

Australian Research Council (ARC)
Linkage Projects: Project ID: LP160100259

“Innovative procurement theories to optimise educational outcomes per total cost of school facilities”

ARC Value in Operations

<https://research.qut.edu.au/arcvio/>

Research Activity #5 Stakeholder Study

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Activity #5 Stakeholder Study

- **Aim**

- To develop guidance on more effective levels of **design involvement** amongst **stakeholders** across **alternative modes of procurement** (PPP and non-PPP) in the **whole-life delivery of schools** (i.e. from design of design guidelines to design and delivery of teaching and non-teaching spaces and design and delivery of operations and maintenance activities)

- **Objectives**

- **1.** Current practice **level of involvement** of stakeholders across the whole-life of the delivery of PPP and non-PPP schools
 - **What** (ladder of stakeholder involvement)?
 - **Why** (benefits of current level involvement)?
 - **Improvement/change**?
 - Rationale for change (drawbacks of current level of involvement)?
 - How improve/change (more or less involvement and barriers to more or less involvement)?

Activity #5 Stakeholder Study

- Objectives

- 2. Current practice **governance structure** framing the design design-making amongst stakeholders across the whole-life of the delivery of PPP and non-PPP schools
 - **What** (process including centralized or decentralised between the government and supplier/s i.e. PPP Company or non-PPP firms and within supplier organisation i.e. within the PPP Company or within non-PPP firms)?
 - **Why** (strengths of current level involvement)?
 - **Improvement/change?**
 - Rationale for change (weaknesses of current governance structure)?
 - How improve/change (suggestions to change the process)?
- 3. Future guidance
 - Reconcile **better Value Ratings** with different levels of stakeholder involvement and difference governance
 - Test **Commons Theory** (Nobel prize winning economic theory)

Activity #5 Stakeholder Study

Article

How Infrastructure Public-Private Partnership Projects Change Over Project Development Phases

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Andrew South¹, Kent Eriksson², and Raymond Levitt¹

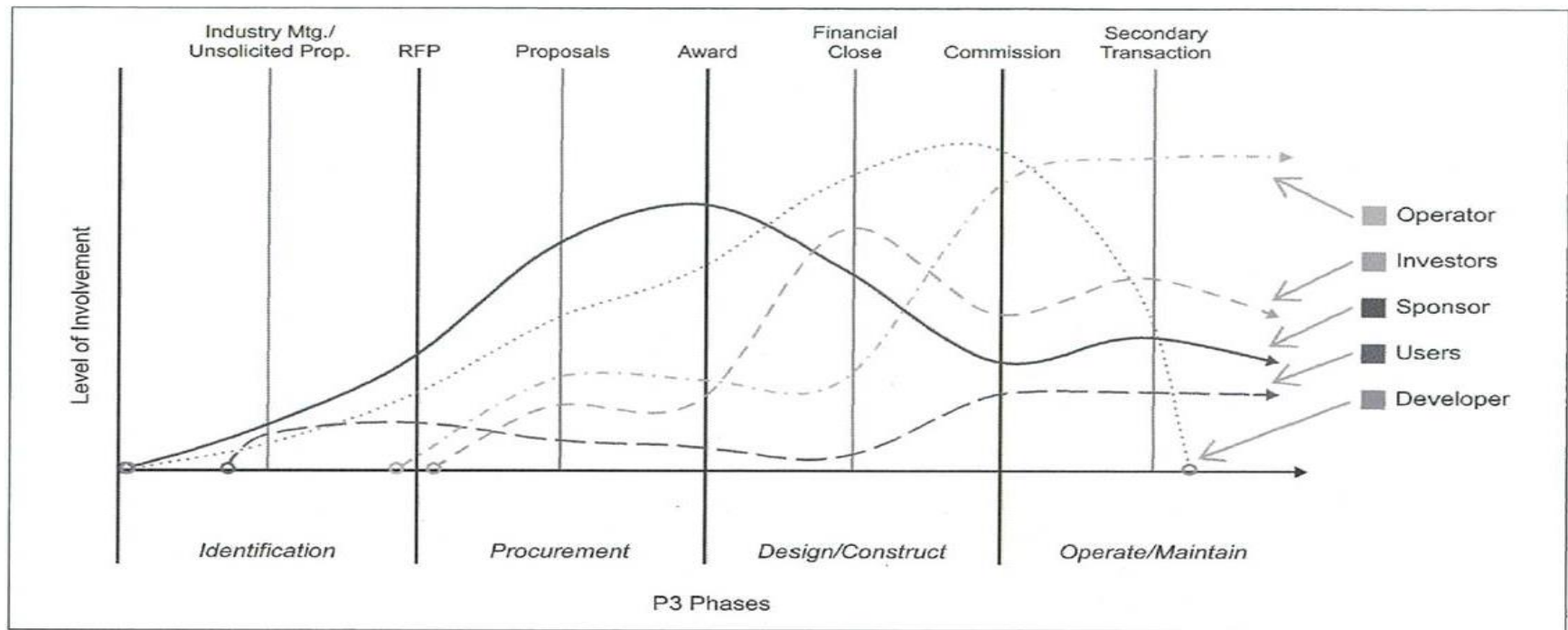
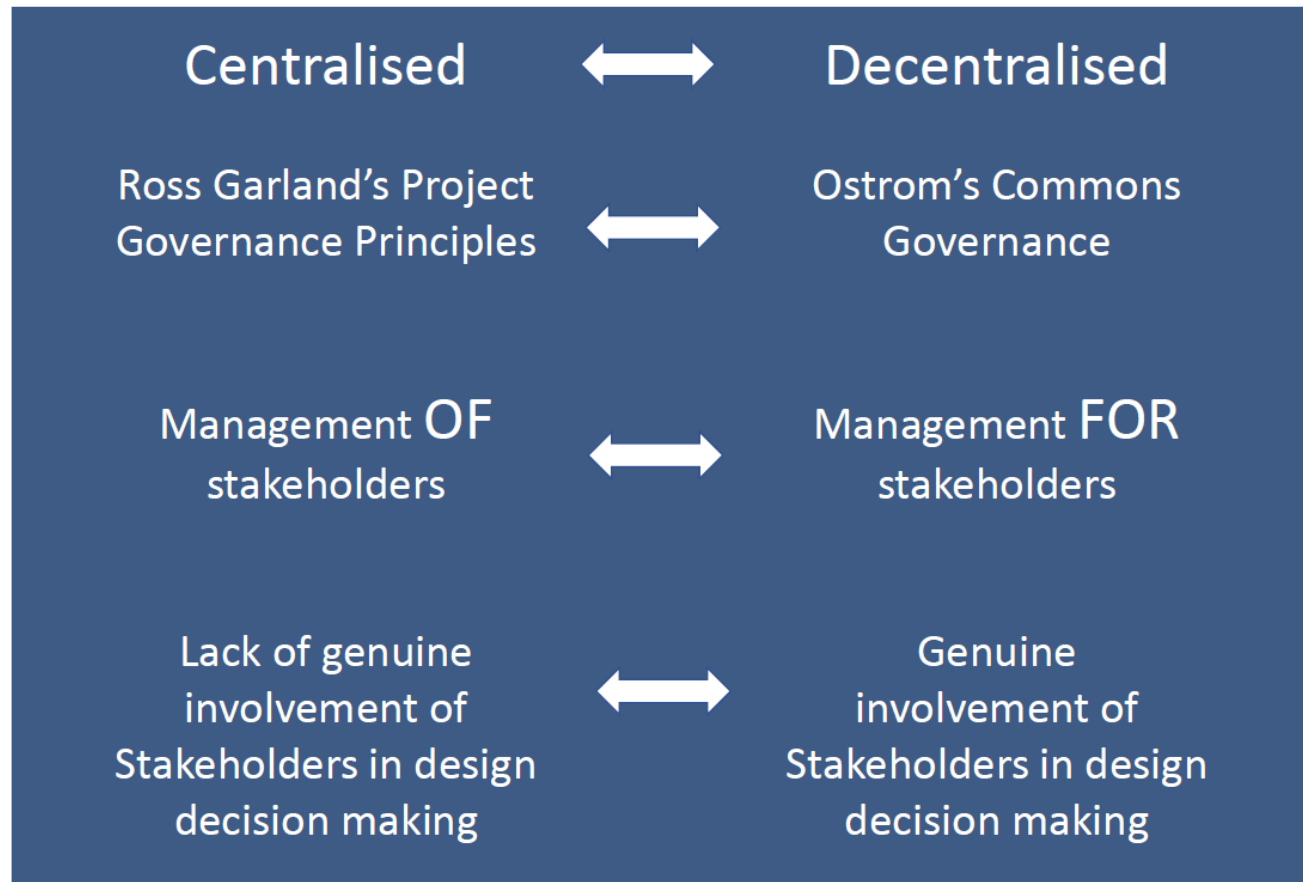


Figure 1. Conceptual phases of infrastructure P3 projects, with fluctuating levels of stakeholder involvement.

Activity #5 Stakeholder Study

- Approach...Test and develop theory...



Activity #5 Stakeholder Study

- Approach...Test and develop theory...

Garland on Project Governance

- **Principles** of effective project governance (Chapter 2)
 - 1. A **single point of accountability** for the success of the project. This ensures clarity of leadership, plus clarity and timeliness of decision-making
 - 2. **Service delivery ownership** determines project ownership. This places the business at the heart of project delivery and ensures the project governance framework maintains a service delivery focus
 - 3. **Separation of stakeholder management and project decision-making activities**. This will prevent decision-making forums from becoming clogged with stakeholders, which would result in laboured or ineffective decision-making
 - 4. **Separation of project governance and organizational governance structures**. This will reduce the number of project decision layers, since the project decision path will not follow the organizational line of command. Confusing them results in organizational role accountabilities sitting uneasily alongside project governance accountability needs

Activity #5 Stakeholder Study

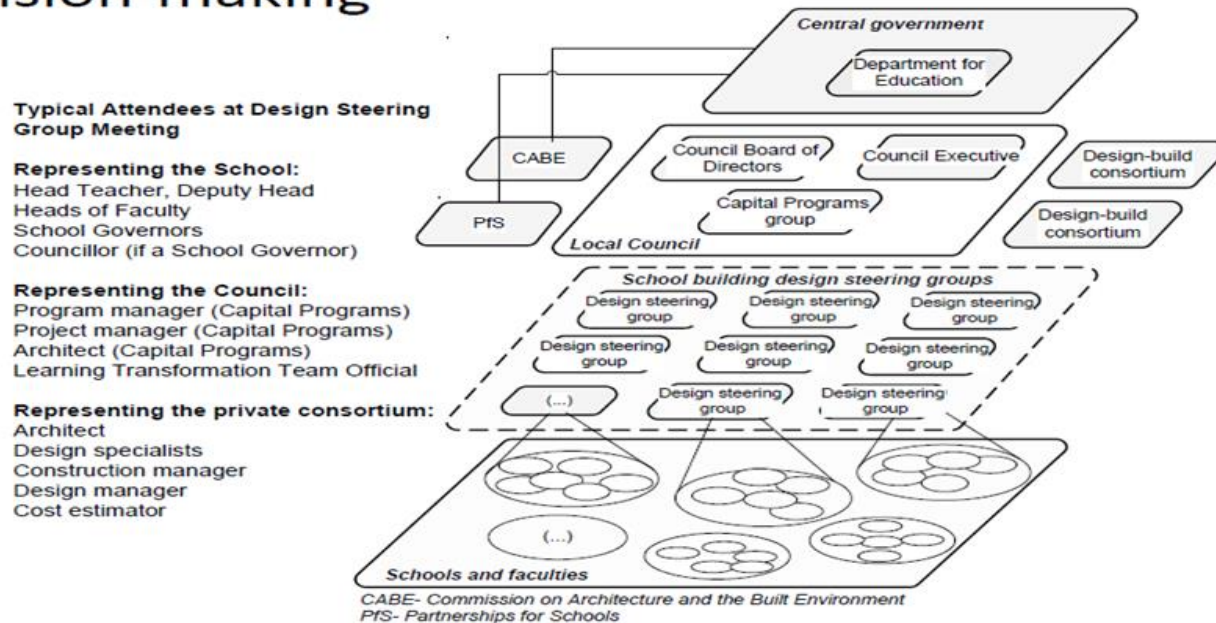
- Approach... Test and develop theory...

Commons Theory

- Gil, Lundrigan & Puranam (2014) and Gil and Baldwin (2014 a and b)...

Decentralized governance

Multiple nested centers of shared power and decision-making



Activity #5 Stakeholder Study

- Approach...Test and develop theory...

Commons Theory

- Gil, Lundrigan & Puranam (2014) and Gil and Baldwin (2014 a and b)...

A commons is complex, not chaotic

Face-to-face interaction essential to encourage shared norms of reciprocity, cooperation, mutual trust

Eight design principles (high-level rules) of robust commons governance
[Ostrom 1990]

Principle	Explanation
1. Nested “polycentric” enterprises	Commons are parts of larger systems, with many centers of power, organized in multiple layers of nested enterprises.
2. Clearly defined boundaries	The boundaries of the commons and its rightful participants are clearly defined.
3. Proportionality of benefits and costs	Rules affecting appropriation and provision are “congruent.” In other words, for each participant, the benefits of participation are roughly proportional to the costs, and those who pay the most, receive the most.
4. Collective-choice arrangements	Individuals affected by rules can participate in modifying them.
5. Monitoring	Monitors who can audit the condition of the resource and the participants’ behavior are responsive and accountable to the participants.
6. Graduated sanctions	Participants who violate rules are likely to be assessed graduated sanctions. Small and first offenses are identified, but not severely punished.
7. Conflict-resolution mechanisms	Participants have rapid access to low-cost local arenas to resolve conflicts. Ideally, conflict resolution should be face-to-face.
8. Recognition and non-interference by authorities	The rights of participants to manage the commons, change local rules, monitor and sanction peers, and resolve their own conflicts are not challenged by government authorities.

Source: Adapted from Ostrom (1990), pp. 90 and 180.

Activity #5 Stakeholder Study

- Approach...Test and develop theory...
 - Replace **excludability** (in our case this is dependent variable) with **tacit design** (key design knowledge residing with users)
- Gil, Lundrigan & Puranam (2014) and Gil and Baldwin (2014 a and b)...

Excludability from the development process	Rivalry of design choices	
	Low (Modular)	High (Integral)
High (individual)	Individuals develop modular system for themselves <i>Personal wardrobe, photo album</i>	Firm develops monolithic products, or individuals design for themselves <i>Coffee-maker, hand-knitted sweater, single-family house</i>
Low (Shared)	Firm /collective develops system of modules to share <i>Peer-to-peer networks, social websites, e.g., Facebook, open source software, church cookbook, public library</i>	Collective develops monolithic artifacts for common use COMMON-POOL RESOURCE <i>School building, highway, power plant</i>