

# Strategic Stakeholder Engagement: The Power of Partnerships

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The Majestic Hotel Kuala Lumpur

Razak School of Government, Perdana Leadership Foundation, and  
Columbia University's School of International and Public Affairs

“Public-Private Partnerships, Big Data and Sustainability is believed to be the three upward trends in global public management.” - Dr William B. Eimicke.

The New York City fiscal crisis in mid 1970s led to the recreational park in the city to decline. The Central Park became a hub for criminal activities, as it lacked preventative maintenance due to fiscal constraints needing to address other immediate priorities. This led the local community to get involved as they saw the need to manage rising crime in their neighbourhood, preserve the historical landscape, and protect the environment. Most importantly, they trusted that they could do something about the situation. The local community worked with the Mayor, with viable and organised plan and over time, local residents and businesses benefitted as it became an economic engine and tourist attraction. The conservancy of Central Park has been replicated at other flagship parks, essentially proving that Public-Private Partnerships can work without direct profit motive. Key in this case is that it focuses on stakeholder engagement, data driven management, and sustainability (better management of resources).

With further decline in natural resources and intensified competition as the order of the day, nations across the globe are identifying ways to ensure sustainable growth and economic development of their respective countries. Innovative solutions in overcoming this challenging phase are very much welcomed by policymakers and the business sector. In forecasting and shaping the future, past practices and historical evidence serves as a useful reminder of how things worked and how things could work. In the past, Public-Private Partnerships was seen as a useful and innovative solution to minimising public debt without compromising public good. Current environment necessitates a revisit of this practice, requiring a closer look at the fundamentals of ensuring a successful partnership and identifying the benefits of a successfully implemented Public-Private Partnerships.

With that in mind, Razak School of Government, in collaboration with Perdana Leadership Foundation and Columbia University's School of International and Public Affairs, held a two-day workshop, “Strategic Stakeholder Engagement: The Power of

Partnerships.” Led by two eminent professors from Columbia University – Dr William B. Eimicke and Dr Arvid Lukauskas, the programme was structured to be an interactive, constructive, and reflective of current practices and moving forward for Malaysia via a combination of lectures, dialogue, role play and case study exercises. A mix of participants from both public and private sector ensured that the discussions during the sessions and off-sessions had both the industry and sectoral perspective.

As with most postmodern classification, it is difficult to pinpoint what defines Public-Private Partnerships. While it can be succinctly described as an effort to maximise profit (or minimise cost by encouraging cost-sharing) and solving existing problems, both its proponents and critics would have their own understanding and description to classify what makes an authentic Public-Private Partnerships. Despite this disagreement over terminology, elements required in any partnership rarely vary in any form of Public-Private Partnerships. Importantly, its very foundation requires trust, as it is the basis of exploring, initiating and implementing and evaluating any partnership. The workshop identified four important elements necessary in a successful Public-Private Partnership that is anchored by trust. They are as follows: -

1. Understanding and managing diversity
2. Effective engagement
3. Risk-taking
4. Decision-making

Diversity, be it cultural or ethnic, have generated tensions but its consequences can be polarised – either an obstacle to economic development or contributing to growth. Research, however, have identified that diversity helps private and public organisations compete and innovate as they are more likely to have wider range of experiences, ideas and perspectives; understand constituent or consumer needs and perspectives better; develop a more inclusive and collaborative culture, among others. In an era of globalisation, the ability to interact effectively with different cultures and socio-economic background is critical. The ability to manage diversity and essentially, diverse viewpoints is crucial towards any meaningful engagement. This is especially so with various stakeholders involved, from the regulator, financier, client/user, and the broader public.

An effective engagement not only requires understanding stakeholders, but also to be able to ensure that own organisation has a clear strategy and is committed towards the said goal. This clarity in internal strategy and action is needed to maximise the positive impact of Public-Private Partnerships. A conflicting message or behaviour of the organisation towards attainment of partnerships would be detrimental to the goal and the organisation itself. Effective engagement has to be transparent, inclusive, organised, receptive, and has the mechanism of ensuring accountability. In addition to that, the rise of social media has added another dimension of utilising the media in engaging stakeholders.

Decisions made are often for the unknown future. Risks come in many packages; they can be natural or manmade disasters, economic and financial, political and social, health and safety, environmental, technological, and building and/or equipment failures. Despite educated assumptions and thoroughly calculated guesses, risks persist and the fear of negative consequences may hamper decision-making processes. Therefore, risk management is essential in processes of decision-making in any Public-Private Partnerships. Risks can be identified by assessing major trends, a thorough historical analysis, comparative analysis (analysing what is going on in other organisations), employing expert analysis, and scenario planning (projecting a range of future realities). Risks can be minimised by emphasising on prevention and preparation. Responding strongly to negative consequences can also further mitigate it.

By having all the elements of an effective Public-Private Partnership, it can essentially ensure the following outcomes:

1. An inclusive and innovative development, one that is cost-effective yet far-reaching
2. An improved performance across organisations and stakeholders
3. An improved organisational culture within the organisations

It must be noted that Public-Private Partnerships is not the endgame for future public good and services. There are other options, such as privatisation and contracts, that are readily available and meets specific structural needs. In different contexts with similar parties may yield different results. Yet, partnerships, collaborations and networks are seen to be yielding greater overall benefits than privatisation, especially with the social entities and Non-Governmental Organisations (NGOs) are included in the frame. Regardless of the players involved, for an effective partnership to take place, effort and trust is necessary from the get go. As some say, “forming alliances is easy, making them work is the harder part”.

## **Contact**

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