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Public - Private Organisations and their Collaborative Partnerships : A Mixed Economy Perspective

Abstract

The term 'mixed economy' can be applied to a wide variety of economic patterns, ranging from systems totally dominated by state enterprises to those operating under a totally unregulated system of competitive private firms. The environment in a mixed economy system has created greater interdependencies requiring more co-ordination across public and private organisational boundaries. Consequently, there is a general tendency for public and private organisations to form a strategic partnership to carry out productive activities side by side. Even though there are abundant studies in partnering work between public and private organisations, most of the previous research addressed Public-Private Partnerships (PPPs) from a general perspective only, neglecting to examine pre-conditions existing in public and private sectors that could provide significant implications for their management and cooperation. To effectively scrutinise these neglected issues, careful consideration needs to be given to a thorough review of the organisational theory of public and private sectors. Areas of interest consist of a study of the distinctive features of public and private organisations in various aspects, such as organisational goals, accountability, managerial functions, perceptions of incentive structures and motivations, needs satisfaction, human resource management (HRM), and decision-making processes. Further considerations in this study include a review of various schemes applied for classifying the complex set of intermediate or overlapping functions between public and private organisations in the mixed economy.

Key words : Public Organisation, Private Organisation, Partnerships, Mixed Economy

[1] The views expressed herein are those of the author and do not necessarily reflect the views of Bank of Thailand.

1. Introduction

The Webster's dictionary (Guralnick, 1986) traces the origin of the word 'public' to the Latin word for people, and defines it as `referring to matters pertaining to the people of a community, nation, or state'. By contrast, the word 'private' is derived from the Latin were meaning `depriving or setting apart'. The distinction between public and private and their relationship spheres has been a theme of debate for many decades. Many traditionalists regard the public and private domains as having fundamental differences and distinctive functions that ought to be kept distinct. The simple dichotomy of public and private organisations was previously used in literature to make a coherent and reasonably clear distinction between the activities that belong to the public sector and those that belong to the private sector. Samuelson (1954), for example, defines the public sector as producing a 'public good', preventing and correcting market failures, and redistributing wealth ; whereas, the private sector is supposed to do everything else. More generally, a fundamental basis for distinguishing public and private sectors is concerned with organisational aims and typical functions as executed by each organisation. The adherents of this view maintain that a public sector focus would stress elements such as equity, fairness, and the rule of law in handling public provisions. Conversely, the private sector would focus on cost-benefit analysis, effectiveness, and efficiency in performing its business.

According to the traditional perspective, private organisations are normally business organisations, which provide a wide range of goods and services in the primary, secondary, and tertiary sectors of the economy. They rely upon the relative merit of the market in which their benefits are measurable only in monetary terms. On the other hand, governments create public organisations for primarily political purposes, covering a wide range of activities and encompassing all public functions involved in making, implementing and applying public policies. The public organisations are therefore considered to be driven by politics. As a result, they have to focus on the public interest as the top priority in all of their decisions, and their benefits need not be measurable in monetary terms. This point of view, based on the reviews of several pertinent articles by Parker and Subramanian (1964), is inconsistent with propositions made by many traditional scholars who are committed to justifying contrasts between the public and private organisations in the light of political processes. Vieg (1946), for example, notes that the public sector is the instrument of political policy makers whereas the private sector is the instrument of the private businessmen.

An alternative view of the public and private dichotomy also lies in the pertinent contexts of public interest and property rights theories. Blau and Scott (1962) have argued that the prime beneficiaries of public sector activities are the public in general, as distinguished from business organisations whose prime beneficiaries are their owners. Likewise, the public interest theorists and the property rights theorists regard the concept of ownership as crucial to the distinction between public and private organisations. In the public sector, the ownership cannot be transferred among individuals, which differs substantially from private organisations where the ownership can be transferred among their stakeholders (Demsetz, 1967; Alchian and Demsetz, 1972).

In general, the public sector has traditionally been seen as distinct and separate from the private sector.

The public responsibility domain is considerably wider and more complicated, with numerous products that can make significant impacts upon or can penetrate the various parts of the whole society (Pongsiri, 2012). For example, the Government provides various public goods and services such as public health care, transport systems, parks, museums, libraries, police protection and garbage collection. In term of the public goods theory, benefits of those goods and services can be consumed by one person without reducing the amount available for others. More importantly, they cannot be withdrawn for non payment. Thus, goods and services with these characteristics will be underproduced in the private sector, or may not be produced at all (Holcomby, 1997).

In terms of environmental characteristics, a key difference between public and private organisations is the greater complexity of the environment, which the public sector faces, even compared with the largest and most diverse private organisations. In addition, public organisations are subject to a greater number of different governmental authorities covering a wider range of elements than private organisations. Consequently, administration of public organisations must be more closely related to the political processes than the functioning of private organisations.

2. A Comparison of Public and Private Organisations

Public and private organisations have been converging and facing similar constraints and challenges. There is an increasing similarity of functions, contexts, and organisational roles between the two sectors. Consequently, boundaries between both organisations have become blurred. However, the differences on a number of basic characteristics remain profound and are still meaningful. Assertions about the differences in public and private organisations would provide significant implications for their management and co-operation.

For many decades, several scholars (e.g. Murray, 1975 ; Rainey, 1976 and 1983 ; Solomon, 1986 ; Coursey and Bozeman, 1990) have attempted to investigate various critical contextual and substantive differences between public and private organisations, including organisational goals, accountability, managerial functions, perceptions of incentive structures and motivations, needs satisfaction, human resource management, and decision-making processes. Results of their empirical research have revealed significant differences between the two types of organisations. A summary of the propositions regarding the differences between public and private organisations, together with the relevant empirical results, is presented in Table 1. Most of the evidence shown in this table stemmed from extensive research studies, which utilised questionnaires to directly measure attitudes of people working in both public and private organisations.

Table 1 A Comparison of Public and Private Organisations

Areas of Research	Public Organisation	Private Organisation	Empirical Results
Organisational Goals	• Tend to have complex, vaguely defined, frequently changed, and often conflicting (trade-off) goals due to different areas of concern by different governmental agencies and forced by political interference (Rainey, *et. al;* 1976 ; Famham and Horton, 1999). • Tend to emphasise providing equity among different Constituencies (Allison, 1983).	• Tend to have less complex, more straightforward, and less disputed goals (Famham and Horton, 1999). • Tend to emphasise economic goals of creating profits, organisation growth and expansion, business reputation, market domination, brand leadership, and product diversification (Famham and Horton, 1999).	• Rainey (1983) and Coursey and Bozeman (1990) found that public and private managers do not differ significantly their perceptions of goal ambiguity. • Walsh (1978) ; and Blumenthal (1979) noted different exposure to political influences between the two sectors and stronger relations with political groups for public managers.
Accountability	• Accountable directly or indirectly to politicians, citizens, and clients or to the public organisations through institutions established for dealing with complaints and grievances (Famham and Horton. 1999). • Subject to the pressure of the press and to public scrutiny and public expectations in terms of integrity and fairness (Murray, 1975; Rainey, *et. al..* 1976; Allison, 1983).	• Legally accountable to shareholders, employees, suppliers, consumers, and markets (Famham and Horton, 1999). • Tend to increased focus on social and moral accountabilities in response to pressure groups and local interests (Famham and Horton, 1999).	• Buchanan (1974) and Weiss (1974) found higher accountability in public sector because of the statutory, procedural, and other external controls to which managers of public organisation were subject to.
Managerial Functions	• Tend to be '*bureaucratic*' based on specialisation and hierarchy, e.g. narrow span of control and centralised decision-making process; impersonality, e.g. managerial tasks being carried out according to prescribed rules; and expertise, e.g. skills acquired through experiences along the career paths (Famham and Horton, 1999).	• Tend to have a managerial function based on a combination of '*economist principle',* e.g.- profitability, cost control, market share, and economic efficiency; '*rationalist principle'* e.g. planning, organising, staffing, directing, coordinating, reporting, and budgeting; and '*generic principle'* e.g. corporate culture, quality, and a circle of excellence (Famham and Horton, 1999).	• There were higher/levels of perceived formalisation among the public managers such as in the presence of procedures and written rules and the stress on adherence to them, and on the emphasis placed on going through proper channels (Rainey, 1983).
Perceptions of Incentive Structures and Motivations	• Tend to offer non-pecuniary incentives such as job security, involvement in important affairs, and 'power and glory' (Rainey, *et. al;* 1976). • Tend to encounter greater difficulty in devising incentives for effective and efficient performance (Rainey, *et. al,.* 1976).	• Tend to offer material incentives, primarily money, to employees (Rainey, *et. al.,* 1976). • Tend to emphasise the use of performance-based rewards to influence the perceptions and behaviour of employees (Solomon, 1986).	• Private sector managers perceived that their rewards were dependent upon performance to a much higher degree than public sector managers (Solomon, 1986). • The public sector managers perceived weaker relations between their performance and extrinsic incentives, such as pay, promotion, and job security (Rainey, 1983).

Table 1 A Comparison of Public and Private Organisation *(continued…)*

Areas of Research	Public Organization	Private Organization	Empirical Results
Needs Satisfaction	• Have variations in personality traits and needs such as higher dominance and flexibility, including higher need for achievement on part of government managers (Rainey, *et.al.,* 1976). • Tend to provide higher satisfaction with the security attached to their jobs (Poole, *et. al.,* 1995).	• Tend to minimize discrepancies between personal career expectations and organizational reality by stimulating sustained positive general feelings toward organization and work (Buchanan, 1975). • Tend to provide opportunities for promotion, personal growth and development, feelings of self-esteem, and independent thought and action (Poole, *et.al.*. 1995).	• Private sector managers reported consistently higher mean levels of satisfaction than the public sector managers (Solomon, 1986). • Paine, *et.al.* (1966) found needs satisfaction across all areas studied to be lower among managers in a government agency compared to a similar group from industry. • Rainey's (1979; survey results revealed that government managers scored lower on scales of satisfaction with promotion and with co-workers than did business managers.
Human Resource Management (HRM)	• Characterized HRM traditionally in four features: *a paternalistic style of management* which intends to protect and promote the well being of the workforce; *a standardized employment practice* which implies that workers performing the same task have the same terms and conditions; *a collectivised industrial relation* which provides a strong role for trades unions in participation and negotiations with management; *a model employers goal* which sets standards for private organisations to follow (Boyne, *et. al*., 1999).	• Tend to have a continuous program of training supervisors to think as management and to direct the working force, thereby emphasising the importance of management to the success of fee business (Shaw and dark, 1972).	• In comparison with the private sector, the public sector pursued more policies designed to reduce discrimination in employment (Mackay, 1986). • Mackay (1986) found greater trade union density in the public sector than in the private sector.
Decision-Making Process	• Have more political influences on decision-making process (Weiss, 1974). • Have less decision-making autonomy and flexibility on the part of public administrations due to facing multiple legal, statutory, and procedural controls (Rainey, *et. al.,* 1976). • Rely on public opinion thus resulting decisions are complicated and trade offs among several factors that bear on the issues (Weiss, 1974).	• Tend to delegate decision-making on resource allocations at the line manager level (Weiss, 1974). • Make decisions solely on economic factors and knowledge of the market, thus reflecting only the realities of supply and demand (Weiss, 1974).	• Metzger (1973) and Nigro and Nigro (1977) claimed that high level managers in I governmental organisations had a more political role than managers in the private sector because they needed to seek appropriations through the political process. • The research conducted by Buchanan (1975) indicated that public administrations had less autonomy and flexibility in making their own decisions than their private sector counterparts.

The review findings in Table 1 cover several perspectives and note the observations and propositions regarding the differences between public and private organizations. The findings can be summarised as follows :

Organisational goals : Empirical research on goal ambiguity in organisations in various articles (e.g. Rainey, 1976 and 1983 ; Coursey and Bozeman, 1990) contain repeated observations about the greater vagueness of goals and the greater difficulty in measuring goal attainment in the public sector compared to the private sector. However, specific studies using data from diverse organisations indicate that public and private managers do not differ significantly in their perceptions of goal ambiguity (Rainey, 1983 ; Coursey and Bozeman, ibid.). In fact, Rainey, Coursey, and Bozeman's analysis omits consideration of administrative discretion. Gortner et.al. (1989) state that, in general, public goals are common and ambiguous because broadness and ambiguity in goals and purposes give public managers responsibilities and opportunities for exercising power. Further studies reinforced the fact that goal ambiguity is related to red tape and rule formalisation but not to the specific sector. In both sectors, managers who perceive more goal ambiguity are more likely to perceive and experience red tape and formalisation (Bozeman and Rainey, 1998). It is also argued that the private sector operational goals rely upon profit and loss, and efficiency or inefficiency. However, the public sector, especially a State-Owned Enterprise (SOE), must seek both monetary and non-monetary values, including appropriate contributions to the public good. Its operational strategies are therefore not only to become a profit-oriented organisation, but also to externalise net social benefits as a result of organisational activities. The main objective of the strategic mission of the SOEs is therefore to serve as an efficient arm of the government, with a determination to constantly upgrade capabilities to optimise both monetary and non-monetary values through the most efficient marketing practices. Unlike the private sector organisation, the SOEs also regard contributions to the public good as part of their mission. Such a difference in the corporate missions between private and public sector organisations in serving the public interest would guide each organisation to develop its own distinct goals. Differences in both organisational attitudes and practices become crucial and may lead to interorganisational conflicts when the two organisations attempt to maximise their conflicting demands.

Accountability : In terms of accountability, public officers often argue that while the private organisations need only obey the laws and the regulations of regulatory agencies, government agencies have their purposes, methods, and spheres of operation defined and are constrained by law and legally authorised institutions to a much greater degree, Rainey, et. al. (1976) indicates that a basic difference between public and private organisations is the perception that the state and citizens own public organisations. Citizens therefore have rights and expectations about public administrations in the terms of integrity, fairness, responsiveness, and accountability. The public's expectations are the most critical environmental factors that influence the public sector organisations. The studies undertaken by Buchanan (1974) and Weiss (1974) revealed that governmental management tends to be exposed to public scrutiny and to be more open, while private business management is more private and its processes more internal and less exposed to public review. Due to greater concerns of public expectations, the management officers in public organisations are very much aware of what the public will think if they choose the wrong course, and of how many people may be affected.

Managerial functions : Hierarchical authority in public organisations has significant implications for the managerial functions of public administration. In general, the bureaucratic nature of many public sector bodies is likely to involve a greater division of labour and a higher level of technical qualifications among personnel practitioners in the public sector than in the private organisation. Rainey (1983) found that the largest differences between public and private organisations on matters pertaining to rules and red tape are in specific areas such as personnel administration and purchasing. Famhan and Horton (1999) also asserted that the managerial functions of public officials are still limited by the fact that they are constrained by overall resources. Decision and policy boundaries are still made by the politicians.

Perceptions of incentive structures and motivations : The relevant literature also contains various propositions concerning differences in incentive structures and employee valuations of incentives in public and private organisation. Rainey, et. al. (1976) argues that there are greater constraints on the ability of public administrations to manipulate incentives. The most important incentives offered to private sector employees are material incentives, primarily money. Whereas non-pecuniary incentives such as job security, involvement in important affairs, and 'power and glory' figures more importantly for public sector employees. Some researchers found indications of differences in individual valuations of incentives in which the public sector managers perceive a weaker relationship between extrinsic incentives such as pay, promotion, and job security and their performance (Solomon, 1986 ; Rainey, 1983).

Needs satisfaction : Effective reactions such as role attitudes and job satisfaction differ between the two sectors as well. Rainey (1979) found that public sector managers report lower organisational commitment, lower satisfaction of work needs, and lower job satisfaction than do private sector managers.

Human resource management (HRM): In the area of human resource management (HRM), private organisations having more attractive features, ranging from structure to culture to compensation and opportunities for career advancement, are in a better position to hire and retain higher-quality employees than public organisations having less attractive features. However, the evidence as presented in a survey conducted by Mackay (1986) revealed that the public sector seems to have less employment discrimination than the private sector.

Decision-making process : The decision-making process is significantly different in the public and the private sectors. In doing business, unlike the private sector, government officials could not view a problem from a single perspective. It is argued that decision-making in the private sector is solely based on economic factors and knowledge of the market. Therefore, private sector decisions reflect only the realities of supply and demand. On the contrary, the public sector must expand intellectual resources and heightened awareness of the multidimensional aspects of each problem. Decisions are made based on macroeconomic considerations as well as other relevant factors. The management of the public sector must try to be more astute about weighing all relevant factors that bear on the issues and look at a spectrum of attitudes before making decisions. Most decisions made by public officers are very complicated in terms of which groups in the country they affect and the specific ways those groups are affected. Obviously, management of the public sector has to trade off many more factors to arrive at what might be considered the correct decision (Drucker, 1973 ; Fottler, 1981). Weiss (1974) reported that the governmental process is much more circuitous because there are more trade-offs to be examined and more compromises to be made. The criteria for a correct decision are not always straightforward. Furthermore, the public sector organisation is intermittently affected by political influences, particularly in the process of decision-making. Public officials are also likely to become involved in political activities when governmental intervention aims to improve the economic well being of the country. Mintzberg (1973) and Nigro and Nigro (1977) admitted that, due to the separation between the management (public officials) and control (politicians and those makings public decisions), public organisations are very sensitive to the changes in political influence. Similarly, Buchanan (1975) concluded that public organisations have less autonomy and flexibility in decision-making than private corporations.

3. Public-Private Partnerships (PPPs) - A Mixed Economy Perspective

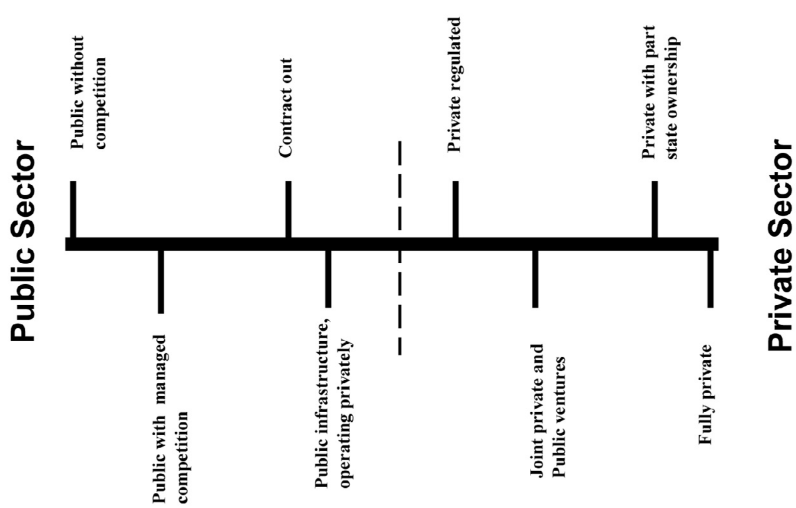
Although the traditional schools of thought have divided society into two sectors, public and private, the actual overlapping functions between a business firm and a government organisation have become increasingly apparent. Scholars from these traditions suggest that public and private organisations can be distinguished according to the presence or absence of market structures, externalities, and ownership transferability (Buchanan and Tullock, 1962 ; Niskanen, 1971 ; Alchian and Demsetz, 1972 ; Clarkson, 1972). Proponents of the traditional view state that decisions in private firms are guided by the criteria of economic efficiency and monetary profit, whereas in public organisations, decisions are characterized by bargaining, compromise, uncertainty, and accommodation of competing political interests (Scott and Falcone, 1998 ; 127). However, this prevailing assumption has been challenged by a more sceptical view of several contemporary scholars. In particular, Murray (1975) asserts that the notion that profits are the sole or main reason for the existence of private business is itself misleading. He argues that all profits are essential requirements for private organisations for existence ; but the focus on profits as the single objective distorts or minimises other advantageous business activities such as products, services, employment, including social contributions. Furthermore, while profits are a simple measure, benefits and costs do not always lend themselves to a monetary judgment of the effectiveness of private organisations. On the other hand, such an attempt to argue that profits are never the objective of public sector activities is equally misleading since it is clearly seen that many projects owned by the government are notoriously subjected to cost-benefit analysis prior to executing.

There are various dimensions on which public and private organisations might differ, but are not exclusively distinct, Benn and Gaus (1983) suggest that public and private vary along at least three dimensions: first, in terms of interest that can distinguish whether benefits or losses are for common use or restricted to the individuals ; second, in terms of access to information and the openness of facilities and resources ; and third, in terms of agency for justifying whether a person or an organisation is acting as an individual or as an agent for the community as a whole.

Another argument against the dichotomy of public and private organisations is derived from the idea articulated by Rainey (1983), who claims that the distinction based on ownership and funding, in which public organisations are owned and funded by the government, while private organisations are owned privately and obtain the major part of their funding from-private sources, could lead to some blurring and overlapping in categorisation of public and private organisations. There are a number of organisations of a mixed status, such as state enterprises created for profit or financed largely by user charges, and private organisations that rely primarily on government contracts.

Other contemporary writers have strongly criticised dichotomy of public and private organisations. Critiques to date have demonstrated that, through the use of a simple public-private distinction, many traditionalists have paid insufficient attention to variations in the economic environment. They simply underscore the assertions about the relations between the structural characteristics of public and private organisations and the economic environment surrounding them. A cornerstone of the new economic thought concerning the overlapping disciplines of public and private sectors is mainly oriented toward the concept of the 'mixed economy'. This concept focuses on a wide variety of economic patterns, which are neither totally dominated by state enterprises nor operating under a totally unregulated system of competitive private firms. In the mixed economy system, nothing seems to be either purely public or purely private (Friedmann, 1974 : 360). There are various schemes implied for classifying the complex set of intermediate or overlapping functions between public and private organisations in the mixed economy. For example, Tomkin's spectrum of organisational types in the mixed economy, as illustrated in Figure 1, ranging from '*the public without competition organisation*' to '*the fully private organisation*', explicitly indicates the interdependence and interrelationships, which exist between the public and the private spheres (Tomkins, 1987).

<u>Figure 1</u> Spectrum of Public-Private Organisational Types in the Mixed Economy



Source: Adopted from Tomkins (1987) "Achieving Economy, Efficiency and Effectiveness in the Public Sector".

Based on Tomkin's spectrum of public-private organisational types, Farmhan and Horton (1999) concluded that, in the mixed economy system, at one end of the spectrum there are public organisations, which provide public goods and services without competition, such as national defence and the administration of justice. Along the line of public-private organisational types, if internal markets exist, there is an option to create public organisations with managed competition. In this case, the public organisations provide similar services, but are encouraged to compete with one another for either contracts or individual customers. In The United Kingdom, the 'purchaser-provider' system introduced into the National Health Services (NHS) under the NHS and Community Care Act 1990 is an example of this organisational category (Terry, 1996). For Thailand, the Government introduced the 'purchase-provider' system in the electric utility industry mainly through private financing of new generation capacity in the form of Independent Power Producers (IPPs) and Small Power Producers (SPPs). This approach reflects the priority given to meeting the strong projected growth in demand, as well as to improve public budget constraints (Pongsiri, 2003 : 70).

Contracting out public services to private suppliers has been widely used in governmental organisations. By definition, contracting out public services is defined as the provision of goods or services through the issuance of contracts to private firms instead of having those goods or services provided directly by a government agency (Bendick, 1984). It is in this area that major changes have been occurring in recent years as governments have moved from being the provider of public services to the manager of a 'contract state'. Central and local governments, for example, have commonly contracted out private construction companies to build state schools, hospitals, roads and so on (Pongsiri, 2011). This type of relationship enables public bodies not only to avoid overhead and use the specialised expertise of the private sector, but also to efficiently monitor performance of the private contractors.

Some industrial sector businesses rely upon public infrastructure, with private organisations supplying and operating the services. An example is found in several projects in transportation, where the government builds and maintains roads with the private sector operating the services. Provisions under this kind of interorganisational relationship are introduced to facilitate a wider adoption of market mechanisms, in which the state guarantees the necessary investment to ensure that private organisations are able to respond to the public needs.

Private regulated organisations exist where the private sector operates within a legal framework that imposes requirements and limits on their activities. This organisational category is generally found where there are monopolistic or near-monopolistic suppliers and where there is a need to protect consumers and the public interest from possible abuse of market power.

Joint private and public venture organisations are found where there are significant commercial risks involved (Pongsiri, 2002 : 490). In the past, this was because the private sector was unwilling to bear those risks that government was required to step in. In recent years, however, the private sector has agreed to bear the risks when the public sector is unwilling to, largely because of investment burden. In some cases, policies and relevant regulations have to be revised to make private provisions an attractive proposition.

Clear evidence can be seen in several projects recently undertaken by the private sector in the United Kingdom under the new investment scheme called 'the Private Finance Initiative (PFI)' (HM Treasury, 1993).

In situations where there is potential for social issues to arise, and where governmental actions may be needed to protect the public interest, an organisation-involving private with part state ownership is appropriate. Finally, at the end of the spectrum, where there are no social issues and no specific social needs to be protected, and the ability to pay for the organisation's goods or services is seen as a fair mechanism for distributive purposes, fully private organisations as the exclusive providers are much more appropriate than other kinds of organisations.

In short, the environment in the mixed economy system has created greater interdependencies requiring more co-ordination across public and private organisational boundaries. Consequently, the traditional boundaries between public and private activities have become blurred, and it is difficult to determine where public organisations end and private organisations begin. The traditional dichotomy of public and private organizations is no longer appropriate in handling the substantive issues and the complicated procedural matters. Most of the recent articles (Tomkins, 1987 ; Gortner, et.al., 1989 ; Famham and Horton, 1999) point to a blurring of the boundary of public and private organizations rather than to a bifurcation. The mixed economy also emphasises policies that the government needs to develop to enter into partnership with a private firm when it cannot finance or operate a business enterprise by itself (Pongsiri, 2005). Of particular interest are areas, which have proliferated in recent years concerning co-operation between public enterprises and private firms in common ventures. In these areas public and private organizations form a strategic partnership to carry out productive activities side by side. Recently, there is a general tendency, for public enterprises and the private firms not to act as rivals, but rather to act as complementary forces to assist and support the society in their efforts to achieve prosperity and welfare through their own initiatives (Pongsiri, 2004).

Growing attention to the importance of market mechanism, together with the success of privatisation efforts in various countries, have sharply increased interest in the public-private partnership concept. The current issues in public-private partnerships can be dated from the 1960s, a period in which partnerships were deployed by the federal government in the United States as a tool for stimulating private investment in development of inner-city infrastructures (Fosler, 1986). The economic recession of the 1970s also led the local and state governments to seek more efficient ways to provide public services by contracting them out to private firms. Throughout the 1980s, public-private partnerships were viewed as a derivative of the privatisation movement, which attracted conservative leaders in western liberal regimes, especially in the UK and US (Linder, 1999 : 36). Public asset sales and outsourcing, including divestiture of state-owned-enterprises that occurred under the privatisation regimes, became a vehicle for enhancing the provision of public services in the free-market economy (Ketti, 1993).

Presently, public-private partnerships have been widely accepted in the UK, European Countries, North America, and also increasingly in developing countries. The public-private partnership can provide a broad umbrella, which can shelter and protect the public interest while bringing investment potential and added value from the private sector (Carr, 1998). Given this prevailing belief, organisations ranging from the European Union to Canadian Heritage not only endorse the partnership idea but also actively employ it as a tool for adapting to what they perceive as changing needs and circumstances (Canadian Heritage, 1996 ; Linder, 1999). In Canada, research on public opinion and surveys of decision-makers in 1995 indicated strong support for the use of public-private partnerships (Carr, 1998). Japan, after the post-business economic slump in the early 1990s, there has been renewed interest in utilising the private sector's creativity and resources in government projects to build public infrastructure and to promote economic improvement. In the UK, there was hardly any evidence of public-private partnerships before the 1990s, but since then the partnership concept has been adopted in various areas of public provision, especially in health care, defence, road construction, and educational services (Coulson, 1997 ; Grout, 1997). During the last decade, the UK has become a leading country in its partnership approach to using private finance capital and expertise in the provision of a wide range of public infrastructure services. For Thailand, public-private partnerships were governed by the Private Investment in State Undertaking Act B.E. 2556 (2013). The Thai Government introduced private participation in electricity mainly through private financing of new generation capacity in the form of Independent Power Producers (IPPs) and Small Power Producers (SPPs). Other well-known PPP projects include the BTS Sky Train and MRT Metro, which were cooperation between the private sector, the Bangkok Metropolitan Authority, and the Mass Rapid Transit Authority of Thailand, respectively.

4. Conclusions

Partnerships between the public and private sectors to provide public functions are on the increase at every level of government. In the mixed economy system, there are many different types of public and private relationships, including public development of infrastructure or delivery of services through a long-term contract with the private sector. Such relationships require close, explicit, and formal co-operation between the public and private sectors involving more than using private money for providing public goods and services. As a successful mixed economy depends on well-structured partnerships between the private sector, and the government, public-private partnerships represent the second generation of efforts to bring the competitive market discipline to bear on government operations. Unlike the first generation of privatisation efforts, partnering involves sharing both responsibility and financial risk. If partnerships are developed and managed correctly, the strengths of each sector can maximise overall performance. Although partnering across sectors between government and private actors is occurring more frequently, given the growing complexity of the relationship issues and the resources that this complexity demands more understanding of the effectiveness of theoretical frameworks of covering partnerships and the mixed motives of both actors is required.

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