HUMAN RESOURCE MANAGEMENT IN PUBLIC-PRIVATE PARTNERSHIP ORGANISATIONS: A REVIEW

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Abstract

The proliferating phenomenon of public-private partnership (PPP) in public service provision continues to lay a firm foundation for the growth of organizations of hybrid character (van Gestel, Denis, & Ferlie, 2020). Unfortunately, the effects of such organizational arrangements on critical management practices remain underexplored (Berman, 2012). Analytically focusing on purpose-based taxonomy of practices including hiring, training, compensation, and employment relations (Chuang, Chen, & Chuang, 2013), this paper theoretically explores the possible implications of the PPP modality on human resource management (HRM) practice at the organizational level. Thirteen (13) critical propositions are delineated from interpretively intersecting extant knowledge from PPP and HRM strands of literature. In essence, the analysis suggests a) the high dependence of HRM practice and decision-making on the structural and institutional context, b) the necessity for more agility, characterized by adaptability and dynamism, and c) the need for a changed management competence profile of practitioners focusing on strategic and integrative skills sets in a PPP organization context. The paper advances the propositions as important insights for practitioners and as potent directions for further research.

Keywords: Public-Private Partnership, Human Resource Management, Compensation, Hiring, Training, Employment Relations

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1. INTRODUCTION

Since the late 1980s and early 1990s, many governments across the world have continued to involve the private sector in the development of infrastructure and in the provision of public services (Brinkerhoff & Brinkerhoff, 2011; Christensen & Laegreid, 2007). Following the popularization of the New Public Management perspective (Christensen & Laegreid, 2007; Velotti, Botti, & Vescli, 2012), the change to the traditional view of service provision as a direct and exclusive role of
public sector agencies has continued to be witnessed (Bradford, 2003). This change has mainly been characterized by the emergence of alternative models and the increasing adoption of multi-actor implementation strategies for the delivery of public services. In addition to the more established private sector participation alternatives to direct public service provisions, such as contracting-out and outsourcing (Dempsey, Burton, & Selin, 2016), the establishment of long-term collaborations between the public and private sectors has become a major attraction for governments at different levels (Balduzzi, 2011; Bradford, 2003; Hayllar, 2010).

While there many variants of a long-term collaboration between public and private sectors (e.g., Bovaird, 2010; Brinkerhoff & Brinkerhoff, 2011), contractual public-private partnership (PPP) arrangement has been heralded as a major pillar of contemporary public management approach (Bovaird, 2004; Klijn, 2010) and has received widespread application (World Bank, 2017). Contractual PPP represents a form of a structured organization jointly created by public and private organizations on the basis of specific rationales, commitments, and obligations, and for a specified period of time (Boardman, Poschmann, & Vining, 2005; Gray & Stites, 2013; Hofmeister & Borchert, 2004; Mitchell, O’Leary, & Gerard, 2015). As a practice, the modality of PPP is applied across national jurisdictions (Chen, Hubbard, & Liao, 2013; Fombad, 2019; Wettenthal, 2003), policy arenas and sectors divides (Patil, Tharun, & Laishram, 2016; Ruckert & Labonté, 2014; Vining, Currie, & Bishop, 2013).

The unprecedented growth in this form of the organisation appears to be premised on four broad rationales. First, scholars drawing on resource-based theories underscore the necessity for PPP as a tool for the acquisition of resources required to meet public service demands (Lowndes & Skelecher, 1998; Skelcher, 2010). These suggest that organisations will enter into partnerships or alliances when one partner can contribute the resources or capacities beneficial to, but not possessed by another (Gazley & Brudney, 2007; Gray & Stites, 2013). Second, PPPs are posited as an instrument to gain organizational legitimacy (Bryson, Crosby, & Stone, 2006). Third, PPPs are seen as an approach to complement partner characteristics (Page, Stone, Bryson, & Crosby, 2015). Lastly, PPPs are viewed as a response to supply-side imperfection where there is limited availability of partners (Broyer, Van Skyke, & Rogers, 2016; Chen, 2010).

However, despite increasing popularity, public-private forms of organization challenge the traditional character of organisations. Unlike the distinctively private or public organisations, PPPs embody a hybrid organizational character that in theory neither mirrors the public nor the private sector organisations. Instead, PPPs depict a character that blends and blurs traditional public and private sector identities, purpose, ownership, and control (Berman, 2012; van Gestel et al., 2020). In other words, PPPs are a fusion of traditionally contradictory institutional logics of public and private sectors to create, in theory, an organizational context of mutual support involving shared risks, costs, and benefits.

This paper sets out on a broader proposition that since management practices are founded and shaped by respective organizational characteristics (Berman, 2012), the peculiar organizational identity and character of PPPs will hold unique bearing on the functional management practices of important organizational resources. Specifically, premising key elements that influence organizational behavior, it is construed that the context created by PPPs will challenge the human resource management approaches in such organisations. Key elements of PPP and HRM generated from an extensive review of the respective strands of literature are interpretively intersected.

As illustrated in the later parts, thirteen (13) propositions are generated from the interpretation of key elements of PPP and HRM concepts from a review of the respective strands of literature. In essence, the propositions set a) reinforce knowledge on the dependence of HRM practice and decision making on the structural and institutional context, b) suggest the necessity for more agility, characterized by adaptability and dynamism in practice, and c) imply the need for a changed management competence profile of practitioners focusing on strategic and integrative skills sets.

There are two important strands of contributions. First, from an organizational theory perspective, a discourse is initiated on the effects of public-private hybrid organizational arrangement on the management of human resources as an important organizational function. By so doing, a response to increasing calls on the need to focus attention on the internal working of PPPs (Goldstein & Mele, 2016; Reynaers & Grimmelmühl, 2013) is pioneered. Second, for management practitioners, the propositions serve as important insights that may help managers anticipate reality and design appropriate managerial responses in the context of the mixed organizational character.

The rest of this paper is organized in the following way. In the second section some of the important elements that underlie the differences between the public and private sectors’ organizational characters are identified and reflected on. This is followed by the delineation of the organizational realities of PPP organisations in the light of distinguishing elements. In the third section a discussion on the character of PPPs in light of the key HRM practices of hiring, training, compensation, employment relations is undertaken and plausible implications discerned. Specifically, key suggestions from the interaction of the unique character of PPPs and HRM practices are elaborated and propositions generated. Finally, the fundamental observations are restated along with the conclusion.

2. LITERATURE AND THE ANALYTICAL FRAMEWORK

Fundamental influences of organisational behavior

The debate on the differences between public and private sector organisations has a long-established history in the literature. Although there is no broad consensus, the indication is that the public and private sector organizational differences principally derive from the respective organization missions and visions. These differences are mirrored in how the organisations are resourced and internal management as well as the relationship with external stakeholders.
The elements that shape public and private organisational differences have mostly been dichotomously projected to feature philosophical and legal aspects (Schaeffer & Loveridge, 2002; van Gestel et al., 2020; Withney, 1993). While this dichotomy is very informative and reflects the essential foundation of sector differences, it is generic and abstract and thus analytically limiting for discerning precise influences on organizational and individual actors. Instead, as Table 1 summarizes, more specific elements of difference between public and private sector organisations, that shape the routine, ongoing choices, and decisions of organizational actors, are discerned.

Table 1. Summary of important institutional and other differences

<table>
<thead>
<tr>
<th>Element of difference</th>
<th>Public sector context</th>
<th>Private sector context</th>
<th>Public-private organisational context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected level and nature of accountability</td>
<td>• Decisions discussed in open fora</td>
<td>• Primarily accountable to owners and stockholders</td>
<td>• Operational accountability identical to the private sector</td>
</tr>
<tr>
<td></td>
<td>• Severe scrutiny by diverse stakeholders</td>
<td>• Seldom to other stakeholders</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Low public scrutiny of internal decisions</td>
<td>• Scrutiny limited to public level performance levels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rare instances of legal action, service, or product boycotts</td>
<td>• Little direct internal process scrutiny</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• A diverse set of targets and standards</td>
</tr>
<tr>
<td>Special powers of the government organisation</td>
<td>• Can utilize state instruments of coercion enforce compliance</td>
<td>• Rely on persuasion</td>
<td>• Power of partners derived from a contractual agreement</td>
</tr>
<tr>
<td></td>
<td>• Guidelines exist to ensure fairness</td>
<td>• Not obliged to share information construed commercially confidential</td>
<td>• Power balances can be negotiable</td>
</tr>
<tr>
<td></td>
<td>• High requirement of a legal obligation for transparency and information sharing</td>
<td></td>
<td>• Power confined to prior commitments and not absolute</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Monopoly in service provision</td>
</tr>
<tr>
<td>Vulnerabilities of risk</td>
<td>• Less vulnerable to financial risks</td>
<td>• High vulnerability of financial risks</td>
<td>• Sharing and transfer of risk among partners integral</td>
</tr>
<tr>
<td></td>
<td>• Exemption from certain forms of legal liability</td>
<td></td>
<td>• A partner that assumes a higher risk has no authority</td>
</tr>
<tr>
<td></td>
<td>• Revenue risks low</td>
<td></td>
<td>• Operational risk usually assumed by a private partner</td>
</tr>
<tr>
<td>Legal scope</td>
<td>• Public sector entities more limited in an operational scope</td>
<td>• Legal scope to engage in a wide range of activities</td>
<td>• Access to public resources</td>
</tr>
<tr>
<td></td>
<td>• Activities geographically limited</td>
<td>• Few statutory limitations on geographic scope</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Perpetual existence</td>
<td>• Perpetual existence</td>
<td></td>
</tr>
</tbody>
</table>

Source: A literature review.

First, the stakeholder scope for accountability in the private and public sector organisations has important variations. Executives of the private sector, particularly, for-profit organisations are generally accountable to the owners or stockholders and in specific respects to other stakeholders (such as employees, creditors, communities where their businesses are located, etc.). Accordingly, the scope and depth of a private organisation’s accountability are generally narrow in scope. Although, there some (but rare) instances of predetermined regulatory standards, the pursuit of legal action, service, or product boycotts, or public protests that influence the scope of accountability for private organisations, these cannot be equated to the level of public scrutiny of public sector organisations. In particular, unlike private organisations, important decisions in the public sector are usually discussed in open public forums and subject to severe scrutiny by stakeholders (i.e., the press, interest groups, as well as private citizens). The prospect of such intense public scrutiny may decrease the willingness of the public sector officials, and particularly the elected officials, to take on controversial issues, while the ability to hold discussion behind closed doors in the private sector shields actors from similar scrutiny until after a decision is being rolled out for implementation.

In the context of contractual public-private partnerships, the fact that the public service is being provided, a PPP will still endure public scrutiny especially of its performance, similar to the public sector entity. However, unlike pure public organisations, PPP organisations operate with commercial and contractual commitments that bind and inform the scope and depth of their accountability to the different stakeholders. Specifically, the extent to which public scrutiny affects the individual decision-makers in PPP organisation is different from a public appointee or democratically elected leader of the public sector organisation. The nature of public scrutiny of PPP organisations will mostly be limited to public level results rather on the internal processes.

That said, it is specifically useful to note that there is not always perfect information in the public spheres on the structure of accountability and reporting in PPPs. As a result, there can still be public scrutiny of PPP organisations in a similar fashion as a public sector organisation. However, as this scrutiny is less likely to significantly influence internal decision making, as commitments are locked-in through a binding contract between the private and public organisations, the public sector partner in the relationship may be pressured to cause institutional amendments to the PPP.

Secondly, there are special powers associated with a government organisation. Public sector organisations can utilise the instrument of state coercion to ensure compliance with its plans (Schaeffer & Loveridge, 2002). This is unlike the private sector organisations where persuasion is
mostly relied upon. In the context of PPP, the authority and power of partners are derived from the negotiated contract signed between the public sector and private sector partners and with limits to each actor’s authority. In this respect, while the authority of the government organisation may apply in PPP, such authority is moderated to the extent provided for in the contract.

The extent of information sharing and transparency expectations varies. While private organisations may be protected under commercially confidentiality and sometimes not obliged to share information, the public sector organisations have the legal obligation to make information public and available for review. Since the legitimacy of government is derived from the support, it enjoys among the citizens. To maintain the citizen’s confidence, public organisations, tools of government action, have to be responsive to different needs and interests. Consequently, there arises the necessity for public organisations to provide opportunities for citizens to input into decision-making processes.

Furthermore, vulnerabilities to risk, especially financial risks, are greater between the public and private sector organisations. Public sector organisations may be less vulnerable to financial risks than private organisations because of the public sector’s exemption from certain forms of legal liability (O’Flynn, 2009). Although governments or public organisations may be held liable, the extent of their financial liability is often limited. Similarly, because of reliance on taxes, government revenue sources are more stable compared to the private sector where clients and/or the customers can be unpredictable. In particular, while on one hand, a desired product or service today may be undesirable tomorrow by the customer, on the other hand, citizens have no option but to pay taxes regardless of the level of satisfaction with services they receive from the government.

In the context of PPPs, the sharing and transfer of risk between partners is an integral part of the partner’s ongoing relationship. The fundamental principle of risk allocation in PPP arrangements is that parties take the risk that are best able to manage. This means that the party that takes a higher risk in a specific aspect will have more authority and control over that aspect. Since the private actor is contracted to provide the services on behalf of the public sector partner, operational risks are with the private partner as is the is operational decision-making authority.

Lastly, the legal scope of activities for private and public sector organisations is very instructive on behavior at organisational and individual actor levels. Private organisations are primarily limited by specific laws (such as by the employment, patent, and antitrust laws), organisation’s internal capacity for change, the revenue generation mechanisms applied, and market conditions at any given time. The public entities, on the other hand, are much more geographically limited compared to the private sector that has faced fewer or no statutory limitations on its geographic scope of operations. In PPPs setting, similar to the public sector organisations, the legal scope is limited both in the objects of the operation and geographical territory. In other words, the scope of the public service provided through a partnership is geographically limited. In all, these specific elements impose different constraints and are instructive on actors in different forms of organisations.

Facets of human resource management practice

This paper focuses on four purpose-based categorizations of HRM practices. These include hiring, training, compensation, and employment relations. In considering these practice facets, existing observations on the difficulty in developing a comprehensive taxonomy to account for the many variations in HR practices is acknowledged (Kotey & Sheridan, 2004; Lepak, Bartol, & Erhardt, 2005). In the examination of the literature, two broad approaches to the categorization of HRM practices are observed. First, a purpose-based categorization in which practices directly reflect the respective aims and the second approach is a relationship-based that focuses on the nature of the interaction. The relationship-based further depicts two contrasting alternatives a) compliance-based practices that feature short-term, individual exchange relations and b) commitment-based practices that feature mutual, long-term relations (Ceylan, 2013; Collins & Smith, 2006; Hermans, Wright, Ulrich, & Sioli, 2009; Zacharatos, Barling, & Iverson, 2005).

The analysis is based on a purpose purpose-based over relationship-based taxonomy for two main reasons. First, most of the available literature discusses human resources management practices from a purpose-based perspective. Given that, this study is anchored on literature, that following this taxonomy would better facilitate access to relevant literature in a direct and dominant manner. Secondly, most central HRM concerns in the literature have been identified along a purpose-based taxonomy (Chuang et al., 2013; Collins & Smith, 2006; Moideenkutty, Al-Lamki, & See Rama Murthy, 2011), lending more credence to the utilization of a similar taxonomy. A discussion of the discerned propositions along with the elaboration premised on existing literature is undertaken in the following section. Table A.1 displays the HRM facets, important salient considerations, and propositions in the PPP organisation context.

3. THE CHARACTER OF PPPS AND THE PRACTICE OF HRM

3.1. Hiring practice in public-private partnerships

The hiring of employees remains one of the fundamental practices of human resources in private and public organisations alike (Compton, 2009; Leisink & Steijn, 2008; Newell, 2005). Indeed the activities, processes, and decisions of hiring in public and private organisations remain subjects of a consistent, extensive, and a recent study (Assaad, 1997; Butz, Stratton, Trzebiatowski, & Hillery, 2019; Lavigna & Hays, 2004; Muradlilharan, 2015). Across organisations, the typical hiring practice involves two important stages. The recruitment stage that involves activities of attracting a pool of candidates and the selection stage; wherein systematic identification of the most suitable candidates is undertaken (Absar, 2012; Lavigna & Hays, 2004; Ryan & Derous, 2016; Sinha & Thaly, 2013; Sparrow, 2007).

This paper, therefore, examines the pertinent elements in the PPP context and posits the implications for the practice of HRM. The examination of the related literature reveals the importance of both contextual and institutional embeddedness in the study of human resources in PPPs.

3.1.1. Hiring and the PPP context

The PPP context is characterised by the nature of relationship between public and private actors. The different roles played by public and private partners in the PPP can significantly impact the hiring process. For example, the private partner may be responsible for hiring the employees or public partner may retain exclusive hiring powers. The extent of authority and power of partners in the PPP context also varies. For instance, in some PPPs, both partners have equal authority, while in others, the authority of the public partner is significantly greater than that of the private partner. The extent of authority and power of partners in the PPP context is important as it directly influences the hiring process.
The existing differences in the approach to activities involved in these phases between public and private sector organisations have been highlighted. The centrality of considerations like the degree of public perceptions on procedural equity, the choice of methods and sources of recruiting and selecting utilised, and tenure of employment have specifically been underscored. Since the differences in approaches to these issues suggest that in the context of public-private organisational realities these issues will necessitate specific consideration.

Citizen’s perception of procedural equity in public sector hiring is an integral consideration during recruitment and selection processes (Lavigna & Hays, 2004; Pedersen, Stritch, & Taggart, 2017). Specifically, public sector institutions are designed to uphold certain levels of openness and this openness must be seen by the general citizenry to be exercised by actors both deliberately and actively. On the other hand, the level of citizens’ perception of hiring equity in the private organisations may not be a central consideration for actors. Budhwar and Boyne (2004), for instance, observe that even where such perception is considered, it is often as more of a deliberate corporate strategy rather than in compliance with any institutional expectations. In other words, private organisation’s recruitment and hiring decisions are seldom influenced and or shaped by the considerations of public perception on the fairness of the chosen processes and or strategies of the private organisations.

PPP organisations are often in part resourced by the public and may have exclusive access to public resources. In making hiring decisions, the PPP organisation will likely be influenced by peculiar expectations of the citizenry in the course of the service provision. In this regard, the consideration perception of the service users will be important. On the other hand, there is a strict expectation for results and resources through commitments made in the partnership agreement as well as the bulk of risk undertaken by the private sector. These necessitate a more rigorous competence-based hiring process. In this regard, there will be an opportunity for the private sector operator to have authority over the internal administrative processes with limited influence from public perception.

**Proposition 1**: In contractual public-private organisations, the stakeholder expectations are more likely will be ignored in the hiring practices.

The tenure of employment is an important consideration. Unlike in public or private organisation where the mandates may be in perpetuity (Budhwar & Boyne, 2004; Dany & Torchy, 2017; Lavigna & Hays, 2004), the reality of an explicit partnership end date directly challenges the viability of such relationship. Specifically, in the context of PPPs, the terminal period for the partnership is known with no guarantees of renewal. These circumstances suggest that in determining the duration of employment, PPPs actors will inevitably factor the amount of time left on the partnership contract and will shape the decision accordingly. This reality further supposes that perpetuity of employment characterized by lifelong appointments into positions will be less tenable. Instead, tenure in employment will mirror the closed-ended nature of PPP agreements as such be contractual and time-specific.

**Proposition 2**: In contractual public-private organisations all categories and levels of employment are more likely to be agreed on contractual and fixed-term tenures.

Similar to the public perception of process equity discussed earlier, the spread of the information on the available opportunities in public-private partnership organisations is central. The influence and consideration of diverse stakeholder interests in making an appointment in public organisations is a long-established though relative tradition in the public sector (Budhwar & Boyne, 2004; Lavigna & Hays, 2004; Muralidharan, 2015). The consideration of various stakeholders, particularly citizens’ concerns is integral for a public service organisation.

In that regard, despite private organisations being responsible for the operational level risks, open processes and participation, largely seen as the mainstay of public sector hiring (Budhwar & Boyne, 2004; Lavigna & Hays, 2004) will be necessitated for PPP organisation. In designing recruitment strategies for PPP organisation, for instance, an evaluation of the available options against the diverse multistakeholder interests will need to be undertaken. Therefore, while typical private-sector organisation have more leverage in prioritizing internal considerations and making the internally feasible approaches (Ryan & Derous, 2016; Sparrow, 2007), the public as stakeholder considerations in PPP organisations is hardly avoidable thus calling for the use of highly public approaches to sourcing such as the use of mass media platforms.

Moreover, PPPs take on activities and responsibility of public service provision and as such do not create an entirely new public service. Such a context suggests practical scenarios in relation to recruitment sources. In particular, workers previously working under the public sector agencies responsible for service provisions will be an important and primary avenue for the PPP to recruit from.

**Proposition 3**: Managers in the public-private organisation will prioritize the use of sourcing strategies that reach a wider public rather than exclusive approaches during hiring.

**Proposition 4**: Public sector employees will be the initial source of recruitment in public-private organisations.

### 3.2. Employee training in public-private partnerships

Typically “training” refers to a systematic approach to learning and development to improve the individual, team, and organisational effectiveness (AlYahya & Norsiah, 2013; Goldstein & Ford, 2002; Kraiger, 2003). Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for purposes of personal growth (Hameed & Waheed, 2011; Lee & Bruvold, 2003). However, it is often difficult to ascertain whether a specific organisational practice addresses training, development, or both (Goldstein & Ford, 2002).
The term “training” is utilised to refer to both training and development efforts in organisations. Irrespective of the nature of organisations, a number of issues are central in the conduct of training. These issues can be placed in four facets of a) needs assessment, b) training design, c) training implementation, and d) training evaluation (Aylayha & Nears, 2013; Goldstein & Ford, 2002; Kraiger, 2003; Rama Devi & Shaik, 2012). PPPs deliver public services within a framework that is strictly monitored through specific parameters (Chung, 2009; Stafford & Stapleton, 2017). In these circumstances, actors are inclined to pick specific activities that lead to the achievement of those parameters. There is a likelihood to focus the training needs assessment process on the organisational and task levels while employee career needs become secondary in this process.

The inherent complexity (Van Gestel, Willemsen, Verhoest, Voets, & Van Garsse, 2014) and emergent complexity (Demirel, Leendertse, & Hertogh, 2015) in PPPs is another important influence on the conduct of training. In the course of operation of the PPPs, unforeseen and underestimated realities are bound to foreground. These complexities usually take the form of emergent stakeholders, conflicting priorities, emergent and conflicting interests of stakeholders, as well as evolving technical requirements necessary for service delivery (Demirel, Leendertse, Volker, & Hertogh, 2017; Van Gestel, Voets, & Verhoest, 2009). These evolving realities require continuous adaption much more than anticipation that in turn require immediate coping mechanisms rather than the establishment of anticipatory programs by organisations to remain effective.

In addition, the limited global experience with the various stages of PPP implementation means that there is not a lot of prior experience to learn from to be able to proactively prepare the employee training programs. PPP actors learn from specific and unique experiences of their own partnership and of their context to effectively identify the needs for training in an ongoing manner. In instances of limited scope and availability of curated knowledge on the various aspects of organisations, organisational actors have to learn more through internally generated peer experiences and the utilization of international expertise as well as by benchmarking international best practices to gain operational and strategic skills levels respectively. In the more peculiar circumstance of PPPs, the non-duplicity of public services provision suggests that the partnership will be the sole or among the limited organisational actors with the experience of the reality in the specific service provision.

The available knowledge is mostly limited to local organisational experiences. Some of these competence areas may include a) non-routinised processes for which there is limited competence developed from experience and repetition, b) once off activities for which investment of resources to build internal capacity in the context of the limited duration of the partnership may be determined unnecessary and c) a contentious technicality for which there is no prior standard. Under such circumstances, the technical support from external sources will be very limited and may mostly come from individuals with prior knowledge and experiences such as former employees and repeat consultant that has developed an intimate understanding of the peculiar circumstances (Boyer, 2016; Cohen & Boast, 2016). In light of these, the following is construed in relation to training in PPPs:

Proposition 6: In contractual PPP organisations, actors will rely on international benchmarks and standards to design and deliver training.

Proposition 7: In contractual PPP organisations, the effectiveness of training activities will be judged against overall results expectation of the partnership.

3.3. Employee compensation in public-private partnerships

As employee compensation remains the single largest operational cost in most organisations (Gerhart, Rynes, & Fulmer, 2009; Larkin, Pierce, & Gino, 2012), many management scholars argue that organisational context, including organisational structure and corporate strategy, influences an organisational compensation system (Gerhart et al., 2009; Larkin et al., 2012). Equally, many others have emphasized the primacy of external considerations such as the industry pay level, sectors, and the demand and supply of labor (Appelbaum, 1991; Burgess & Metcalfe, 1999; Chapman & Kahle, 2011; Hsing & Lin, 1997; Knechel, Niemi, & Zerni, 2013).

The fact that PPP organisations are developed to provide public services, that are generally a preserve responsibility of the government, monopolistic context on their presence and activity is created (Hall, 2008). Most PPPs will not have service provision industry level peers to directly compete with or whose pay level they would be expected to benchmark. Likewise, PPPs provide exclusive services in a specific institutional context that subsequently generates exclusive experiences and skillsets (Curado, 2006). This context of PPPs denotes the generations of exclusive experiences and skill sets of limited transferability outside the service domain and organisation model. As a result, competition for labor with the external market play becomes limited, and correspondingly limited pressure is generated to match diverse external player’s offerings.

While the notion of pay and benefits transparency in the public sector compensation practices is a well-established one (Cox, 2018; Habibi, 2018; Mao, 2017; Smit & Montag-Smit, 2018), and as policy and legal requirement the public sector agencies pay and benefits structure will be available and open to the public (Mao, 2017; Point & Tyson, 2006). On the contrary, in most private sector organisations, the public access to pay and benefits structure is not mandatory, and when publically disclosed, the decision is a discretion of the management of a specific organisation (Budhwar & Boyne, 2004).

Relatively, as the private partners assume most of the operational cost risks (Grimsey & Lewis, 2004), and that being accompanied by the ongoing pressure to deliver more efficient public services and consistent demand for effective public services that are affordable to a wide majority of the citizenry (Harris, 2004; Lubis & Majid, 2013), PPP organisations operate in a delicate context. The requirement to meet usually high and diverse sets of targets and standards call for an increased
and intensely monitored level of productivity at an individual employee level (Presslee, Vance, & Webb, 2013; Webb, Jeffrey, & Schulz, 2010), requiring that expected performance demands continuous adaptation and responsiveness.

Correspondingly, while PPP organisations are usually of a long-term nature, these organisations do not hold a perpetual mandate. This specified timeframe for delivery will be cascaded to the available human resources as time-specific targets. These performance expectations are delivered in the PPP context where costs are either capped, regulated, or are highly driven by pressures to increase investor’s value. This is unlike most traditional public sector with higher social services but lower or no commercial return objective for partners (Chen, 2010; Zou, Kumasawamy, Chung, & Wong, 2014). In essence, PPPs operate in a context of stricter expectations and responsibility requiring more to be delivered within the allocated and available resources.

Considering the important aspects of compensation while bearing in mind these public-private partnerships peculiarities, three important suggestions on PPP compensation management including a) high consideration of internal factors in pay level determination, b) limited public on to pay and benefits, and c) increased use of incentive-based pay. In light of these, important propositions can be discerned:

Proposition 8: Internal organisational considerations will drive pay level determination in PPP organisation.

Proposition 9: There will be limited public disclosure on pay and benefits structure in a PPP organisation.

Proposition 10: Performance expectations will influence compensation practices in PPP organisations.

3.4. Employment relations in public-private partnerships

The dynamics of the relationship between the employees and employer is an emphasized reality across forms of organisations (Ackers, 2002; Guest, 2004). Notwithstanding, the dominant and longstanding focus on large organisations in the private sector and the public sector, diversification of employment relations attention and interest is much evident. For instance, the increasing focus on employment relations considerations in a small and medium firm (Ram & Edwards, 2003; Ram, Edwards, Gilman, & Arrowsmith, 2001; Wilkinson, 1999), specific industry or sub-sectors (Lucas, 2004), and on different national jurisdictions has generated traction. As a practice premised on a set of distinctive processes, institutions, and principles (Ackers, 2002), four important facets employment relations may be impacted by the peculiar PPP context including a) how employee representation is approached, b) the processes for the determination of pay, c) the approach to equal opportunities, and d) work arrangement.

Firstly, as a proxy service provider of public services, PPP organisations have exclusive responsibility for a particular service and or of a territory that generates. This inevitably generates a rather monopolistic context for the PPP organisation. The absence or a limited number of other organisational players means that PPP organisations operate in a context of limited competitive challenge characterized by weak or non-existent industry benchmarks to sustain an industry level structure for workforce representation.

Relatively, PPPs more often than not execute individually negotiated terms of employment. The dissimilarity in individual terms and conditions of employment inevitably creates distinctiveness of purpose and motivation among workers. The individualized terms and conditions of employment support an internal organisation level structure for representation in any engagement with management.

With the many complexities involved in public services provisions (Van Gestel et al., 2009), the resultant changes in demand and supply lapses create the need for continuous and sometimes sporadic right sizing of the workforce both in qualities and quantities. While these can be expected, it is impractical to predict what the corresponding workforce implications of such changes in the relationship between the PPP organisation and the employees. For instance, the differences in quantities, qualities, reliabilities, and urgencies with which public services are demanded by different groups of citizens, on one hand, will challenge the limits, standards, quality, and quantities of resources, including human resources, on the other. In other words, complexities including changes in the demand for public services and goods will continuously challenge the established employment arrangements and create a necessity for flexible practices.

Moreover, PPPs’ operations are situated in a much highly standardized and result-premised context. Equal opportunity considerations in employment will be premised on the extent to which any such consideration impacts the compliance with the standards as well as the achievement of defined commercial and economic results expectation. In particular, the urgency and efficiency considerations, including costs and returns to private investors, drive PPP actors more towards results based than social affirmative action considerations relationship with the employees. Indeed in such organisational contexts, equal opportunities practices become premised and limited on the legally mandated and independently regulated standards.

In light of these, the following three propositions are specifically discerned:

Proposition 11: Employees in contractual PPP organisations are more likely to be self-representing in employment relationships.

Proposition 12: The PPP organisation’s commercial interests are more likely to undermine the equal opportunities considerations.

Proposition 13: In contractual PPP organisations, there will be increased use of alternative and flexible work arrangements.

4. CONCLUSION

This paper has sketched important suggestions for the modality of PPPs on key human resource management practices. Specifically, this work has delineated how peculiar realities created by
the unique context of a partnership between the public and private sector organisations can impact the routine HRM considerations in such partnership organisations. This section is premised on a range of suggestions to generate insights and specific policy and practice implications for human resources management.

First, the contractual based nature of PPPs creates a unique structural identity, particularly the institutional context, that shapes and distinguishes and qualities human resources decisions. This reinforces the known dependence of HRM practice and decision making on the structural provisions set. While the effects of structures and institutions on managerial actor’s behavior, and in particular human resource management actors has been established for private and public sector organisations separately, these have not been widely and specifically documented in the context of hybrid organisations and for human resource management.

Second, it is the view that the realities of PPPs could undermine structural stability and procedural consistency of HRM routines. In particular, the dual logic of social service provision and commercial viability will call for unprecedented flexibility on practices to adapt to these often conflicting requirements in an appropriate and timely manner. This, therefore, establishes the necessity for more independent authority for HRM to adapt processes as well as for strategic involvement of HRM actors that enables access to strategic deliberations and information in a timely manner. This suggests that HRM managers will need to be involved at the highest level of management that considers the organisation level priorities on a regular basis.

Thirdly, HRM actors will need to reconsider the notion of procedural equity. Equity in HRM has more traditionally been upheld by managers by way of stable and consistent processes and decision making. In PPPs HRM managers will require recalibrating that perception and mainstream process flexibility as necessary.

Fourthly, the analysis suggests important domains of necessary HRM competencies in the context of PPPs. The ability to understand the PPP organisation in its totality – specifically the diverse complexities under which PPP organisation must succeed is fundamental competence for HRM practitioners. In other words, the new and distinctive realities challenge the technical HRM assumptions shaped by established realities of traditional organisational modalities, suggesting the need for HRM actors in PPP to develop more strategic and integrative skills. Strategically, HRM practitioners need to understand the multiple dependencies of the PPP organisations for instance in relation to national policy, regulations, contractual obligations, stakeholder identities, and requirements, etc, all of which shape the character of the PPP organisation and set the necessary conditions for its successful operations. Given well known organisational functional interdependencies, HRM practitioners then need to be able to integrate the diverse functional implications of such strategic considerations to subsequently be able to adapt specific HRM processes and decisions.

While a conceptual consideration of the intersection between the growing organisational modality of PPPs and the key HRM practices is revealing and insightful, the paper has limitations that need to be discussed. Firstly, the consideration of the PPPs, and as such the context created, on contractual based PPPs that have both social and commercial intent and legally bound. Although this understanding of the modality of PPPs is the most dominant in the extant literature and well established in practice, the notion of PPP remains diverse and definitionally unresolved. As such, its important to acknowledge that as the many variations, these potentially acknowledge that the many variations of the model that exist, potentially create institutional, stakeholder, and organisational contexts that are relatively modified from what has been considered in this analysis. Therefore, a focus on the other distinctive modalities of PPPs, particularly the non-contractual models, would be useful in order to place the implications in a broad perspective.

Secondly, the limits of theoretical investigations cannot be discounted. This study is primarily based on the theoretical characterization of the phenomenon of PPP as an organisational modality, the inferences that generated, while tightly closed to the theoretical reality, are limited to the author’s perspectives and interpretation of the issues. Peculiar realities of empirical context have been known to significantly influence the outcomes, including managerial decisions. To that extent, the absence of empirical reality in this study may limit the findings to more general insights that may be difficult to act in specific practical contexts. Therefore, the empirical research in the future will be useful in discerning how specific application contexts such as the sector or industry and the different national jurisdiction may qualify the influences discerned in this paper.

Thirdly, the study does not enable to unravel the extent of influence of specific realities of PPP on HRM practices. Although it has been possible to make important conceptual inferences, it is not possible to utilise the findings to determine in any precise ways the level of significance of the specific realities on particular HRM practices. To that extent, it is rather difficult for HRM practitioners in PPPs to prioritize issues and dedicate attention based on their relative impact. A quantitative or mixed methods approach of a longitudinal nature could be very useful to extend the observations made and enable actors to prioritize their focus on high impact PPP realities and on specific HRM practices.

REFERENCES


APPENDIX

Table A.1. Summary of supposed PPP context influences on HRM practices

<table>
<thead>
<tr>
<th>HRM Practice</th>
<th>Key practice considerations</th>
<th>Key insights underpinning hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring</td>
<td>• Citizens of perceptions of procedural equity</td>
<td>• Strict performance expectations leads to more competence based considerations as opposed to affirmative actions</td>
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<tr>
<td></td>
<td>• Tenure of employment</td>
<td>• Lifelong appointment into employment less tenable</td>
</tr>
<tr>
<td></td>
<td>• Methods and sources of recruiting</td>
<td>• Use of highly publicised and mass media tools for sourcing</td>
</tr>
<tr>
<td></td>
<td>• Former public sector agency workers primary source</td>
<td>• Former public sector agency workers primary source</td>
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<tr>
<td>Employee training</td>
<td>• Task versus career consideration</td>
<td>• Training to be task rather than career anchored</td>
</tr>
<tr>
<td></td>
<td>• In-house versus outsourced expertise</td>
<td>• Training activities more reactive than proactive</td>
</tr>
<tr>
<td></td>
<td>• Focus of training evaluation</td>
<td>• Use of more in-house and outsourced international expertise</td>
</tr>
<tr>
<td></td>
<td>• Focus of training evaluation</td>
<td>• Training evaluation anchored more on results achieved</td>
</tr>
<tr>
<td>Compensation</td>
<td>• Internal versus external factors for pay determination</td>
<td>• Pay levels determined by internal organizational considerations</td>
</tr>
<tr>
<td></td>
<td>• Extent of transparency on pay structures</td>
<td>• Limited public access to on pay and benefits structure</td>
</tr>
<tr>
<td></td>
<td>• Performance anchored pay</td>
<td>• Increased use of performance based pay approaches</td>
</tr>
<tr>
<td>Employment relations</td>
<td>• Approach to employee representation</td>
<td>• Employee representation more internally organized</td>
</tr>
<tr>
<td></td>
<td>• Processes of pay determination</td>
<td>• Processes for pay determination will be highly individualized than collective</td>
</tr>
<tr>
<td></td>
<td>• Approach to equal opportunities</td>
<td>• Equal opportunity practices limited to legally mandated and regulated standards</td>
</tr>
<tr>
<td></td>
<td>• Work arrangement</td>
<td>• Work arrangement</td>
</tr>
</tbody>
</table>

Source: Author’s elaboration.