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#### Contact

Roopesh Sitharan  
Goldsmiths College  
University of London  
United Kingdom  
vcp01rs@gold.ac.uk

## Bridging the Arts, Tourism, and Cultural Sector through Public-Private Partnership Collaborations

Qistina Donna Lee Abdullah and Salmich Abdul Hamid

#### ABSTRACT

Public-Private Partnership (PPP) has become increasingly popular choice for policymakers to implement important public works or events projects, especially when facing the shortage of financial resources allocated by the government and where it is necessary to counter public inefficiency (Terry, 1996 and Allen et al., 2009). Under the Ninth Malaysia Plan, the government announced the organization of public events through the Public-Private Partnership (hereafter cited as PPP) initiative. The Ministry of Tourism and Culture Malaysia implements this policy as it recognizes the key role of PPP in developing and sustaining the local cultural tourism industry that has great potential for promoting Malaysia as an international tourist destination. Taking into consideration the key role of PPP in the country's cultural tourism industry, this evaluative research seeks to analyze the effectiveness of the strategic alliances between the arts, tourism, and cultural organizations using the Partnership Model adopted from the Government-Non-profit model (Brinkerhoff, 2002). A survey was administered to the management staffs of selected government agencies, offices, units, and private sectors that were involved in the PPP projects during the course research. The survey data were analyzed using correlation and nonparametric analyses and the results were discussed. The data gathered were analyzed through correlation and Non-parametric statistics analysis. Thus, a new partnership model of Art, Tourism and Culture will be constructed to be used a guideline in the PPP collaboration projects.

**Keywords:** Public-Private Partnership, Arts, Tourism, Culture, Government, Non-Profit Organisation

#### 1.0 Introduction

Public-Private Partnership (hereafter cited as PPP) has become an increasingly popular choice for policymakers to implement important public works or events projects, especially when facing the

shortage of financial resources allocated by the government and where it is necessary to counter public inefficiency (Terry, 1996 and Allen et al., 2009). PPP enables state and local governments that are already stretched for resources under current economic conditions to utilize alternative, private sector financing while simultaneously reaping the benefits that the private sector offers such as the diversification of economy, infrastructure development, and skills and knowledge transfer. Ultimately, PPP can bring greater value for money for public sector resources (Treasury Taskforce, 1999, Shaoui, 2002, Ninth Malaysia Plan, 2006). Under the Ninth Malaysia Plan, the government announced the implementation of public events through the PPP initiative. The Ministry of Tourism and Culture Malaysia implements this policy as it recognizes the key role of PPP in developing and sustaining the local cultural tourism industry that has great potential for promoting Malaysia as an international tourist destination.

## 2.0 Research Objectives

Taking into consideration the key role of PPP in the country's cultural tourism industry, this evaluative research seeks to analyze the effectiveness of the strategic alliances between the arts, tourism, and cultural organizations. The specific objectives of this research are as follows:

- (1) to investigate the strategic collaborations of PPP in organizing events in four main organizations in Sarawak, namely, the Ministry of Tourism and Culture Sarawak, Sarawak Tourism Board, Sarawak Economic Development Corporation, and Sarawak Convention Bureau. In the initial stage of this research, a thorough investigation was carried out to study all aspects of the organizations' involvement in such initiatives and identify the public partnerships in organizing events by implementing strategic collaboration.
- (2) to analyze the effectiveness of PPP in selected cultural tourism events organized by these organizations using the partnership model adopted from Brinkerhoff's (2002) previous works. In this stage of the research, the researchers analyzed the reliability of the model in different samples of events.
- (3) to propose a model for developing PPP-initiated event through strategic collaboration which is formulated from the research findings, that can be used as a guideline for the nonprofit government organizations.

## 3.0 Research Problem

Good planning is essential to ensure that value for money is created, risk is shared, and problems in implementation are minimized. As mentioned by Ng (2012) in her speech, "... new ideas and innovation may mean tremendous investment opportunities abound in these emerging markets but it is always wise to ensure that we have a sustainable development". In Malaysia, most of the arts, tourism and cultural sector face problems in acquiring fundings for developing art-oriented events. By implementing strategic collaborations between nonprofit government organizations and the private sectors, the risk and investment of developing events projects can be shared equally.

## 4.0 Research Questions

The research questions for this study are outlined as below:

- (i) What are the type of PPP projects involved by these 4 organizations?
- (ii) How the reliability of the partnership model adopted from Brinkerhoff (2002) affects the sustainability of events?
- (iii) What is the most suitable model to be recommended for future PPP collaborations in the arts, tourism and cultural sector?

In this study, to prove the hypotheses, the non-parametric statistics of chi-square tests have been used to acquire whether two variables are related.

## 5.0 Research Hypotheses

To achieve successful sustainable development for arts, culture and tourism in Sarawak, this research sets out to test the following hypotheses, which are formulated based on the partnership model adopted from Brinkerhoff's (2002) previous works.

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

## 6.0 Literature Review

Currently, with the success 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 the 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). The Malaysian Incorporated Policy, introduced in 1981, and followed by the Privatization Policy in 1983, Guidelines on Privatization in 1985 and Privatization Master Plan in 1991, are among the economic policies introduced to foster the involvement of the private sector. Under the Ninth

Malaysia Plan, the government announced the implementation of public events using the Public Private Partnership (PPP) or Private Finance Initiative (PFI) scheme. The main objective of PPP in Malaysia is to revise and improve the implementation process of the existing privatization policy (Ninth Malaysia Plan, 2006 and 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. In addition, 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. Ng (2012) suggested that investment is an instrument that can be used to shape the social and economic impacts of a country.

As one of the most unique and multiethnic 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 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 model (Brinkerhoff, 2002).

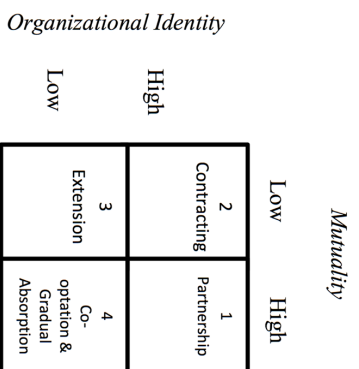


Figure 1. Partnership Model (Brinkerhoff, 2002)

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.

## 7.0 Research Methodology

There are few variables that are taken into account based on the data collected from preliminary interviews with officers from a local tourism organization. There are five suggested variables existed within the Partnership Model which encompass of Project Management, Financial Sources, Human Resource, Risk Management, and Legal and Policy.

This research employed an evaluative research methodology (see Shadish et al., 1991) to assess effectiveness of the PPP initiatives in four important organizations in Sarawak. The research was carried out in three phases:

### (i) Phase 1

The research began with a review of the existing literature in the field to establish the theory, concept, model, and dimensions, as well as to develop the survey questionnaire. The researchers obtained supporting data from the PPP Unit at the Prime Minister Department, Malaysia Convention and Exhibition Bureau (MyCEB), and the Ministry of Tourism and Culture Malaysia, which were used to develop new items for the survey questionnaire.

### (ii) Phase 2

Pilot tests were conducted in four important tourism and culture organizations in Sarawak, namely, the Ministry of Tourism and Culture Sarawak, the Sarawak Tourism Board, the Sarawak Economic Development Corporation, and the Sarawak Convention Bureau to check the validity and reliability of the survey items.

### (iii) Phase 3

From the data were collected through a survey questionnaire that was administered to the management staffs of the above mentioned organizations who were selected using the disproportionate stratified random sampling method. The data were analyzed using SPSS (Statistical Package for Social Sciences) and the analyses of relationships were generated through correlation and nonparametric statistics.

The final outcome of the survey is based on the dimensions and constructs in the model portrayed in the real PPP scenario.

## 8.0 Discussion and Findings

The findings revealed that Cronbach's Alpha (CA) value of 0.814 is significant through Reliability test analysis on 32 items which consists of 6 sections: General Experience with PPP, The key indicators of successful PPP in sustaining tourism and cultural heritage organizational identity, Mutual Partnership Relationship, Contracting Mutuality Relationship, Extension in Mutuality

Relationship, and Mutuality in Co-Optation & Gradual Absorption Relationship. This analysis was counted on 125 valid responses. Therefore, CA value is significant for further SPSS analyses.

As mentioned earlier, four important organizations in Sarawak were selected for the research to investigate the strategic collaborations of PPP in organizing events. The survey results showed 68% of these organizations were involved in PPP with 55.2% involvement in the arts sector, followed by 19.2% in the tourism sector, and 12% in the cultural sector respectively. The results showed the organizations conducted more PPP projects in the arts sector as evidenced in the number of events they organized throughout the year such as that Arts activities such as Regatta Sarawak, Kuching Festivals, Pusat Seni Setempat, Rainforest World Music Festival, and also Miri International Jazz Festival.

This data has answered the first objective of this study which investigates the strategic collaborations in organizing events through PPP in four main organizations in Sarawak.

As mentioned earlier, a Partnership Model adopted from Binkerhoff's (2002) previous works was used to analyze the effectiveness of PPP initiatives in these organizations. This analysis is useful to test the research hypotheses. 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 organizational 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 this relationships are significant whereby to be significant, the sig. value needs to be .05 or smaller. As a result, all Hypotheses are accepted.

Based on the result from the mutuality partnership, three variables were positively approved that high mutuality in Project Management 48.8%, Financial Sources 39.2%, and Human Resource 43.2%, 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 subsequently of low contracting mutuality in Project Management 48%, Financial Resources 40.8%, Human Resources 47.2%, Risk Management 42.4%, and Legal and Policy 40% 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%. Thus, based on the results from the analyses, a new model has been established to be used as guideline for nonprofits organization. This partnership model will be used as a guideline in the arts, tourism and culture sectors especially when conducting large scale events and festivals.

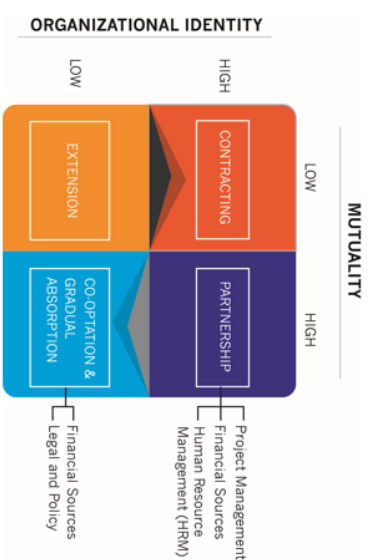


Figure 2. Partnership Model of Arts, Tourism and Culture.

## 9.0 Conclusion

This paper aims to study the factors that influence the PPP collaborations between private sectors and the non profits organizations in developing arts oriented events/projects. The main findings show that project management, financial sources and human resource management are the key indicators for a successful partnership in arts tourism and culture projects. Thus, as a conclusion, PPP is indicated as an highly important unit to help strengthening the government and non-profits organizations' visions and goals especially in the arts, tourism and culture activities. In addition, the new proposed model will be used as guidelines for the public sectors in establishing the PPP collaborations for all parties, academic and the industry especially for the non-profits in arts, tourism and culture sector.

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## Contact

Qistina Donna Lee Abdullah  
Department of Liberal Arts  
Faculty of Applied and Creative Arts  
Universiti Malaysia Sarawak  
dlqistina@faca.unimas.my