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## PPP in public schools as means for value creation for user and owner

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### Abstract

The purpose of this paper is to assess if and to what extent PPPs contribute to value creation for user and owner, by highlighting how PPP contribute to value creation in public schools in a Norwegian context.

Little research has been found concerning PPPs contribution to value creation for user and owner. The analysis and document studies in this paper show that PPP compels to consideration of the life cycle, incentivises project owners to focus on output-based specifications and indicates commitment for the contractors to deliver. In sum, this indicates that PPP is suited for public schools in Norway.

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*Keywords:* Public-private partnership, public schools, value creation, user, owner

### 1. Introduction

According to Solheim-Kile et al. (2014), PPP type projects have existed at least since the 17<sup>th</sup> century. Broadbent & Laughlin (2003) argues that contemporary PPP is a product of the “New Public Management” wave that took place globally in the 1980s. PPPs occurred in their modern form in Norway at the end of the 90s (Eriksen et al.,

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2007). The Norwegian Parliament started a process ending in an approval of three PPP road projects in 2001. The use of public-private partnership (PPP) as an execution model in Norwegian public schools has increased over the last decade. The first example was Breimyra middle school (1998), built by a private party that still leases it entirety to the Bergen municipality (Sanden & Corneliussen, 2015).

An overview (RiF, 2015) has documented the current situation in the education sector. The study establishes that the building stock is characterized by a maintenance backlog and unhealthy indoor air quality, forcing schools to shut down. Norway's overall financial situation should contribute sufficient resources avoiding described scenarios – this does not, however, seem to occur. The Norwegian municipalities' responsibilities include services, operation, and maintenance of public elementary schools (Ministry of Local Government and Modernisation, 2014). Several measures for improving the situation have been implemented, among these PPPs. However, during the literature study leading up to the present paper, little research was found concerning PPPs' contribution to value creation for user and owner of public schools. In order to fill part of this knowledge gap, this paper examines how and to what extent PPP contributes to value creation for the client and users of public schools.

The literature review revealed that PPP is an umbrella term for several approaches. According to Clerk et al. (2012), establishing a simple definition is difficult. He argues that there have been several attempts to define a PPP (Wettenhall, 2010; Hodge & Greve, 2007, and Van Ham & Koppenjan, 2001), but no consensus has been established. PPP means different things in different countries and cannot simply be copied, due to differences in framework such as culture and policies (Sillars & Kangari, 2004). Thereby, this paper seeks to identify the version of PPP used in public schools in Norway, and researches the benefits and challenges referred to in the literature.

Additionally, the literature review examined the concepts of value and value creation within the context of PPPs. Several authors discuss these concepts within this context. However, as was the case with PPP, no final understanding emerged. In light of the analysis of Kelly et al. (2015), this is not surprising, given that no fundamental laws of value exist in the same way as the fundamental laws of physics. Spencer et al. (2002) underline this by stating that not only is value rarely properly defined, it is also exceptionally difficult to measure.

The undertaking of this paper is value creation within the public school sector in Norway for both owner and user. The main questions we address are:

- What characterize the use of PPPs within the public school sector in Norway?
- To what extent do the use of PPPs promote value creation for both owner and user of these projects?

## 2. Research methodology

The research was carried out according to a qualitative approach, involving a literature review, a document study and eight semi-structured in-depth interviews from two case studies. The inherent complexity characterized by PPP projects limits the potential understanding using solely quantitative methods as outlined by Flyvbjerg (2006). First, the literature study was conducted focusing on providing theoretical background on PPP, value, and public schools. The keywords *PPP*; *public schools*; *value creation*; *user*; *owner* respectively composed the foundation of the review.

Two elementary public school projects were chosen for case studies, providing data from both early design and operational phase. The building in case A was completed in 2008, as one of the first in public school sector using the modern form of PPP (Berg & Edvardsen, 2009). The building in case B was completed in 2014, ensuring data about PPP processes in early phase and implementation. The document studies provided an overview of the processes, and thereby an understanding of the effects for owner and users.

Semi-structured in-depth interviews, with key personnel such as owner, user, and supplier respectively, were carried out. A main concern in the interviews was to find discrepancies from what was found in the document studies – and what was identified in the literature review. The research was thus designed in order to include different sources of data, thereby strengthening the analysis as described in Yin (2009). In retrospect, more interviews with key personnel would validate the information better or even reveal new aspects of interests.

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