Public-Private Partnership (PPP) in Managing Arts, Cultural and Tourism Sector

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Abstract  
Public-Private Partnership (PPP) is an increasingly popular choice for policymakers in implementing important public works or events projects especially when facing shortage of government’s financial resources and when it is necessary to counter public inefficiency. Under the Ninth Malaysia Plan, the government had officially announced the implementation of public events using the Public Private Partnership (PPP). The Malaysian Ministry of Tourism and Culture applies this policy whereby they recognize the importance of PPP in sustaining and developing the cultural and tourism industry as the main product in promoting Malaysia to the world. By recognizing these benefits, this evaluative study aims to analyze the effectiveness of the strategic alliances in arts, tourism and cultural organizations based on the Partnership Model adopted from the Government-Non-profit framework. To carry forward this study, quantitative method was employed through survey and questionnaires targeted to the management staffs of selected government agencies, offices, units and private sectors that are engaged in this PPP projects. The data gathered were analyzed through correlation and non-parametric statistics analysis. The final outcome of the survey based on the dimensions constructed in the framework will be implemented in the real PPP collaboration projects.

Keywords:  
Public-Private Partnership; Arts; Tourism; Culture; Management
1 Introduction

Public-Private Partnership (PPP) is an increasingly popular choice for policymakers in implementing critical public works or events projects, especially when facing a shortage of government financial resources and where it is necessary to counter public inefficiency (Alfen et al., 2009; Terry, 1996). Apart from that, PPP according to Ismail, 2013, is also known as a globally accepted public sector procurement mechanism whereby the government implicates commitment from the private sector and transfers a certain level of responsibilities to the private sector in providing public facilities or services. The fundamental justifications for adopting PPP would significantly reduce the upfront costs for the government in providing and maintaining public facilities and that it allows for improvement of the public facilities and services since PPP encourages innovation by the private sector (Gaffney, Pollock & Shaoul, 1999; Glaister, 1999; Heald & Geaughan, 1997).

As far as collaboration is a concern, PPP enables governments that are already stretched for resources with the present economic climate to utilize alternative private sector sources of finance. Simultaneously, the private sector will benefit regarding skills and management that offered by the government agencies. According to Kim, Kim, and Lee (2005), PPPs are described as the involvement between risks, investment, resources, responsibility, and rewards. Proper planning is essential to ensure that value for money is created, the risk is shared, and problems in implementation are minimized.

The challenge is, all of this new ideas and innovation in tourism and culture may suggest tremendous investment opportunities abound in these emerging markets. However, it is always wise to ensure that we have a sustainable tourism development. In a report by World Tourism Organization (2015), a successful tourism integrates the aspects of transportation, events, accommodation, attractions, business skills and resource protection. This report also focuses on the role of partnerships in critical areas for development of tourism through selected case studies in the tourism industry in selected countries.

In Malaysia, according to Ismail (2013), PPP projects have grown at an accelerated pace since the 1980s because of a few enforcing factors, including the government agenda to foster greater private sector involvement in the country's development projects by offering attractive incentives and the rapid growth of construction projects as part of the country's development plan (Endut, Akintoye & Kelly, 2006; Ismail, 2012). In particular, the evolution of PPP stated by Ismail (2013) again, in Malaysia started with the Malaysia Incorporated programme (Economic Planning Unit, 1981) and was followed by the privatisation programme (Economic Planning Unit, 1985). Under the Economic Planning Unit, the government's goal was to encourage greater participation of the private sector in government projects that was accomplished when the Private Finance Initiative programme was officially unveiled (Economic Planning Unit, 2006). More recently, in the Tenth Malaysia Plan, the continuous effort of the Malaysian government in promoting private sector involvement was revealed with the announcement of more development projects to be implemented

PPP has been implemented in many government sectors which includes the Tourism Industries. Malaysian Government has developed tourism sector as key element in the Malaysian development plans. Thus, the tourism and heritage sectors are very significant aspects of development strategies to increase the Malaysian economic growth (Mazumder, Ahmed, Nurul & Mazumder, 2009). In 2015, Sarawak’s Tourism Minister, Datuk Amar Abang Johari Tun Openg stated that the State Government had increased their promotion on the “unique selling points” of Sarawak such as culture, adventure, and nature to boost up the cultural heritage tourism (Tuah, 2015). To fill this knowledge gap, this study explores the issues between the strategic collaborations of PPP in tourism and cultural events. The objectives are as follows:

i. To investigate the event strategic collaborations of PPP in the four leading organizations in Sarawak. In this initial stage, the investigation is carried out thoroughly into the initiation of partnership objectives and goals, as well as identify the public partnerships of event strategic collaboration.

ii. To analyze the effectiveness of PPP in selected tourism and cultural events organized by these organizations which are based on the partnership model adopted from previous literature by Brinkerhoff (2002). In this stage, this study analyzes the reliability of the model in a different sample of events.

iii. To propose a new framework of event strategic collaboration PPP based on quantitative data analysis that can be used as a guideline especially for the Non-Profits-Government organizations.

2 Literature Review

Culture and the environment are interrelated aspects of activities within the tourism industry which contributes to the sustainable tourism development (Lacy, Battig, Moore, & Noakes, 2002). Also, our national heritage is governed by the Ministry of Information, Communications, and Culture. According to Ismail, Masron, and Ahmad (2014), they argued that funding has become one of the main issues and challenges in managing Malaysian cultural heritage asset.

The joint approach between public and private sectors allow the blending skills between both parties in achieving their specific outcomes in the proposed projects (Akintoye, Beck & Hardcastle, 2003). In 2004, Samsung Electronics worked with UNESCO in the cultural diversity projects to promote the world’s intangible cultural heritage (UNESCO, n.d). PPP is considered as “creative alliances” which encompasses of government agencies and other non-governmental institutions, community-based organizations, business improvement districts and also the citizens and neighborhood groups (Corrigan et al., 2005).
Currently, with the successful development of PPP model in the United Kingdom, Hong Kong, Singapore, Australia and other countries, PPP has become increasingly universal in Malaysia. In Malaysia, the involvement of the private sector in delivering public facilities and services is not a new inclination. It has existed since the mid-1980s as a result of the adverse impact of world economic downturn. The recession has caused the government to seek assistance from the private sector for the development and economic activities of the country (Ismail & Rashid, 2007). In 1981, the Malaysian Incorporated Policy was introduced and followed by the Privatization Policy in 1983, Guidelines on Privatization in 1985 and Privatization Master Plan in 1991.

The main objective of PPP in Malaysia is to revise and improve the implementation process of the existing privatization policy (Ninth Malaysia Plan, 2006; Tenth Malaysia Plan, 2010). Despite the tremendous growth of PPP implementation in Malaysia, the PPP arrangements have been constantly reviewed and revised by the Malaysian Government to improve the current practice of PPP implementation to ensure the feasibility of its ultimate objective. Also, the Ministry of Tourism and Culture recognizes the importance of PPP in sustaining and developing the cultural and tourism industry as the main product in promoting Malaysia to the world. The PPP in the sphere of investments is the key factor of sustainable development in the tourism industry. The investments are suggested to be used as an instrument of change, and as a means of influencing social and economic outcomes (Ng, 2012).

As one of the unique and multiracial states in Malaysia, Sarawak’s rich ethnic diversity offers a distinctive local experience in the tourism sector by staging its unique cultural heritage products. In Sarawak, the tourism industry is one of an economic sector that contributes greatly to the state’s Gross Domestic Product (GDP). Hence, this study focuses on the success factors results that are obtained from the event strategic collaboration of PPP in the Ministry of Tourism Sarawak, Sarawak Tourism Board, Sarawak Economic Development Corporation, and Sarawak Convention Bureau. This evaluative research aims to analyze the effectiveness of the strategic alliances by these organizations based on the Partnership Model adopted from the Government-Non-profit framework by Brinkerhoff (2002).
Based on the combination of literature and experience, the Partnership Model by Brinkerhoff (2002) suggests that two dimensions are significant for defining partnership. Firstly, mutuality involves the spirit of partnership principles. Secondly, organization identity captures the rationale for selecting particular partners and maintains the basis of partnership’s value added.

3 Methods

To realize the success of sustainable development in arts, tourism and cultural heritage in Sarawak, this study is based on four alternative hypotheses derived from the event strategic partnership model such as below:

- **H₁**: High partnership in mutuality between organizations will generate high organizational identity regarding sustaining the tourism and cultural heritage.
- **H₂**: Low contracting in mutuality between organizations will generate high organizational identity regarding sustaining the tourism and cultural heritage.
- **H₃**: Low extension in mutuality between organizations will generate low organizational identity in terms of sustaining the tourism and cultural heritage.
- **H₄**: High co-optation and gradual absorption in mutuality will generate low organizational identity in terms of sustaining the tourism and cultural heritage.

This study employed the evaluative research which demonstrates the need to clarify judgments on the success or effectiveness of policies or programs (Shadish et al., 1991). The research process is carried out in three phases:
3.1 Phase One

Research commences with a literature review to establish the theory, concept, model, and dimensions to develop items for survey questionnaires. This research obtained supporting data from PPP Unit at the Prime Minister Department, Malaysia Convention & Exhibition Bureau (MyCEB), and Ministry of Tourism and Culture in order to establish and approve new items for the Questionnaires.

3.2 Phase Two

Pilot tests were conducted for a minimum of 30 respondents in selected organizations such as Ministry of Tourism and Culture Sarawak, Sarawak Tourism Board, Sarawak Economic Development Corporation, and Sarawak Convention Bureau which was used as a unit of analysis to verify items in questionnaires.

3.3 Phase Three

The final phase is data collection through fieldwork (Quantitative Survey) from a total of 123 distributed questionnaires to the above-mentioned organizations. Thereafter, the data gathered are input via Statistical Package for Social Sciences (SPSS) which is analyzed using the Correlation analysis and non-parametric statistic.

To establish this study, survey questionnaires of 123 are employed by using the disproportionate stratified random sampling on management staffs officer and above ranking from selected government agencies, government offices, government unit and private sector that being engaged in the PPP project. Through the data entry in Statistical Package of Social Sciences (SPSS), the analyses of relationships are generated through Correlation analysis. The outcome of the survey is based on the dimensions and constructs in the framework portrayed in the real PPP scenario.

4 Results and Findings

The findings revealed that Cronbach’s Alpha (CA) value of 0.814 is significant through Reliability test analysis on 32 items. This analysis was counted on 123 valid responses. Therefore, CA value is significant for further SPSS analyses. As mentioned in the earlier part of the method, four organizations in Sarawak were selected for their feedbacks to investigate the event strategic collaborations of PPP. The four organizations include Ministry of Tourism and Culture Sarawak, Sarawak Tourism Board (STB), Sarawak Economic Development Corporation (SEDC), and Sarawak Convention Bureau (SCB).

The result of this study shows that 68% of these organizations were involved in PPP strategic collaboration are highly involved in the Arts Sector (55.2%), followed by Tourism Sector (19.2%), and Cultural Sector (12%). This result shows that Arts activities such as Regatta Sarawak, Kuching Festivals, Pusat Seni Setempat, and many other Arts events that applied PPP collaborations compared to other sectors. This data has
answered the first objective of this study which investigates the event strategic collaborations of PPP in four main organizations in Sarawak.

As to resolve the second research objective of analyzing the effectiveness of PPP, the Partnership Model from Brinkerhoff (2002) is adopted. This analysis is useful to answer all alternative hypotheses. To prove the hypotheses, the non-parametric technique of chi-square tests have been used to acquire whether two variables are related. The chi-square test is used to explore the relationship between two categorical variables. Hence, the result of chi-square test between High mutuality in partnership generates high organization identity in terms of sustainability. The result showed that all hypotheses 1 to 4 generated by Pearson Chi-Square is .000, and therefore all of these relationships are significant whereby to be significant the sig. The significant value must be less than .05.

![Figure 2: Sustainability of tourism and cultural heritage through partnership mutuality](image)

Table 1: Chi-Square Test Result of H₁ versus Years of Experience

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp.Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>22.729a</td>
<td>9</td>
<td>.007</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>19.318</td>
<td>9</td>
<td>.023</td>
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<tr>
<td>Linear-by-Linear</td>
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<td>.078</td>
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<tr>
<td>Association</td>
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<td></td>
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</tr>
<tr>
<td>N of Valid Cases</td>
<td>123</td>
<td></td>
<td></td>
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</tbody>
</table>

Figure 2 shows the result for H₁ High partnership in mutuality between organizations will generate high organizational identity in terms of sustaining the tourism and cultural heritage. It is proven that the highest peak of strongly agreed would sustained roughly 6-10 years’ experience of organizational identity with the Pearson chi-square value of 0.007. Therefore, hypothesis H₁ is acceptable.
Figure 3: Sustainability of tourism and cultural heritage through contracting mutuality

Table 2: Chi-Square Test Result of $H_2$ versus Years of Experience

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
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</thead>
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<td>Likelihood Ratio</td>
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<tr>
<td>Linear-by-Linear Association</td>
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<td>N of Valid Cases</td>
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</tbody>
</table>

Figure 3 above shows the result for $H_2$. Low contracting in mutuality between organizations will generate high organizational identity in terms of sustaining the tourism and cultural heritage. It is proven that the highest peak of agreed would sustained roughly 11-15 years’ experience of organizational identity with the Pearson chi-square value of 0.008. Therefore, hypothesis $H_2$ is acceptable.
Table 3: Chi-Square Test Result of H₃ versus Years of Experience

<table>
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<tr>
<td>Likelihood Ratio</td>
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<td>9</td>
<td>.007</td>
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<tr>
<td>Linear-by-Linear</td>
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<tr>
<td>N of Valid Cases</td>
<td>122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4 shows the result for H₃. Low extension in mutuality between organizations will generate low organizational identity in terms of sustaining the tourism and cultural heritage. It is proven that the highest peak of agreed would sustained roughly >15 years’ experience of organizational identity with the Pearson chi-square significant value of 0.006. Therefore, this hypothesis H₃ is acceptable.
Figure 5: Sustainability of tourism and cultural heritage through co-optation and Gradual Absorption mutuality

Table 4: Chi-Square Test Result of H4 versus Years of Experience

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp.Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
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<td>Likelihood Ratio</td>
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<td>Linear-by-Linear</td>
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<tr>
<td>N of Valid Cases</td>
<td></td>
<td></td>
<td>122</td>
</tr>
</tbody>
</table>

Figure 5 shows the result for H4. High co-optation and gradual absorption in mutuality will generate low organizational identity regarding sustaining the tourism and cultural heritage. It is proven that the highest peak of strongly agreed would sustained roughly >15 years’ experience of organizational identity with the Pearson chi-square significant value of 0.001. Therefore, this hypothesis H4 is acceptable.

There are few variables that are taken into account which were collected from the earlier preliminary interviews from three selected organizations such as PPP unit at the Prime Minister Department, Malaysia Convention & Exhibition Bureau (MyCEB), and Ministry of Tourism and Culture. There are five suggested variables existed within the Partnership Model which encompass Project Management, Financial Sources, Human Resource, Risk Management, and Legal and Policy. All the positive variables are developed as part of the extension of the new propose framework. This will definitely answer the third objective in this study.

Based on the result from the mutuality partnership, 48.8%, 39.2%, and 43.2% positively approved that high mutuality in Project Management, Financial Sources, and Human Resource will highly develop the organizational identity in arts, tourism, and cultural sustainability through PPP accordingly. Meanwhile, Risk Management and Legal
and Policy are not highly correlated with developing the organizational identity with consequently moderate frequencies of 42.4% for both variables. This may be caused by the strict guidelines prepared by the body of advisory in the government sector in risk management, legal and policy issues.

As for the mutuality in contracting, all five variables show moderate results of 48%, 40.8%, 47.2%, 42.4%, and 40% subsequently of low contracting mutuality in Project Management, Financial Resources, Human Resources, Risk Management, and Legal and Policy are not highly correlated with developing the organizational identity in the arts, tourism and culture sector. Similarly, in the mutuality of extension, all five variables show moderate results of 37.6%, 43.2%, 44.8%, 40.8%, and 47.2% accordingly of low contracting mutuality in Project Management, Financial Resources, Human Resources, Risk Management, and Legal and Policy are not highly correlated with minimizing the organizational identity in the arts, tourism and culture sector.

In the final factor of mutuality in Co-optation and Gradual Absorption, 44% and 47.2% are positively approved that high mutuality in Financial Sources and Legal and Policy will minimize the organizational identity in arts, tourism, and cultural sector sustainability through PPP accordingly. Meanwhile, Project management, Human Resource, and Risk Management are not highly correlated with minimizing the organizational identity and subsequently moderate frequencies of 40%, 38.4, and 44%. Based on the results of the analyses, a new framework has been establishing accordingly and later has answered the third research question. As a result, PPP is indicated as a highly important unit to help strengthen the government and non-profits organizations' visions and goals mainly in the arts, tourism and culture activities.

![Figure 6: Partnership Model of Arts, Tourism, and Culture](image)

Source: Author’s proposed model
Hence, the new proposed model (Figure 6) will compliment as an alternative guideline in establishing the PPP collaborations for all parties, academic and the industry references especially for the non-profits in arts, tourism, and culture sector.

5 Conclusion

The study used a questionnaire survey to examine the significance of relationships between four factors to examine the appropriateness of each factors in Partnership Model towards the mutuality of PPP in Malaysia. The overall results show that Partnership factor has high mutuality with the organizational identity regarding Project Management, Financial Sources, and Human Resource Management. Meanwhile, High Co-optation and Gradual Absorption in mutuality for financial sources and legal policy will affect low organizational identity.

There are several limitations to this study. First, although the use of the questionnaire survey allows for greater sample size, having other methods such as interviews with PPP experts and the use of a case study approach may enrich the findings and lead to the triangulation of evidence on the factors attracting PPP implementation in Malaysia. Second, this study only assessed the significant factors in the Partnership Model to assess the relationships between four factors only. Although this is important, it is also crucial to both the government and private sectors to have information on the factors that hinder the adoption of PPP. Hence, future research may want to extend this study by also looking at this neglected issue. Despite its limitations, this study offers some insights and useful information for the government and private sector providers concerning the important factors attracting the implementation of PPP in Malaysia.

6 About the author

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7 References


