPP initiative relationships. Celebration of success was seen as another way to keep the Folateng PPP initiative relationship fruitful by the project officer. This is in agreement with Elloy (2008) who found that teams that have supervisors who are trusting, innovative and who positively reinforce group members when they have performed well contribute to the development of self-management leader behaviour amongst the team members. The Folateng manager also attends the National Forum for case management to network and strengthen relationships with the medical aids.

Thus there is agreement between literature and this research that having ongoing relationship assessment is one of the best practices for effective PPP relationship management.

4.4.5 Dispute resolution

Most of the respondents were against disputes and avoid them as they felt it tarnished the relationship and enriched lawyers. This is not in line with Adomi and Anie (2006) who recommend that as part of conflict management managers must see conflict as a positive occurrence that can increase performance. They felt having a clear contract or guidelines should safeguard against disputes. Platz and Temponi (2007) found that documenting the method of dispute resolution was one of the items in the most desirable outsourcing contract. Developing a conflict resolution strategy for the initiative is also suggested by

Diamond (2002) as one of the strategies to ensure partners work successfully in a partnership.

Most of the respondents felt there is nothing to learn from disputes especially when they are over money. They felt when you declare a dispute you have failed to resolve issues amicably and promptly at ground level. Adomi and Anie (2006) also recommend that as part of conflict management managers should not allow conflict to escalate. The respondents felt by referring back to the agreement you can easily resolve issues. This is confirmed by Barczak and Wilemon (2001) who found that manageable levels of conflict and stress were one of the drivers of team member satisfaction.

When a dispute is declared it comes to the liaison committee before it goes to the steering committee if there is no resolution at the operational level. It may then go to a mediator if there is no resolution, which is costly. The courts are the last resort and none of the PPPs have ever reached that level. This is in line with Skjorshammer (2001) who found that the structure for conflict resolution in a hospital had four levels:-

- The first line is immediate superior assisted by personnel department and others
- The second level was a conference between the parties and a mediator.
- The third level is mediation
- The fourth level is litigation.

The Folateng PPP initiative has never had a dispute. They resolve issues quickly through a phone call or a meeting. Usually the issues are slight problems. If they cannot solve the problem they refer it to the project officer who is able to resolve it by meeting with senior people in the medical aid. This is also confirmed by Frankel (1996) in his research that informal social contracts between the key contacts who manage the alliance helps to achieve a successful long term alliance practice. It also helps the Folateng PPP initiative that medical schemes do not want to have their patients refused admission to

the Folateng PPP initiative in the future and thus cost them more for admission at a private hospital.

Thus there is agreement between literature and this research that dispute resolution is one of the best practices for effective PPP relationship management.

Proposition two may thus be accepted.

4.5 Presentation and Discussion of Results pertaining to Proposition Three

Research Proposition Three

The mutual benefits of an effectively managed PPP agreement are:

- Quality services or products
- Project completed on time
- Budgets not exceeded on project completion
- Transfer of risk to the private partner
- Access to skills, experience and technology of the private sector.

Table 6: Summary of the findings for Proposition three

Practice	**Mentions**	**Number of respondents out of nine**
Budget kept, profit	100	9
Quality	74	9
Project on time/ service delivery	38	6
Skills access	29	6
Risk transfer	12	3

According to the responses from the research interviews the perception seems to be the top three benefits for an effectively managed PPP are: achieving profits and keeping to budget, producing quality services or products and achieving the project on time, thus being able to deliver a service.

4.5.1 Quality of Services or products

Most respondents felt that quality of services was an important benefit of a PPP relationship. The Department of Treasury respondent felt it was difficult to insist on quality of a product without seeming to favour a certain product.
The medical aids insist on quality care for their members and see the Folateng PPP initiative as providing this benefit. This is also in line with Boyd (2001) who listed delivering quality consistent with the price as one of the five maxims of project satisfaction in software development. The Folateng PPP initiative has a quality assurance department that monitors and ensures the quality of the services.

According to the ex-CEO and confirmed by the current CEO in the early stages of the Folateng PPP initiative the administration staff from the public wing was utilised to provide services to the Folateng PPP initiative. This was used as a strategy to ensure quality improvement in the public side of the Charlotte Maxeke Hospital. The Folateng PPP initiative has benefited the Charlotte Maxeke hospital by improving the quality of the services on the public wing and improving perceptions about the quality in public institutions. This is in agreement with Shaw (2003) who observed that government in the UK uses PPPs as a policy instrument to ensure modernisation while using resources efficiently and improving quality of care.

The quality of the doctors in the Charlotte Maxeke Hospital has improved as they are able to keep the best specialists. The quality of the medical equipment has also improved. It has also raised the quality of their suppliers according to the project officer.

In conclusion there is agreement between literature and this research that quality improvements is one of mutual benefit of an effectively managed PPP agreement.

4.5.2 Project completed in time

The project officer said that a PPP project completed on time enables the service to be utilised much quicker and thus enables the public partner to deliver services early. This concurs with one of the listed benefits of a PPP by Zou et al. (2008) that shorter construction periods were seen as a benefit.

The medical aid respondents stated that keeping within timeframes and delivering on time will enable them to get future contracts from the government. This is also in line with Boyd (2001) who listed delivering the project in a timeframe the customer desires or needs as one of the five maxims of project satisfaction in software development.

Thus service delivery was an important benefit of PPPs. The use of the Folateng PPP initiative by private patients was seen as another way to free beds for poor public patients by one of the respondents and thus allowing government to deliver services. The retaining of doctors in the hospital helped the government to deliver services to the poor.

There is in agreement between literature and this research that a project completed on time and thus enabling service delivery is one of the mutual benefits of an effectively managed PPP agreement.

4.5.3 Budget not exceeded

An affordable PPP that provides value for money was seen as an important benefit of a PPP by most of the respondents. Platz and Temponi (2007) also found that financial costing and pricing were key elements in the most desirable

outsourcing contract. Zou et al. (2008) also found superior value for money to be one of the benefits of a PPP. The private partner benefits through making profit when they do not exceed their budget. The medical aids are interested in providing quality services at low cost. Thus for the medical aid paying 25% to 30% less than in a private hospital at the Folateng PPP initiative, helps them to remain profitable.

The Folateng PPP initiative has to ensure that they stick closely to their budget so as to be able to generate profit and this is made part of their key performance areas. Thus the Folateng manager says they run it as a business, they know exactly what their income is and what their expenditure is. The project officer said that he sometimes go and meet with a CEO of a medical aid to sort out payment issues and this is always successful as the medical aids do not want their patients to be refused entry in the Folateng PPP initiative in the future. This is contrast with the findings of Clarkson (1972) who found that hospital managers in non-proprietary hospitals will be less diligent in challenging medical insurance companies than managers in proprietary hospitals.

Generating a profit is seen by the Folateng PPP initiative respondents as an important benefit of the project. This is in direct contrast to Grimshaw et al. (2002) who found that the public sector is more concerned about its reputation on service delivery and not profitability. The profit from the Folateng PPP initiative has helped to complement the hospital's budget and has been used to improve some parts of the public hospital.

In conclusion there is agreement between literature and this research that budget not exceeded on project completion is one of mutual benefit of an effectively managed PPP agreement.

4.5.4 Transfer of risk

The transfer of risk was stated as one of the important benefits of a PPP by the Department of Treasury official. If they fail to appropriately ensure risk transfer to the private partner then the private partner wins and the government loses. Zou et al. (2008) also listed transferring of risks from government to competent private partners as one of the benefits of a PPP. The medical aids respondents also felt it was important to share risk to ensure they are not the losers eventually. The potential best practice of risk sharing to improve productivity and performance is one of the benefits of a PPP listed by Zou et al. (2008).

In the Folateng PPP initiative there is minimal transfer of the risk to the private partner. The patient signs surety for payment of the cost of his admission before admission in case the medical aid defaults. This is the only risk they transfer. Thus it is important for the Folateng PPP initiative team to be extra vigilant about keeping to their allocated budget.

In conclusion there is agreement between literature and this research that the transfer of risk is one of mutual benefit of an effectively managed PPP agreement.

4.5.5 Access to skills and technology

Access to business opportunities through Black economic empowerment was seen as a benefit by the Department of Treasury official.

The Folateng PPP initiative has enabled the Charlotte Maxeke Hospital to retain essential skills within the public sector. These skills are mainly the highly qualified medical personnel that can be attracted by the highly profitable private sector. This is one of the major benefits of the Folateng PPP initiative. This is line with the findings of Zou et al. (2008) that access to skills, experience and technology of the private sector is a benefit of the PPP. The Charlotte Maxeke Hospital doctors are able to work during normal hours at the public side of the hospital and then do their private work at the Folateng PPP initiative after hours without having to go to other private hospitals.

The medical equipment in the Charlotte Maxeke Hospital is seen as a benefit that improves the skills and motivation of the doctors. It is also a tool in attracting doctors to the hospital. They are made to feel accommodated and special. The presence of the specialists also ensures that there is transfer of knowledge to junior doctors. The project officer has helped in training the Folateng managers and thus resulting in more efficient managers.

In conclusion there is agreement between literature and this research that access to skills, experience and technology of the private sector is one of mutual benefit of an effectively managed PPP agreement. The only extra in the Folateng PPP initiative is that there is also access to skills and technology from the public sector to the private sector.

Proposition three may thus be accepted.

4.6 Summary of the results

According to the responses from the research interviews the perception seems to be the top three best practices for effective PPP contract management are firstly setting goals and objectives of the project. The second best practice for effective PPP contract management is appointing a project officer who will lead the project and assigning an adequately skilled team to the project. The third best practice to effective contract management is monitoring the contract to ensure that all the deliverables are produced.

The perception of the top three best practices in effective PPP relationship management according to the responses from the research interviews to be firstly ensuring there is continuous open communication amongst the parties. The second best practice is ensuring that there is corporate governance. The third best practice in relationship management is minimising disputes by resolving all issues quickly and amicably.

According to the responses from the research interviews the perception seems to be the top three benefits of an effectively managed PPP are firstly keeping to the original budget and thus be able to generate a profit. The second benefit is achieving product and or services of quality. The last benefit is keeping to the timelines of the project so that services or products are delivered on time.

4.7 Conclusion

In the discussion for proposition one there is full agreement between literature and this research. Setting of goals and objectives of a project in a PPP was seen as a top priority by most of the respondents. They felt that the success of a project will depend on setting clear goals and objectives. Webster (1999) found that it is important in any project for the project manager to understand why the project is necessary i.e. the strategic fit to the organisation. Ruuska and Vartiainen (2003) also identified knowing and understanding goals of the project as one of the three critical project competencies. The Folateng PPP initiative had clear goals and objectives from the outset that were documented in a business case. Longman and Mullins (2004) also state that a compelling business case for project management to convert intent into will amongst team members is one of the seven essentials for project success.

Support of the PPP project by all the stakeholders was seen as important by the respondents. The stakeholder support was seen as providing leadership to the project and ensuring that operations have someone at the top who will give directions. The Folateng PPP initiative had found it cardinal to have political support as they could have been seen as taking from the poor to give to the rich. They also had to solicit the Department of Treasury's approval of the business case. This is in line with the multilevel causal model developed by Loo (2003) where he found senior management commitment to be a facilitator of project success.

According to the respondents the project officer is important in providing leadership and sustainability to the project. He/she provides the contact point for each of the parties with various interests in the PPP. This is in agreement with Cicmil (1997) who state that ensuring project leadership skills necessary to build up effective teams is one of the critical factors in effective project management. Most of the respondents felt that it was important for this position to be filled as the monitoring of the contract fails if there is no appointed project officer. They also felt this person must be senior in position within the institution so as to be able to handle the responsibilities of the position appropriately.

The project team is important in providing the right skills needed in the project. According to the Department of Treasury PPP unit respondent the PPP requires three skills mainly technical skills, legal skills and financial skills from the outset. These skills do not need to reside with the project officer only; he can make use of other people with those skills in the public institution. The other functions in the public partner's side that are needed can be cross-functional to provide efficiency e.g. sharing the human resource department. Cicmil (1997) state that planning for all resources realistically throughout the project is one of the critical success factors in effective project management.

Heinbuch (1996) states that a process of monitoring from the negotiation stage, implementation phase and ongoing service delivery must be developed and implemented so as to achieve effective service contracting results. Project monitoring and administration was felt to be the weakest point of PPPs by the respondent from the Treasury Department. The respondent from the Department of Treasury felt that the public institutions regard the PPP projects as self-monitoring and failed to allocate adequate resources to monitor the project. The management of the Folateng PPP initiative is done by the manager and her deputies. They report to the project officer and they have individual performance contracts.

The respondent from the Charlotte Maxeke Hospital confirmed that monthly surveys are done on both the public and private side to ensure that customers are satisfied. Cicmil (1997) states that understanding the customer's

expectations is one of the critical factors in effective project management. The patients' answers to the questionnaires provide the Charlotte Maxeke Hospital with information on the customer's expectations. There is also a complaints department that hand over to the quality assurance department to correct the problem.

The respondent from the department of Treasury states that they look at all proposals for PPPs for how risk will be managed and transferred in addition to other things. This is in line with Cervone (2006) who says that risk management provides a systematic process for planning, identifying, analysing, monitoring, responding to and controlling risks throughout the project cycle. The hospital respondent stated that there must be risk analysis, monitoring and evaluation to ensure that the project is on the right track. The project officer is the one tasked to look after the risk in the project. This is in line with one of the recommended steps i.e. allocate responsibility for managing risks to named individuals; in a formal risk management process by The Antidote from CSBS (2000).

The medical aid respondents felt it was important to learn from a project and felt there is no point in doing something if you cannot learn from it. Loo (2003) also stated that feedback loops help reinforce effective actions and trigger corrective actions. The medical aid respondents stated that they have a committee that reviews all the projects they did after each year. The respondent from Treasury admitted that PPP administration has been very poor resulting in poor knowledge management and thus result analysis.

In the discussion pertaining to proposition two there was also agreement between literature and this research. According to the Department of Treasury there are three committees that are responsible for enforcing corporate governance. They have to meet often and ensure that corporate governance is in place. They are guided by the PPP manual and the PPPs are also encouraged to have internal policies as well. Loo (2003) found comprehensive and integrated project management systems with policies and procedures that are consistently applied in the organisation, to be a facilitator of success of the project. The Folateng initiative at Charlotte Maxeke Hospital.is guided by the

policies from the Gauteng Department of Health, the internal rules and by-laws of the hospital. They also follow National Acts and Regulations.

The Department of Treasury respondent felt that the PPP partnership was like a marriage because the partners are in the project for different reasons and thus trust is important. Most of the respondents felt that it is not good to blindly trust the other partner to do the right thing. They felt that there must be monitoring of the deliverables without intervening in the business of the other to ensure that you can trust each other. Maheshwari et al. (2006) list in theirs framework to optimise success that in the implementation stage of a project building a trusting relationship is essential.

The Department of Treasury recommends three levels that form the communication structure in a PPP. They encourage free flow of information in both ways. Ruuska and Vartiainen (2003) identified communication between members as one of the three critical project competencies. Trafford and Proctor (2006) also found communication to be one of the five significant areas of interest for a successful partnership. The Department of Treasury also recommends the establishment of a complaints department and a help desk for the end users. The medical aid respondent felt that information sharing encourages integration and enables people to trust you. This is in agreement with Shinners (2006) who found in his research that having honest communication amongst the partners helped the partnership to become and remain successful.

The relationship was seen as important by most respondents. They felt that the partnership has to be assessed in terms of structure, monitored and reviewed constantly so that the partners do not take each other for granted. Ferguson et al. (2005) found that relationship management was important to the success of the partnerships they studied. Maheshwari et al. (2006) found that choosing the right partner at the foundation phase of a supply chain partnership optimised success.

Most of the respondents were against disputes and avoid them as they felt it tarnished the relationship and enriched lawyers. This is not in line with Adomi and Anie (2006) who recommend that as part of conflict management managers must see conflicts as a positive occurrence that can increase performance. They felt when you declare a dispute you have failed to resolve issues amicably and promptly at ground level. Adomi and Anie (2006) also recommend that as part of conflict management managers should not allow conflict to escalate. The Folateng PPP initiative has never had a dispute. They resolve issues quickly through a phone call or a meeting.

In the discussion pertaining to proposition three there was agreement between literature and research findings. Most of the respondents felt that quality of services was an important benefit of a PPP relationship. The medical aids insist on quality care for their members and see the Folateng PPP initiative as providing this benefit. This is also in line with Boyd (2001) who listed delivering quality consistent with the price as one of the five maxims of project satisfaction in software development.

In the early stages of the Folateng PPP initiative the administration staff from the public wing was utilised to provide services to the Folateng PPP initiative. This was used as a strategy to ensure quality improvement in the public side of the Charlotte Maxeke Hospital. The Folateng PPP initiative has benefited the Charlotte Maxeke Hospital by improving the quality of the services on the public wing and improving perceptions about the quality in public institutions. This is line with Shaw (2003) who observed that government in the UK uses PPPs as a policy instrument to ensure modernisation while using resources efficiently and improving quality of care.

The project officer said that a PPP project completed on time enables the service to be utilised much quicker and thus enables the public partner to deliver services early. This is line with one of the listed benefits of a PPP by Zou et al. (2008) that shorter construction periods were seen as a benefit. The medical aid respondents stated that keeping within timeframes and delivering on time will enable them to get future contracts from the government. This is

also in line with Boyd (2001) who listed delivering the project in a timeframe the customer desires or needs as one of the five maxims of project satisfaction in software development.

An affordable PPP that provides value for money was seen as an important benefit of a PPP by most of the respondents. Platz and Temponi (2007) also found that financial costing and pricing were key elements in the most desirable outsourcing contract. Zou et al. (2008) also found superior value for money to be one of the benefits of a PPP. The private partner benefits through making profit when they do not exceed their budget. The medical aids are interested in getting the provision of quality services at low cost for their members. The Folateng PPP initiative has to ensure that they stick closely to their budget so as to be able to generate profit as this is one of their key performance areas.

The transfer of risk was stated as one of the important benefits of a PPP by the Department of Treasury official. If the public institution fails to ensure appropriate risk transfer to the private partner then the private partner wins and the government loses. Zou et al. (2008) also listed transferring of risks from government to competent private partners as one of the benefits of a PPP. The medical aids respondents also felt it was important to share risk to ensure they are not the losers eventually. The potential best practice of risk sharing to improve productivity and performance is one of the benefits of a PPP listed by Zou et al. (2008).

The Folateng PPP initiative has enabled the Charlotte Maxeke Hospital to retain essential skills within the public sector. These skills are mainly the highly qualified medical personnel that can be attracted by the highly profitable private health sector. This is seen as one of the major benefits of the Folateng PPP initiative by some respondents. This is line with the findings of Zou et al. (2008) that access to skills, experience and technology of the private sector is a benefit of the PPP. The medical equipment in the Charlotte Maxeke Hospital is seen as a benefit that improves the skills and motivation of the doctors. It is also a tool in attracting doctors to the hospital.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the conclusions we have drawn from the results of this research. Recommendations are made to the various stakeholders. Finally suggestions for further research are given.

5.2 Conclusions of the study

PPPs are used by most governments to provide off balance sheet financing of government projects by the private sector to enable the governments to fulfil their mandate of service delivery. The case study of the Folateng PPP initiative which is not a typical PPP but more of a public private initiative, displays innovation from the public sector. The public sector utilises unused capacity in the hospital to generate extra revenue, improve quality in the public sector, retain scarce skills and deliver services to the disadvantaged.

They have an annual budget that they must not exceed and they generate a profit from the services they provide to their patients. The profits generated from the Folateng PPP initiative has been ploughed back to the public side of the hospital e.g. the improvements done in the Paediatric ward according to the ex-CEO. The hospital is collecting more money from the public side as they have improved their debt collection methods. The patients who can pay from their pocket i.e. approximately 40% of the Folateng PPP initiative patients, utilises the Folateng PPP initiative and thus leaves more beds available for the poor public on the public side.

The first proposition based on the literature review states the best practices for effective PPP agreement management. The Folateng PPP initiative does not have a specific project agreement and it is not listed in the database of the PPP unit in the Department of Treasury. It is interesting to note that the research

reveal that almost all the proposed best practices in effective PPP agreement management have been followed.

The cuts in the health budget seem to have galvanised the managers in the Gauteng Health Department to think strategically and innovate. The Folateng PPP initiative started as a business case that had to be approved by all the stakeholders. There were goals and objectives which were set from the proposal phase which all the respondents who are involved in the project are aware of. The only slightly differing opinion was only from the Folateng PPP initiative medical doctor who was biased towards his profession and thus saw retention of the medical skills within the public sector as the goal of the Folateng PPP initiative.

There has been stakeholder support from the beginning of the Folateng PPP initiative. This has allowed the Folateng PPP initiative to be a sustainable project in spite of opposition from opposition parties as the government of the day fully supported the project. The Folateng PPP initiative seems to be doing better than the registered PPPs in that there are resources allocated to the project. There is a highly qualified project officer who has been with the project from inception. There are Folateng managers in each hospital and a team at provincial level and hospital level that work together.

There is no formal contract between the medical aids or the patients that can be monitored by both parties. The Folateng PPP initiative is managed like a business according to the Folateng managers. There is planning of the budget, monitoring of the service quality and the budget, controlling the budget as displayed by the anecdotes the project officer told during the interview. The members of the team all have performance contracts that are linked to the goals of the Folateng PPP initiative. There is continuous reporting on the Folateng PPP initiative to Treasury and the province.

There is client consultation done through the monthly surveys that are done by the Charlotte Maxeke Hospital as confirmed by both CEOs. This helps everyone in the hospital know how their patients experience their visit to the hospital. This in turn enables the hospital to improve their services. There is a

complaints department that is linked to the quality assurance department for action.

Unlike a typical PPP the Folateng PPP initiative carries almost all the risk. They have to make sure that there is minimal wastage and strict management of costs while retaining the quality according to the service level agreements. They gain their efficiencies from piggy-backing on some of the services from the public side like using the same finance department, the procurement department, risk management department and the quality assurance department.

Result analysis is done frequently. The Folateng managers meet with each other monthly to share information. The project officer has an open door policy for all his team members. The hospital has the Folateng PPP initiative staff sitting in on some of their meetings so that they can share information. They also send certain reports to the public side of the hospital and the CEO of the hospital can discuss with them any issues if he needs their input.

The Folateng PPP initiative also agreed with the literature findings on the proposition of the best practices in effective PPP relationship management. The Folateng PPP initiative follows strict corporate governance principles. They comply with a variety of National acts including the Public Finance Management Act (1999). They also comply with other Gauteng department of health policies and the internal hospital policies.

There seems to be a lot of trust within the Folateng PPP initiative management team. There seemed to be a lack of trust of the doctors by both the public side and the Folateng PPP initiative side. The CEO confirmed that he has to do spot checks to ensure that the doctors do not use the public time to do their private work in the Folateng PPP initiative. The project officer also confirmed he had to dismiss a doctor who was charging Folateng PPP initiative patients MASA rates. The project officer also did not seem to trust the medical aid companies and believed that they should be closely monitored.

The communication in the Folateng PPP initiative seems to be their strong point. The communication is kept open and informal according to both the project officer and the Folateng manager. This enables them to keep the levels of trust high between the team. This also enables them to deal quickly and effectively with any disputes. Relationship assessment seemed a weak point as they did not seem to do much in this regard.

The Folateng PPP initiative seems to be achieving most of the goals they initially set out to achieve. They are making a profit from wards that have a 100% occupancy. They manage their budget efficiently. They are delivering a quality service that is value for money for the medical aids and private patients. The patients are their source of advertisement. They have gained access to scarce skills and also enabled the public side to retain scarce skills. The Folateng PPP initiative has not benefited from risk transfer.

The research findings are in agreement with the literature for all the propositions of this research. The findings of this research are all acceptable.

5.3 Recommendations

The National government is currently facing a shrinking pool of taxpayers and the gross domestic product has fallen due to the worldwide economic recession. The government is faced with various service delivery expectations from the public that it is struggling to fulfil. The innovations that were created at the Gauteng province through the Folateng PPP initiative provide a lesson for the government that it must use the available public resources to innovate, gain efficiencies and thus deliver services. It would be good practice for the government to encourage similar projects throughout the country in the different sectors to ensure that the government is able to meet service delivery expectations.

The Treasury Department has a PPP unit that is responsible for approving, supporting and monitoring all the PPP projects. They must include all other

public private initiatives in their registers. They must be able to approve, support and monitor them. They must also report on their progress so that the information is accessible to the public. This will help improve transparency government spending.

The Gauteng Department of Health must take the lessons from the Folateng PPP initiative and use them in future projects in other sectors. The successful Folateng PPP initiative should be the benchmark for other similar projects. The poorly performing Folateng PPP initiative should be shut down instead of being subsidised by the Folateng unit in the Charlotte Maxeke Hospital.

Medical aids are benefiting from the Folateng PPP initiative. They should be more pro-active in lobbying and assisting the provincial governments to provide similar initiatives in the health sector as there are tangible mutual benefits.

The Folateng PPP initiative can minimise risk by ensuring it creates a contract that passes on some of the risk to the medical aid in terms of penalties if they delay payment for their members or incentives if they pay speedily. This will minimise the possibility of having to attend numerous meetings before the hospital gets paid and getting negative attention from the media.

The public that utilises the Charlotte Maxeke Hospital has to ensure they are represented in the hospital board and are able to positively influence the service experienced by their members in the public side of the hospital and private side i.e. in the Folateng PPP initiative.

5.4 Suggestions for further research

It will make interesting research to find out the critical factors for a successful Folateng PPP initiative as some of the Folateng PPP initiatives were said to be not profitable. There is also further research that can be done to establish what the impact of knowledge management in PPPs is. The other suggested study is what influences the retention of scarce skills in the public health sector. In this

study looking at the reasons why the identified staff chooses to leave or stay in a public hospital with a Folateng PPP initiative will be researched. This will help make it clear if the skilled staff stay because of the Folateng PPP initiative or not.

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APPENDIX A

Research Interview Guide

How is the PPP agreement managed with consideration of the following and rating of the following as best practice :

1. Goals and objectives of the project.

2. Does the project have senior management support? Rate importance High, moderate, low

3. The Project Officer, who is he/she, when was he/she appointed was it at start of project, what are his/her qualifications, personality. Rate importance High, moderate, low

4. The PPP agreement management team, who are they, when were the appointed, what are their qualifications, what are the roles and responsibilities, adequacy. Rate importance. High, moderate, low

5. How is the PPP agreement managed? Was it from inception? Administration (variation reporting, financial reporting) Risk management and performance tool (customer satisfaction). Rate importance High, moderate, low

6. How is Feedback and learning from the results managed? Rate importance High, moderate, low

How is the PPP relationship managed in terms of the following and rating of each as best practice :

1. Corporate governance, what are the rules, policies governing the relationship. Rate importance High, moderate, low

2. Trust and attitudes, how is it built, maintained and monitored. Rate

importance High, moderate, low

3. Communication and information sharing, what is the communication structure, how is information shared. Rate importance High, moderate, low

4. Relationship assessment, how is the relationship , how is it monitored or assessed, how is it improved Rate importance High, moderate, low

5. Dispute resolution, How are the disputes resolved. Rate importance High, moderate, low

What are the mutual benefits of the PPP agreement management : Rating of the following benefits as possible benefits of an effectively managed PPP agreement management:-

1. Quality of the services or products is satisfactory. Rate importance High, moderate, low

2. The project is completed on time. Rate importance High, moderate, low

3. Budgets are not exceeded. Rate importance High, moderate, low

4. There is appropriate risk transfer. Rate importance High, moderate, low

5. Access to skills, experience and technology is attained. Rate importance High, moderate, low

APPENDIX B

Table 7: Consistency matrix

Main Problem: The purpose of this research is to establish the best practices for effective management of the PPP contract and relationships that will result in mutual benefits to all parties with particular reference to the Healthcare sector in South Africa.				
Sub problem	**Literature Review**	**Research proposition**	**Data Collection**	**Research Methodology**
1. To establish the best practices for effective management of the PPP agreement.	1. Definition and differences between PFI,PPP, PFP 2. Governance structure of PPPs 3. Agreement management - Best practice in Project management - Contract management - Performance management - Risk management -Knowledge management	Best practice for effective PPP agreement management are…..?	What are the best practices for effective PPP agreement management in the Folateng PPP	Qualitative case study with questions asked in a structured interview and documentation relating to the project scrutinised.

Sub problem	**Literature Review**	**Proposition**	**Data Collection**	**Research Methodology**
2. To establish the best practices for relationship management in the PPP	1.Effective team management 2 Influencing teams 3. Stakeholder management 4. Conflict management	Best practice for effective PPP relationship management is ….?	What are the practices for effective PPP relationship Management in the Folateng PPP?	Qualitative case study with questions asked in a structured interview.
3. To identify the mutual benefits to be expected from effective management of the PPP.	1. Success criteria of projects	The mutual benefits of an effectively managed PPP agreement are…?	What are the mutual benefits for the effectively managed Folateng PPP?	Qualitative case studies with structured interviews.

APPENDIX C

RESEARCH PLANNING

Table 8: Time-plan for completion of research report

	Date	Date	Date	Date	Date	Date
Finalise proposal	September 2008					
Gain Panel approval		October 2008				
Gather data			April 2008 to December 2009			
Do data analysis				December 2009		
Write report					January 2010	
Finalise report						February 2010

APPENDIX D

Table 9: Analysis of Respondents										
Question and Rating	**PPP Unit Treasury Officer**	**Folateng Project Officer**	**Acting CEO**	**Ex CEO**	**Folateng Manager**	**BHF**	**Dr Tilley**	**GEMS Officer**	**Medschem e Officers**	**Total**
Goals and Objectives	9	9	2	30	5	0	2	3	5	**65**
Stakeholder support	12	3	11	9	4	0	2	0	0	**41**
Project Officer	30	4	9	3	4	2	2	6	2	**62**
Project team	8	14	10	6	5	0	3	1	15	**62**
Contract management	29	9	1	12	1	0	0	2	4	**58**
Client Consultation	0	1	1	5	2	0	1	0	0	**10**
Risk management	10	2	4	5	4	4	1	0	6	**36**
Result analysis	0	11	11	4	1	0	0	5	4	**36**
Corporate Governance	5	10	11	12	4	0	1	2	7	**52**

Table 9 cont: Analysis of Respondents										
Question and Rating	**PPP Unit Treasury Officer**	**Folateng Project Officer**	**Acting CEO**	**Ex CEO**	**Folateng Manager**	**BHF**	**Dr Tilley**	**GEMS Officer**	**Medscheme Officers**	**Total**
Trust and attitude	2	6	4	1	2	0	2	1	7	**25**
Communication	12	24	7	12	14	0	2	6	47	**124**
Relationship Audit	0	2	1	3	0	0	0	1	2	**9**
Dispute Resolution	2	9	3	2	9	0	1	6	10	**42**
Quality	4	3	8	23	1	3	6	5	21	**74**
Project on time/ service delivery	7	6	5	7	0	0	7	0	6	**38**
Budget /profit	4	17	5	21	9	4	11	1	28	**100**
Risk transfer	3	0	0	3	0	0	0	0	6	**12**
Skills access	0	4	6	14	0	1	3	0	1	**29**