

Malaysian regulators' ranking of PPP contract governance skills

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skills

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Abstract

Purpose – The purpose of this study is to explore the skills required by regulatory agencies for effective governance of public-private partnership (PPP) contracts from the perspective of Malaysian regulators. There is a growing literature indicating that there is poor public sector expertise in managing PPP projects.

Design/methodology/approach – The study, being an exploratory one, relied on a questionnaire survey of the Malaysian PPP unit (UKAS) and five Malaysian regulatory agencies responsible for regulating service delivery across a number of sectors.

Findings – The results of the exploratory factor analysis returned six factor groupings, indicating that the most important skills are procurement, auditing and forensic accounting, lifecycle costing, sector-specific, negotiation analysis and performance management. It was also found that academic qualifications, profession, years of experience and the regulatory agency had no mediating effect on the rankings.

Practical implications – The findings show that infrastructure regulation training programs should be tailored to reflect regional and country-specific characteristics. This is because a similar study with a globalised set of respondents gave a different result from the current study.

Originality/value – There is a growing trend towards remunicipalisations and contract cancellations globally. This is the very outcome that regulatory agencies were created to prevent. Studies including government reports are increasingly pointing in the direction of poor skills set among public sector staff managing PPPs. This lack of capacity has resulted in poor oversight, which now threatens the sustainability of service provision.

Keywords PPP, Infrastructure regulation, Skills, Public sector, Contract governance

Paper type Research paper

1. Introduction

Since the early 1990s, a wave of privatization of hitherto public services took the world by storm. Over the last two decades public-private partnerships (PPPs) have not delivered on their promise of cheaper and more efficient infrastructure and services (Hall, 2016; Kishimoto and Petitjean, 2017; Benjamin and Jones, 2017; NAO, 2018). Consequently a wave of reversals in the form of *remunicipalisation* is gaining momentum globally (McDonald, 2018). An analysis of 16 failed water concessions found that the major reasons include soaring tariffs, non-payment of bills, incapability of the public sector, poor technical performance of private sector, macroeconomic instability, conflicts between public and private sector, social and political opposition to privatisation, lack of transparency and fluctuations in exchange rates and change in related laws (Tariq *et al.*, 2019). A worrying aspect to these cancellations is that the most projects are being cancelled in hitherto privatisation strongholds like France, UK, USA and Germany. In fact, the UK government has finally abolished the PPPs and instead would be considering other means of financing for future infrastructure developments (HM Treasury, 2018; RICS, 2020).

