

**A STUDY ON EFFECTIVE FACTORS TO ATTRACT THE PRIVATE COMPANIES
FOR OFFICIAL DEVELOPMENT ASSISTANCE AT THE VIEWPOINT OF PUBLIC
PRIVATE PARTNERSHIP (PPP)**

By

Mira Ko

THESIS

Submitted to
KDI School of Public Policy and Management
in partial fulfillment of the requirements
for the degree of

MASTER OF BUSINESS ADMINISTRATION

2011

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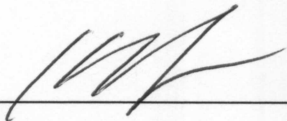
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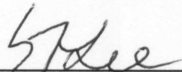
MASTER OF BUSINESS ADMINISTRATION

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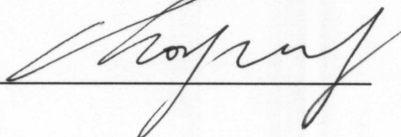
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ABSTRACT

A STUDY ON EFFECTIVE FACTORS TO ATTRACT THE PRIVATE COMPANIES TO OFFICIAL DEVELOPMENT ASSISTANCE AT THE VIEWPOINT OF PUBLIC PRIVATE PARTNERSHIP (PPP)

By

Mira Ko

This research aims to find effective factors to attract the private companies to ODA and increase the scale of ODA fund for the developing countries. Therefore I compared CSR and PPP concept first. CSR is composed of the interaction between the company and society to make good results for both. PPP is the partnership with public and private sectors in order to make more efficiency and profits sharing risks. They have three similar factors such as the components, intends and contribution to society

I focused on the PPP for ODA in this research so I separated the issues more specifically. PPP for ODA is the action of the company which has cooperated with the public parts to contribute to developing countries. It is similar to CSR at the view point of good intentions and similar to PPP at the view point of risk sharing. So I should make the balance between CSR & PPP to find effective factors to attract the

private companies for ODA field.

Firstly, I analyzed the motivation for success of CSR and apply them to PPP for ODA.

When the companies have altruism motivations, PPP in ODA should communicate its intentions to the public in a timely manner. In addition it is better to approach for positive impact not to reduce negative impact. Secondly in case of motivation of benefit intentions, company should choose the target of PPP which is not directly related to the main products. If the targets of PPP are very directly linked with the sales of the companies, consumers noticed the motivation for benefit easily and blamed its activities. Next in case of motivation for inside capabilities, they should take specific care for all parts of the company and manage its good reputation externally. Lastly in case of motivation for the risk management, time is very important. If it is late to respond against the risk, PPP programs get lost its objectives and make a negative impact.

Then I made a survey to find effective factors to attrite the private companies specifically. People think working fields are not directly related to the interest of PPP but they prefer education field is the most related to PPP in ODA. In addition turnover of the companies are not related to the interest of PPP and previous CSR experience don't affect the motivation of the company to attract PPP positively. However people think the political stability is very important to PPP not the amount of

fund from the public sector. Moreover they expect the public sector helps to improve the public relations and administration support and guarantee the security in developing countries.

I researched the effective factors to attract the companies to PPP so I will collect best practices in real situation in the future. Even though the companies have attractive factors of PPP, they are afraid of new challenges without experiences. I will expect to research successful models in real situation.

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I. Introduction

I-1. Background

It is global issues to eradicate the poverty in developing countries nowadays. Although many developed countries including international organization have made efforts to support the developing countries, the situation of poor countries becomes worse and worse.

According to the DAC report of OECD in 2009, around US\$145,086million¹ came from DAC member countries to developing countries but the scale of the ODA(Official Development Assistance) fund isn't enough to attain MDGs (Millennium Development Goals) which UN set the goals in 2000. Therefore, it becomes the most major issue to enlarge the ODA funds in various ways such as air ticket levies.²

However, there are limitations to enlarge the fund through involuntarily method because they aren't sustainable to solve the serious poverty problems in the world.

Therefore DAC member countries should find voluntary financial resource to attain MDGs continually.

¹ OECD Journal development, Development Cooperation Report 2009

² Air ticket levies is the fund to get some amount of money from the passengers on airplane to use them for poverty reduction.

Recently, DAC member countries have started to get interest PPP(Public Private Partnership) which is considered as a good method to extend the ODA fund to the private sector. Because increasing the importance of CSR(Corporation Social Responsibility) in private sector, social participation of the company has increased and it results good images and more benefits for the company. Specifically the growing importance of the private sector's presence in poor countries is contributing to development³ . In addition, CSR has broadened its scope to include not only aspects of corporate conduct that impinge on social environment and human right issues, but also the role of business in relation to poverty reduction in the developing countries.⁴ Therefore it can be win-win strategy for both the companies and ODA field.

However, private companies may have different viewpoint. In other words, companies should pursue the benefits even if they pretend to participate in the activities for social responsibilities. It means there should be attractive factors to get interest of the companies for the ODA fund.

³ Ben-Artzi, Ruth "Profiting from Aid? Private-public Co-financing and its Effect on Development." Conference Papers- International Studies Association, 2006 Annual Meeting

⁴ Marina Prieto-Carron, Peter Lund-Thomsen, Anita Chan, Ana Muro and Chandra Bhushan " Critical perspectives on CSR and development : What we know, what we don't know and what we need to know" International Affairs 82: 5(2006)977-987

I-2. Objectives of the study

In this context I can find effective factors to attract the private companies to ODA and increase the scale of the fund for the developing countries.

First of all I study the concept and history of CSR and PPP first and find their relationship between them such as common and different things because they seem similar sometimes but their boundary is not clear. Then I set the concept PPP only for development assistance using for this study because the scope of PPP is too large to focus on ODA.

Then I want to analyze the successful factors can apply to PPP through the motivation analysis of CSR and find new factors to lead PPP for success in ODA through the survey. They can use various methods to participate contribution in developing countries so it is hard to take one successful method to follow.

I-3. Methodology of the study

Because CSR and PPP have long history and various approach method, I will study CSR and PPP concept from previous academic journals and articles in order to compare each other. Then I will analyze the relationship between them and set the concept of PPP only for use ODA field. I analyze the successful factor of PPP in two

parts such as the motivations and the contents. Many people think good motivation always better results but it is very different from the strategies. Therefore I research the motivation and the result of CSR and apply them to PPP because CSR and PPP have similar factors and PPP in ODA more related to CSR. In addition, the contents are also important to bring success so I interview and make a survey about the attractive factors to participate PPP in ODA field.

II. Literature Review

II-1. Definition of CSR (Consumer Social Responsibility)

It seems to be newly emerging concept recently but it has long history since “invisible hand” of Adam Smith. Smith argued that the metaphorical ‘hand’ helps produce benefits to society even when the capitalists didn’t plan for such social benefit.⁵ It means invisible hand pursues social responsibility naturally. Since then, many authors argued the real meaning and effect of CSR until now.

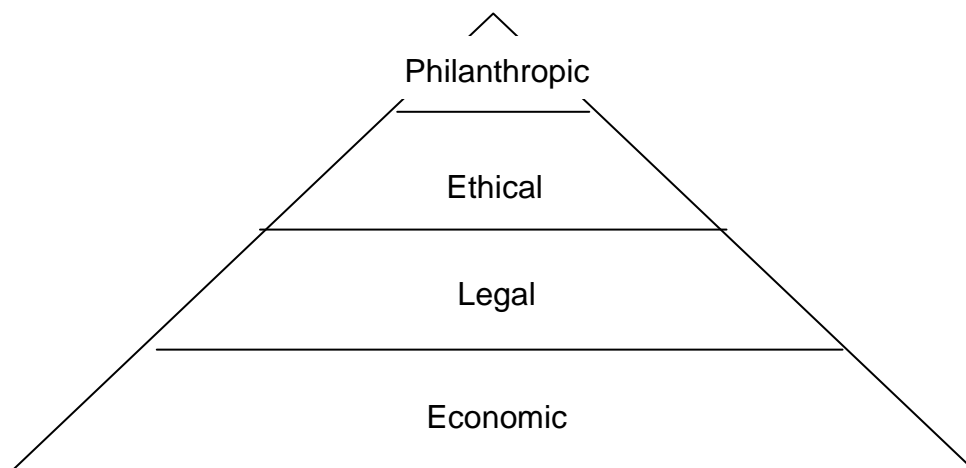
At first, CSR was created in the 1950s by Howard R. Bowen’s as “the obligations of businessman, to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society”⁶

⁵ Wan Saiful Wan-Jan “ Defining corporate social responsibility” *Journal of Public Affairs J. publ. Aff* 6: 176-184(2006)

⁶ Byung-il Choi “Corporate Social Responsibility in the APEC: Another common denominator or

Then the concept included legal aspect to society in 1960s by Joseph W. Mc Guire. However Harold Johnson insisted in 1971 that CSR had different objectives to add more benefits to the company. It means that the company considers CSR as utility maximization method. He added business objectives to CSR. In the 1980s, Thomas M. Jones said that CSR should include all of the process and the results of CSR because it is very difficult to reach a consensus to what constitutes socially responsible behaviors⁷. In 1991 Carroll improved the model suggesting Pyramid of CSR. He underlined the economic objective would be more important part of CSR so he put economic factor at the bottom of pyramid of CSR then legal, ethical, philanthropic aim in order.

<Table 1> Carroll's pyramid of CSR



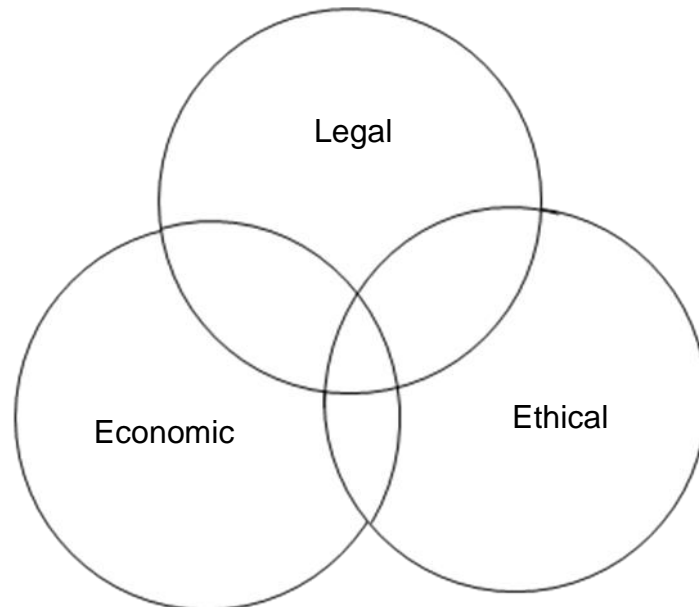
Schwartz and Carroll changed the pyramid to 3 diagrams composed of ethical

harmonizing measure?" APEC study series 08-01

⁷ Jones T. M "Corporate Social responsibility revisited redefined" California management review,,59-67

domain, economic domain and legal domain in 2003.

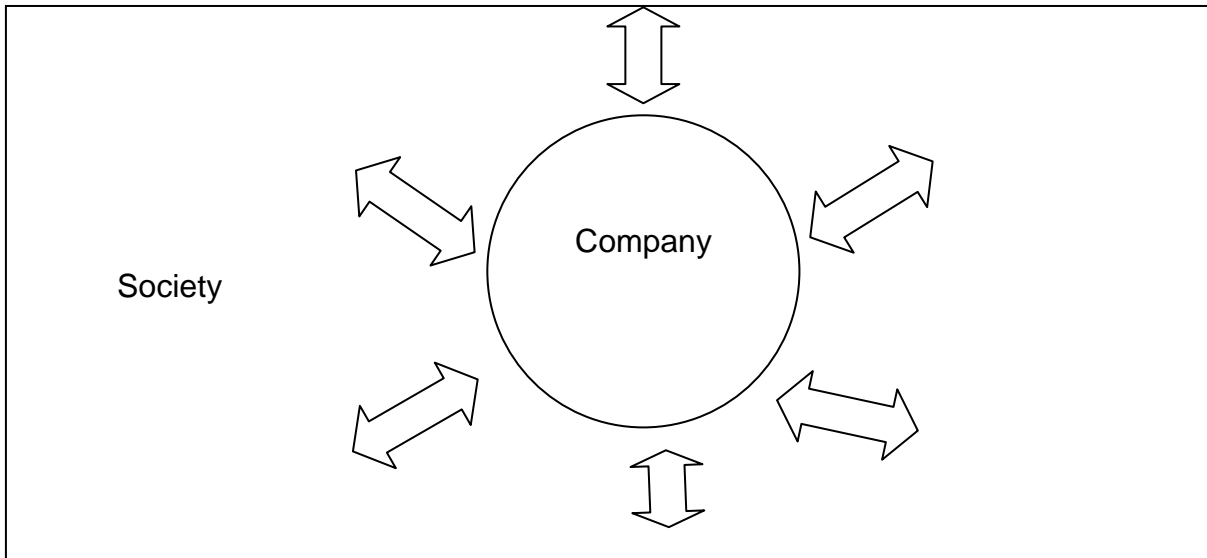
<Table 2> Carroll's 3 diagrams



They said that the overlap part is the best business strategy and bring the most benefits to the business. In addition Stone and Heiner in 2002 emphasized the major CSP components were environment, community relations, employee relations etc so it made serious impact to job seekers.

To sum up, I think, CSR is composed of the interaction between the company and society to make good results for both. Even though CSR was born based on good feeling such as obligation and responsibility to society, many companies realized that CSR could be a good strategy for more benefits and good image of the company. Therefore company tries to have cake and eat it at the same time through CSR strategy.

<Table 3> CSR figures



II-2. Definition of PPP(Public Private Partnership)

PPP is shortened for Public Private Partnership. As it is, it is a kind of cooperation between public and private sectors. Public sectors include government, local government and public institutions. Private sectors are company, NGOs, Universities and research institute and so on.

This concept had been applied to the public sector very actively in England under the previous Prime Minister, Thatcher. Public service businesses such as road, telecommunication, water and electronic had high risk and low rate of returns so the government intervened those ambiguous business and delivered the public services. However the effectiveness of the public services became low because there wasn't

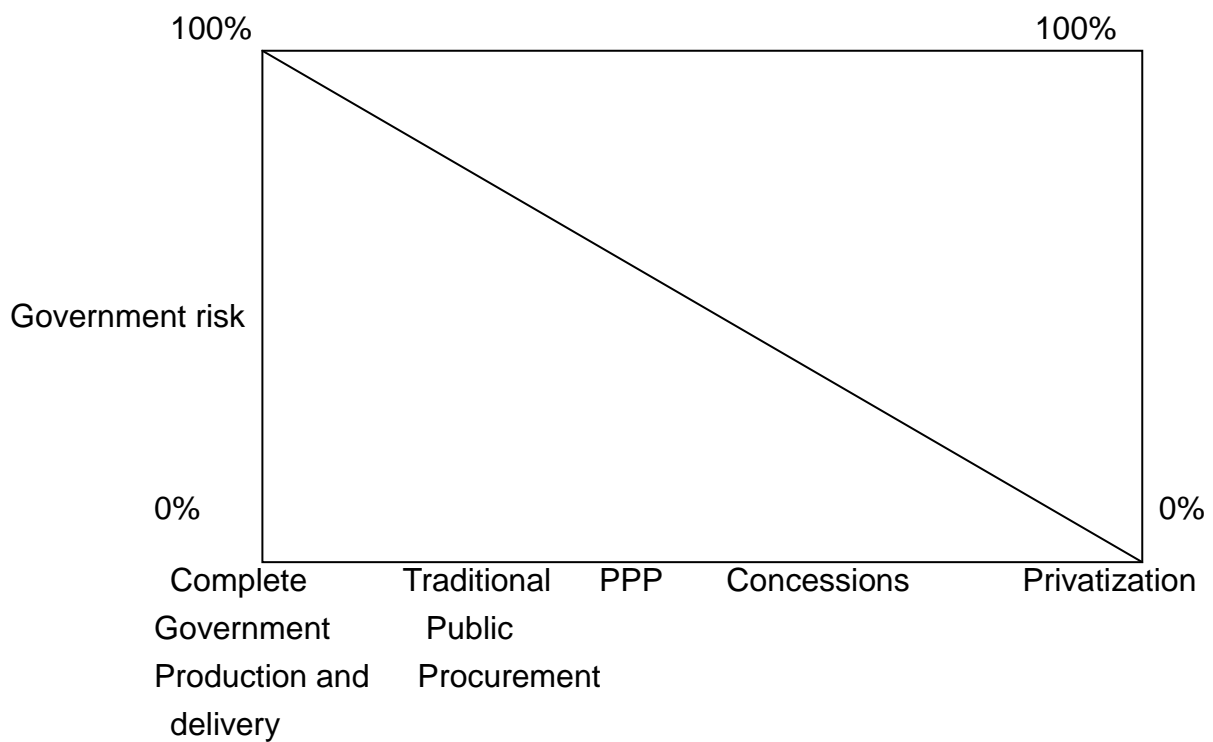
any competition in the business. Therefore the public were not satisfied with the public services and also government couldn't make the profitability. Then the government attracted the private sectors to the public services. Because private sectors had strengths in the effectiveness and efficiency based on the business experiences, they could be alternatives for the public services. However there was still higher risk so public sector helped the private sector as a bumper of the shock. According to International Monetary Fund, "PPP refers to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government" while European Investment Bank defined PPPs are relationships formed between the private sector and public bodies often with the aim of introducing private sector resources and/or expertise in order to help provide and deliver public sector assets and services.⁸ Standard and Poor's definition of a PPP is between the public and private sectors, involving the sharing of risks and rewards of multi-sector skills and expertise and finance to deliver desired policy outcomes. Most of definitions have similar factors that PPP is the middle of the traditional public procurement and privatization.

As I mentioned above, PPP contributes to higher levels of efficiency so it is the first main reason for introducing PPP. However, public parts and private parts have

⁸ OECD 2008 "Defining the Nature and Purpose of Public-Private Partnership" ISBN 978-92-64-04279-7

different objectives. More specifically private sector objects to make more profits while the public sector delivers efficient public service. Therefore both sectors make a partnership to align with their objectives.

<Table 4> The spectrum of combinations of public and private participation, Classified according to risk and mode of delivery



In addition, PPP can be separated to some types according to the combination method of public and private sectors. For example, in the case of build-own-operate contract, the private sector build, own and operate the infra facility. The other types are BOM(build-own—maintain), DBO(design-build-operate) and BBO(buy-build-own) and so on.

Finally PPP is the partnership with public and private sector in order to make more efficiency and profits sharing risks.

II-3 Relationship between CSR & PPP

There are similar factors of CSR and PPP. First a company can be one of the components. The subject of CSR should be a company while PPP should be a public, for instance government, public institutions etc. and private sector such as a company, NGOs(Non-government organization) and NPOs(Non-profit organization).

It means PPP has wider scope of the subject.

Second the company doesn't show the first objective to make their profits. In other words, the company can't run into CSR & PPP only for benefits. In case of CSR, a company pursues social responsibility in different forms so it can't attain profit maximization only. Also a company should share certain of risks with public parts so they can't join PPP business only for more profits.

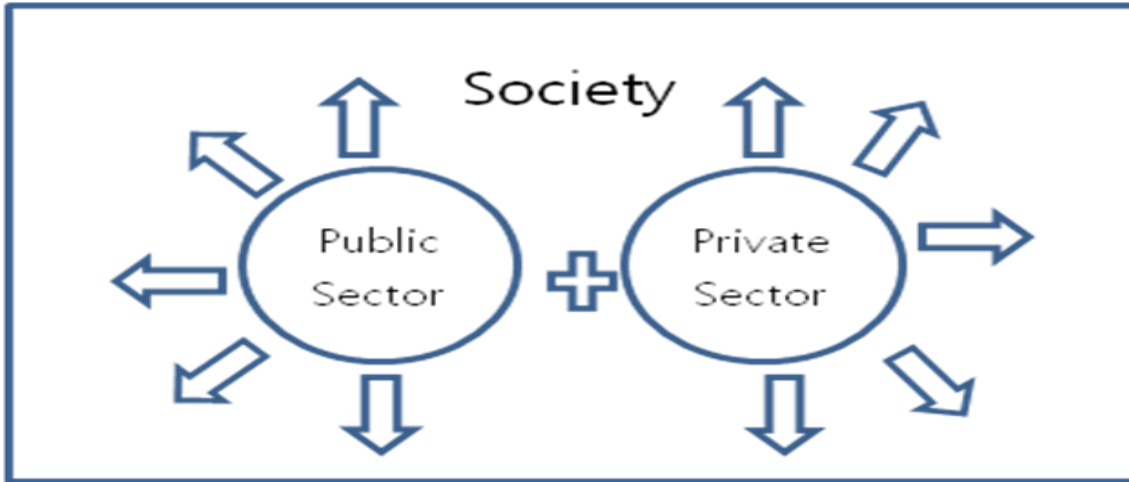
However companies can have the opportunities for more profits using CSR & PPP because their actions of CSR & PPP can affect the consumers positively because CSR & PPP contributes to society. Therefore contribution to society is a third common factor of CSR & PPP.

However, they are distinguished by the level of contribution because CSR starts for society but in case of PPP, companies share the risk of contribution with the public sectors. Therefore CSR should intervene in the society responsibility more than PPP. In addition, companies decide the specific activities for themselves but PPP has many interest parties so they should make an agreement with each other.

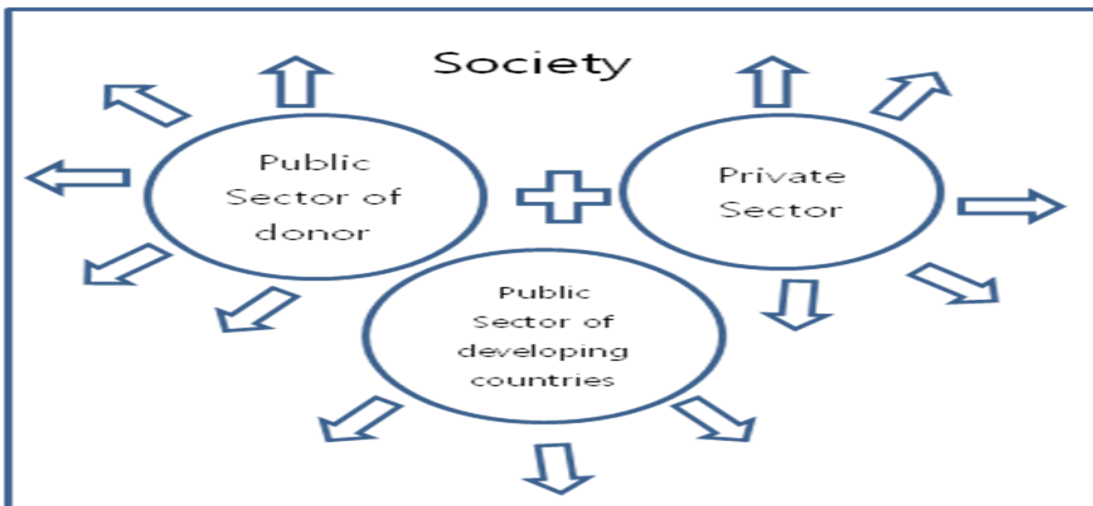
III. PPP for ODA

PPP for ODA field is confused of CSR & PPP in general field. Companies which participate in PPP for ODA should contribute the society more like CSR so they have similar motivation of CSR even participating PPP. On the other hand, companies can't decide arbitrarily because companies should cooperate with the government of partner countries and also local residents of the business sites. In addition, PPP for ODA can be an opportunity of developing new market for companies so it has possibilities to have profits like CSR & PPP but they should share the risk with the public so it is more similar to PPP. Moreover, PPP in ODA have two public parts that are donor and recipient governments, which is different from the PPP in general meaning.

<Table 5> PPP in general



<Table 6> PPP in ODA



To sum up, I define PPP for ODA is the action of the company which has cooperated with the public parts to contribute to developing countries. Although private sectors can be a NGO and NPO , they are little impact to resource money to enlarge the ODA fund. Therefore I limit the scope of the private sector only for companies.

According to the similar and different factors CSR & PPP for ODA, I want to find successful motivation strategies of PPP for ODA through CSR. As I mentioned above,

they have similar motivation of contribution to society but it is very different from the approach strategy. Therefore I analyze the case study of CSR motivation and find good model of motivation strategy of PPP for ODA.

IV. Motivation Analysis of CSR for applying PPP for ODA

I think firms have their own altruistic intentions first to believe that their CSR efforts are part and parcel of being good global citizens. Second firms should use CSR as an instrument for benefits. They already know customer-related motivations that customers buy the products made by good image of companies. Third, CSR can increase inside capabilities of corporation such as recruit and retaining employees. Many potential employees want to get a job which improves their image through their work. So corporations engaging in CSR have attracted good human resources and can help more benefits through them. Lastly companies use CSR as a risk management. It means CSR can be an effective method for easing legal or regulatory constraints so they can pretend to follow moral regulation hiding their wrong doing.

Although these motivations to lead CSR are good enough to create more values,

consumers respond very differently. From now I will show successful and failed examples every motivation above and analyze the factors to lead CSR properly.

IV-1 Motivation for altruistic intentions

It seems rare for companies to seek altruistic intentions when they start CSR programs. Because everybody knows what is good and what is wrong but it is hard to follow the right things. We are sure that the altruistic intentions are true good motivations so we think its motivation is always successful. However all CSR with altruistic intentions are successful?

IV-1-1 Examples

Starbucks is famous for fair-trade and environment protection for society. Coffee bean is grown mostly in the poor countries but trade price of coffee bean is unfair all over the world. Importers in developed countries had bought coffee at severe cheap price so exporters in the poor countries haven't get benefits from the coffee trade. It means big companies squeezed the money from the poor countries. Therefore Starbucks which is the most famous coffee franchise in the world started fair trade for coffee beans. They bought 1kg coffee at \$3.14 on average 30% higher than the average price in New York future markets in 2007. In addition Starbucks imported fair

traded coffee at the volume of 16% larger than the world average in 2009.

< Table 7: Coffee Purchases from Starbucks >

(Unit : Million kg)

		2007	2008	2009
Total		160	174	167
Certificated from 3rd party	CAFÉ Practice Certification	103	134	136
	Fair Trade	9	9	108

Moreover Starbucks tried to take a program for environment protection. It means Starbucks takes care of the circumstances to grow coffee bean not to destroy the environment in the countries. Coffee drinkers are touched with the great effort of social responsibility of Starbucks. Therefore these CSR programs of Starbucks make interest and good image from consumers and it leads the additional benefits to Starbucks.

However, Shell, one of the oil companies, failed to get positive image from consumers although Shell tried to keep environment protection. When Brent Spar which is a store facility of oil got useless, Shell made a plan to discard it in 1991. At

that time Shell should decide to choose one method from 2 options to discard it First is to bring the Brent Spar up to shallow water and to neutralize the poison then recycle it. Second is to bring it up to the deep ocean and blow up then sink it under the water. After environment impact assessment, second options would be better than the first on that was opposite result from the expectation of the most of people. Because people thought that works near shallow water impacted the people and environment too severely. Therefore Shell decided to blew it up in the deep ocean under the strong two principals that the work place should be inside UK and it shouldn't impact the fishing industry. Shell took care of social responsibility. However Shell faced in big problems when Greenpeace, one of the famous NGOs for environment intervned the decisions of Shell. Because Greenpeace thought it resulted in big environment pollution, they started a boycott against Shell. The boycotts stroke the fatal blow to Shell even though Shell made an effort to be ethical business. Sales and sock price of Shell became decreased more and more so Shell changed the decisions and let the Brent Spar for a long time. When time passed, Greenpeace apologized its misunderstood for Shell, it took long time to recover the good image of Shell.

IV-1-.2 Analysis

When analyzing above two cases, their CSR programs have both altruistic intentions.

However the results are very different. What are they different?

First of all I want to focus on communication for customers. Starbucks informed its programs at the stores in all over the world. Therefore people drinking Starbucks coffee acknowledged the CSR programs of Starbucks very well. It imprinted the positive image to customers. However Shell didn't advertise its plan to the public. Even though Shell prepared and examined very specifically, people didn't know its intentions and right result very well. Finally people got wrong information and against Shell. If they would have informed the positive right facts, they could have get support from the customers.

Second CSR for positive impact is better than against the negative impact. It means that fair-trade and environment protections are positive programs but blowing the big facilities is negative for environment. Therefore CSR programs which reduce the negative impact can give less good image compared to the positive impact itself. Therefore if Shell wanted to be success, I think they should give positive programs related their intentions such as education programs to keep environment about oil facilities and so on.

IV-2 Motivation for benefits

Most of companies use CSR for their benefits. Because only to follow benefits seem to be bad and can hurt their image for the companies, many leaders misapprehend motivation for benefits are easy to fail for CSR. However the results will be different from the strategies of the companies. I will analyze the factor with two examples below.

IV-2-1 Examples

For example, American Express started fund-raised program for Statue of Liberty in 1983. They announced it would assist by donating one cent for each use of its credit card and one dollar for every new card issued. After consumers noticed and participated in the program, American Express gathered \$6millions promoting Statue of Liberty and it increased huge. With Statue of Liberty campaign, American Express could have good image from the consumers and also made consumers participate in social mission around them. It means social responsibilities of the American Express impacted consumers and dragged their money to society. Even though we can't say American Express only seek benefits, they were success to deliver their motivation to customers. However it can't apply all examples

On the contrary to this, Philip Morris failed CSR programs in the market. Because severe concerns about the bad effects of tobacco spread in the society, Philip Morris should change their image to good responsible companies for more benefits so Philip Morris started to advertise for announcing bad effects of tobacco. So they actively informed how to stop smoking and why the young shouldn't smoke on website. They also enlarged their advertising channels to TV, radio and print media in order to give positive impact showing their ethical efforts and get more benefits through its CSR. However consumers couldn't understand why Philip Morris which got benefits from tobacco sales acknowledged bad effects and stopped them not to smoke. It made the public doubt the CSR programs and they didn't think Philip Morris really worried the bad effects of tobacco. It seemed it's a kind of showmanship and they noticed its motivation for benefits.

IV-2-2 Analysis

Comparing both cases, I can find the difference of closeness and relationship between the main objectives of CSR and their products. American Express provides travel service and related financial business. Therefore it seems hard for the public to acknowledge the closeness and relationship between their business and the

Statue of Liberty. Of course improvement of the Statue of Liberty can attract more tourists and impact the sales of American Express. But they are far from each other so it is hard for the public to get notice their relationship between them. It means there is indirect relationship between the targets of CSR and their main products.

However Philip Morris case is different from the first case. Philip Morris sales the tobaccos so it can not help but promoting the tobacco for their benefits. Therefore non-smoking advertisement opposes their benefits and it made the public doubts. In other words, main products and target of CSR are very closely related but oppositely. It made adverse reaction for the public and it couldn't success.

In conclusion, when corporation uses motivation for the benefits, they should not use the main target of CSR directly related with the main sale products in order not to make the public focus their benefits. If the public start doubt its real motivation and acknowledge that it's a kind of showmanship, the CSR programs can deliver bad image to the corporation.

IV-3 Motivation for inside capabilities

I think the motivation for inside capabilities are rare but it can't be ignored. Because

the value of corporation made by human resources, inside capabilities such as corporation culture and employees' loyalty to company can improve human resources and establish the additional value of the company. Moreover, the social trend of well-being also impacts the young potential employees that they think the corporation culture more important for their work nowadays. For example, Deloitte Touche Tohmatsu provides its managers the opportunity to participate in year-long programs dedicated to improving the skills and abilities of young students. The company believes this endeavor will help recruit top candidates and increase retention rates of high potential employees. Also Timberland has provided employees the opportunity to take significant amounts of paid time off to volunteer for social causes of their choosing. The company notes that this program helps attract and retain valuable talent.⁽²⁾ These benefits for employees can be a resource of the value of the company. In addition, if the company get good image from the society, it can link to the employees and they also improve high confidence at work.

IV-3-1 Examples

Successful example of the motivation for inside capabilities is Yuhankimberly. Yuhankimberly is famous for the first company starting CSR in Korea and also the

⁽²⁾ Geoffrey B. Sprinkle, Lauren A. Maines "The benefits and costs of CSR" Business Horizons(2010)53 447

first ranked company which the employees want to work for. They started CSR programs to plant trees and make green more and more. The programs have been interested more when the public knew that work condition has been also good. Because there are many factory workers, they suggested double shift for 4 groups. So workers worked 4 days during 12 hours and could take off 4 days for lifelong study and the other their own interests. Workers are satisfied their work condition even some people say they like the work place more than home. The public realized that the company has sincerity to make an effort to improve social benefits not only for the benefits of the company but also the members of the company. Therefore their CSR programs achieve recognition nowadays.

On the contrary, Samsung is very weak for inside capacities. Samsung also has many CSR programs but it doesn't display its contribution much for the public. Samsung gave dogs who guide the road to the blind and they also supports educational programs in African countries. However people don't regard Samsung as an ethical corporation and they doubt the sincerity of Samsung because Samsung also has bad reputation about the conflicts with the employees. Recently many workers in semiconductor factories get disease of leukemia and they insist it causes from the work circumstances. Samsung doesn't admit its fault and only solve the

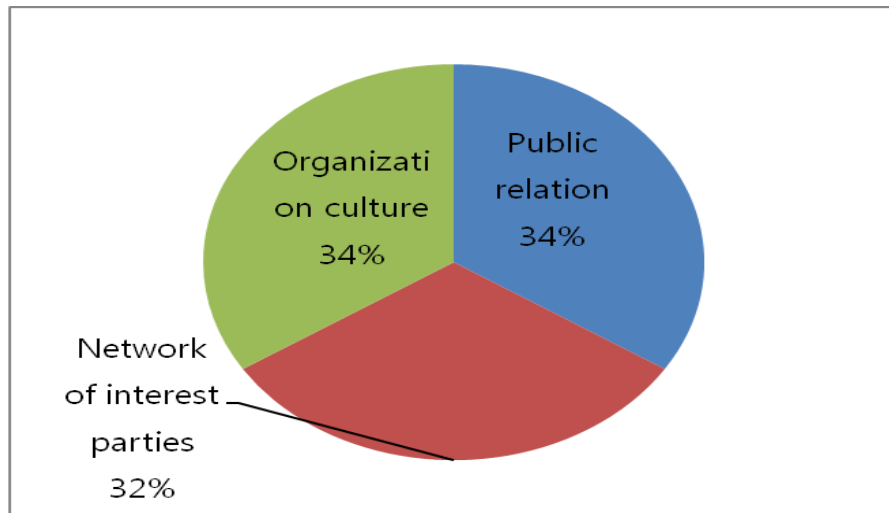
problems through the money. Even though they put tremendous money for the society, they don't appreciate it anymore. Moreover the public had bad reputation for the Samsung and they think it is natural thing for Samsung to donate a lot of money to society.

IV-3-2 Analysis

I can find the CSR should go along with the other strategies of the company inside. Although CSR seems to be external factor for the company, consumers can't evaluate only CSR itself. As Samsung case, people pay attention to the overall image not only for the number or amounts of CSR. Therefore contribution for inner capabilities can be an important factor to create synergy effects. If the companies want to success in CSR, they should contribute to improve inside capabilities.

According to the research paper from CSR Consulting and Plan M in 2010, they analyzed the CSR program contributes to increase the value of corporations. Specifically, the value of corporations includes performance of public relation, network of interest parties and organization culture. Finally we can assume that inside capabilities such as organization culture can be a good motivation for CSR

<Table 8> Corporation Value



IV-4 Motivation for risk management

CSR may be an effective lever for easing legal or regulatory constraints. CSR also may reduce the likelihood of untoward incidents occurring which reduces the changes of lawsuits and damage to the firms reputation. It means they use CSR as a shield and recall is a good example of the motivation for risk management.

IV-4-1 Examples

Mattel was famous for the tremendous toy recall recently. Because their subcontractors used excessive lead over allowance, they were blamed not to make safety products from the consumers. However they tried to put the blames upon Chinese subcontractors immediately after the happening but they changed the position after the Chinese government reported the major causes of recall which

were unfavorable to Mattel. Then they actively recalled most of toys advertising that they followed social responsibilities and ethical management. Rapid and active response of Mattel, bad impact was not severe. Finally Mattel used the recall as a kind CSR so they were successful to manage the risk.

Some companies which ignore environment protection lost their image sharply nowadays. Because environment becomes major issues recently, most of companies should use social requests through CSR. In case of American Electric Power's dedication to "clean" energy could be a proper reaction to legislation that might otherwise jeopardize future profits.

IV-4-2 Analysis

Because society requests sever regulations for various fields from corporations recently, they should follow trends and take an action in proper time. Therefore time schedule for CSR is very important for motivation for risk management. If Mattel delayed their announcing for wrong doing and recall, consumers got bad image even though they tried to recall afterwards. Environment protection is also similar case. People always watch out the activities of the companies through various routes like mass media, NGOs and so on so it is difficult to hide their wrong doings. CSR for risk

management can be both sides of the knife. It means if they follow CSR in proper time it can give positive effect otherwise it can give negative impact. Therefore it is important to take right action in proper time.

IV-5 Lessons learned from the case study of motivation of CSR for applying to PPP

As a result, company should realize the specific matters that require attention to the motivation. I find that motivation is very important for success and fail of CSR programs. Corporations approach CSR in different reasons but they have successful strategy in every motivation. Most of CSR always start with good intentions but the public receive them very differently. Therefore it is important to approach right strategy with each intention like below.

- ① Motivation of altruism intentions: Companies should communicate its intentions to the public in a timely manner. In addition, it is better to approach for positive impact not to reduce negative impact.
- ② Motivation of benefit intentions: Company should choose the target of CSR which is not directly related to the main products. If the targets of CSR are very directly linked with the sales of the companies, consumers noticed the

motivation for benefit easily and blamed its activities.

- ③ Motivation for inside capabilities: In that case they should take specific care for all parts of the company and manage its good reputation externally.
- ④ Motivation for the risk management: Time is very important. If it is late to respond against the risk, CSR programs get lost its objectives and make a negative impact.

However, companies start CSR with many intentions. They want to get more benefits as well as to show their altruism intentions. In addition they expect to use CSR for improvements of inside capabilities and also for risk management. Therefore it is hard to get set only one strategy for successful CSR.

In the case of PPP for ODA, company should keep in mind above four lessons about the motivation and apply them to PPP for ODA.

V. Survey for attractive factors of PPP for ODA

Then which factors attract the companies to PPP for ODA specifically? The main objective of the thesis is to find the successful factors for PPP. Therefore I took survey and find some lessons.

V-1 Development of Research Questions

This research focuses on the analysis of the private sectors especially which are familiar with the development assistance in developing countries. The purpose of the research is to find the factors to attract the private companies in order to make the PPP program successful.

Therefore the research questions are to measure the internal and external factors of the companies to lead PPP. Detailed research questions are following;

- ① Which fields of companies are interested in PPP?
- ② Do the turnovers of the companies affect the degree of interest in the PPP?
- ③ How the experiences of the similar CSR effect the PPP?
- ④ How the political instability effects to enter into developing countries?
- ⑤ How does GNI of developing countries affect PPP?
- ⑥ How much the companies want to get support from the public sectors?
- ⑦ Which parts the companies need to help from the public?

V-2 Hypotheses Development

Medical business has already made Global public-private health partnerships⁹ so I think the interest of PPP is different from the fields. Therefore I assume the medical

⁹ Buse, Kent; Harmer, Andrew M. "Seven habits of highly effective global PP health partnership; practical and potential" Social Science & Medicine, Jan2007, Vol. 64 Issue 2

business is interested in PPP mostly.

In addition, turnover of the companies is a resource for PPP so I made second hypothesis that more turnovers make more interest in PPP.

Third hypothesis is related to CSR (Corporation Social Responsibility). CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stake holders on a voluntary basis.¹⁰ It is very similar idea with PPP so I think the experience of CSR causes positive effect.

In contrast, a central deterrent for private flows to developing countries is policy uncertainty.¹¹ Therefore I want to find the reasons which prevent companies from participating PPP.

Fifth question is the relationship of GNI of the developing countries and the interest of PPP. Because company intends to identify new markets or to enhance its brand image, they invest PPP with the countries with higher income.

Then I make 2 questions for public parts such as the portion and the type of support.

Even though companies are voluntarily participated in PPP, they expect great support from the public parts. Therefore I think they wish to get support at least over

¹⁰ Marina Prieto-Carron, Peter Lund- Thomsen, anita Chan, Ana Muro and Chandra Bhushan "Critical perspectives on CSR and development" International Affairs 82:5

¹¹ Ben-Artzi, Ruth "Profiting from Aid? Private-public Co-financing and its Effect on Development." Conference Papers- International Studies Association, 2006 Annual Meeting

50% of the project. In addition, developing countries are unknown area so they expect the public parts help the areas which they don't have strength such as public relation, security and so on.

<Table 9> Main question & Hypothesis

	Detailed research questions	Hypothesis
1	Which fields of companies are interested in PPP?	Medical businesses are interested in PPP.
2	Do the turnovers of the companies affect the degree of interest in the PPP?	More turnovers make more interest in PPP.
3	How the experience of the similar CSR affect the PPP?	The experience of CSR causes positive effect.
4	How the political instability effects to enter into developing countries?	The political instability causes negative effects.
5	How does <u>GNI</u> of developing countries affect PPP?	Companies prefer the cooperation with countries above LMICs
6	How much the companies want to get support from the public sectors?	Companies prefer the support from the public at least above 50%.
7	Which parts the companies need to help from the public?	PR and security parts are necessary to get support.

V-3. Qualitative Research

3.1 Methodology for the qualitative research

PPP isn't friendly concept to all companies so I select the companies which have participated in CSR before and also have processed the projects in developing countries with KOICA(Korea International Cooperation Agency).

Therefore I interviewed the working level group from Samsung SDS and LG CNS together. I used in depth interview for the qualitative research and it took 40 minutes. The main objectives of my qualitative research are to find out the overall opinions of PPP and set the questions more specifically and to confirm the hypothesis and questionnaires.

3.2 Findings from your qualitative Research (Include Test Hypothesis)

Firstly I asked them whether they know the concept of PPP very well or not then one said that he already studied it before but the other said it is not friendly issue.

Secondly when asking the first image of PPP, they responded positively to PPP because developing countries can be new emerging markets.

In addition, they are very interested in PPP so if their companies can share the concept and support the issues, they are likely to participate in the projects. Then I requested them SWAP analysis (Strength, Weakness, Opportunity and Threats)

<Table 10> SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> -Lots of CSR experiences - High interest of social responsibility 	<ul style="list-style-type: none"> - Poor information of PPP - Not acknowledgment of PPP

	- Conflicts for CSR in domestic country
Opportunity	Threats
<ul style="list-style-type: none"> - Larger scale of ODA - Importance of Global market - Low risk to identify the markets 	<ul style="list-style-type: none"> - Many competitive companies to get supports from the public parts. - Political instability and serious climate changes in developing countries.

Finally they prefer the type of exchanging the experts with the developing countries. I think both are from the field of ICT so they wanted to technical cooperation which is familiar with their business.

V-4. Quantitative Research

4.1 Methodology for the quantitative research

I gathered the responses from 16 samples through online system during one week. PPP is not friendly concept so I delivered survey questions to working people for the companies which have already experienced KOICA ODA projects and have interest in CSR or PPP.

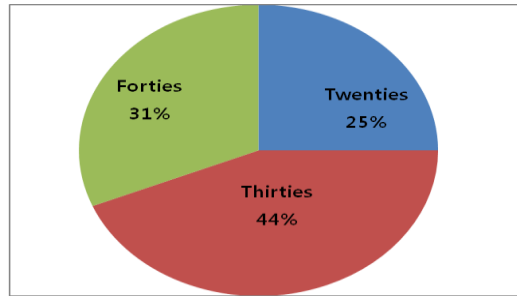
The survey questions are composed of 22 questions excluding demographic questions such as gender, ages and so on. 22 questions are based on the 7 main questions above in order to evaluate the hypothesis. (Please refer to the appendix for survey questions)

4.2 Sample Profile

I gathered samples from those who have participated KOICA ODA projects through open bidding system from 2008 to April 2010. Especially I excluded the government organizations from the population because the private parts of PPP for ODA can't include government parts. Then total size of the population is around 80 companies so it is limited to secure large number of samples. Then I gathered sample group who have showed interest for this survey and sent survey questions through online system.

Among the samples, male and female responders are same size and most of responders about 44% are 30 year-old people. In addition, half of them are from level below manager and other half are above managers.

<Responders by the age>



I didn't limit the working field of the responders in order to get information from various fields. However around 20% of them work for ICT field because companies from information and communication technology are more interested to extend their business.

4.3 Findings from the quantitative Research

Hypothesis 1 : Medical business is interested in PPP.

I assume the interest to PPP is different from the fields and Medical business is the most interest area because medical care is the basic needs in developing countries. So I found that the mean differences of the interest according to the working fields first.

<Figure 1> Anova Test (H.1)

ANOVA					
Which sectors are you working?					

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10	4	2.5	0.357	0.832
Within Groups	56	8	7		
Total	66	12			

The F-value.0.357143 is smaller than 1% level of significance, 7.01 so we should accept the null hypothesis. It means there are not difference of the working fields and interest.

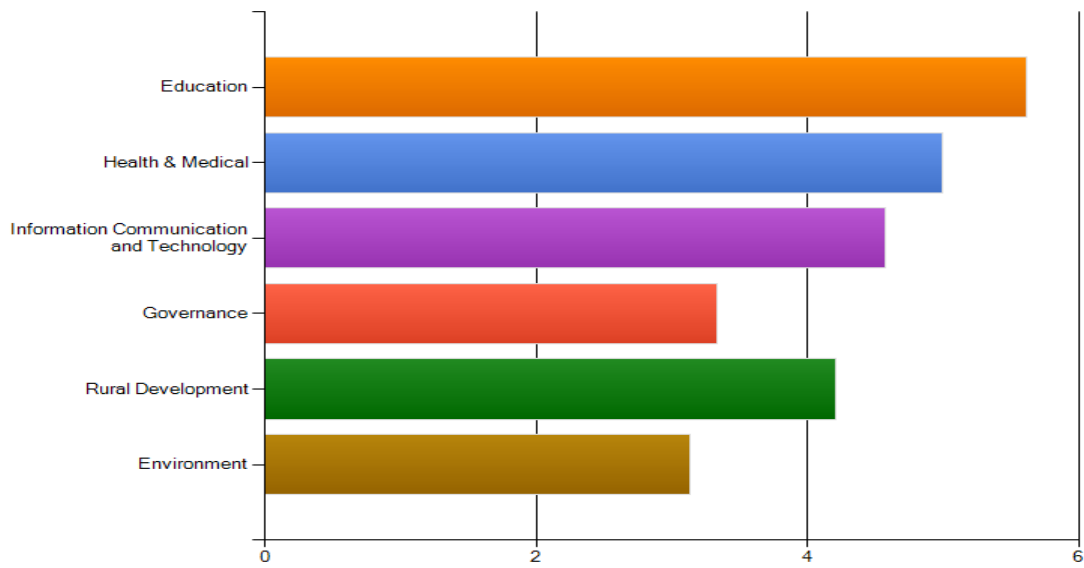
In addition, I wanted to find the differences from the working fields and the confidence of satisfaction but it also shows that there are not difference of the fields and the confidence of satisfaction.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.208	4	2.552	0.41	0.795
Within Groups	18.666	3	6.222		
Total	28.875	7			

However, when I asked the possibility of success according to fields, I can realize that many people education field is more appropriate to PPP and second field is medical parts.

<Table 11> Charts of sectors & importance of relevance of PPP

Do you think which sectors are more related to PPP? Please check the scale of success possibility.



H 2 : More turnovers make more interest in PPP

Because the companies interested in PPP should have funds to start the projects, turnover is an important factor to PPP. Therefore I assume that the more turnovers make more interest in PPP and analyze it by regression.

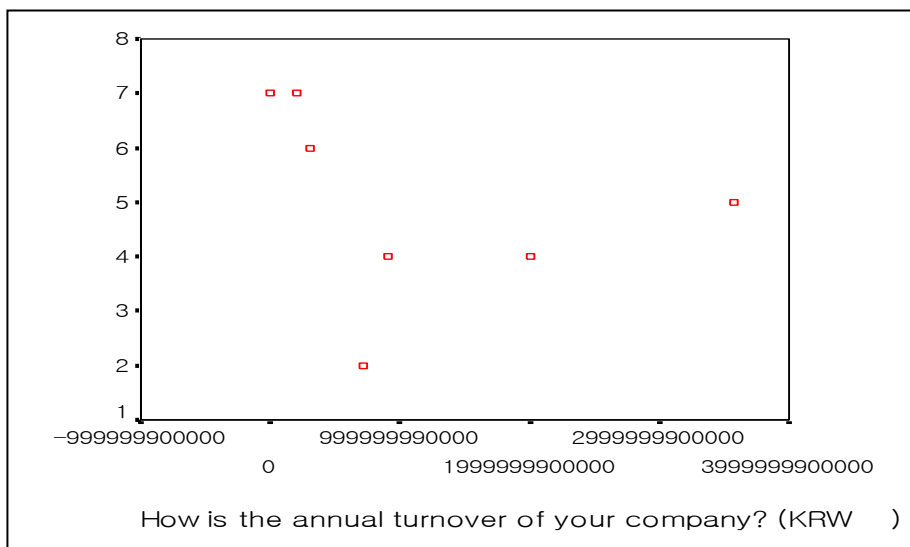
<Figure 2> Regression (H2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.308	0.095	-0.085	1.902		
a. Predictors: (Constant), How is the annual turnover of your company? (KRW)						
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.902	1	1.902	0.525	0.5009
	Residual	18.097	5	3.619		
	Total	20	6			

Coefficients		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
Model		B		Beta		
1	(Constant)	5.48	0.98		5.58	0.002
	How is the annual turnover of your company? (KRW)	-4.41	6.08	-0.308	-0.72	0.500
a	Dependent Variable: How much are you interested in the PPP?					

If setting 5% level of significance, significance is larger than 5% so I reject accept null hypothesis. It means that there isn't any relation between turnover and PPP. The scatter diagram can't explain the relationship between the turnover and interest in PPP.

<Table 12> Scatter diagram of turnover and the interest of PPP



H 3: The experience of CSR causes positive effect

Consumer Social Responsibility is very similar concept of PPP. Because CSR also requests their contribution for social responsibility, it can give positive effect to PPP.

Therefore I use regression analysis with the independent variables the frequency to participate the CSR and the dependent variables of the positive effect between CSR and PPP.

<Figure 3> Regression (H3)

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.096	0.009	-0.132	2.11		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.293	1	0.293	0.065	0.805
	Residual	31.261	7	4.465		
	Total	31.555	8			
a	Predictors: (Constant), How many times have you been participated in CSR programs since 2005 ? Please put the number of times					
b	Dependent Variable: Do you think CSR experience of your company can affect PPP positively ?					

Coefficients						
		Unstandardize		Standardized	t	Sig.

		d Coefficients		Coefficients		
Model		B	Std. Error	Beta		
1	(Constant)	5.397	0.980		5.503	0.0009
	How many times have you been participated in CSR programs since 2005 ?	-0.0562	0.219	-0.096	-0.256	0.805

The significance of 0.805 is large than 5% level of significance so null hypothesis is accepted. Therefore CSR experience and the positive effect on PPP don't have any relationship.

H4. The political instability causes negative effects.

Developing countries are very risky because of the political instability. It makes the companies deter the project schedule and results more costs. Therefore it impacts on the PPP negatively and I tested it by regression analysis. Independent variable is "How important is the political instability of developing countries to participate in PPP?" and dependent variable is "Even if political instability of developing countries is expected, are you willing to participate in PPP?"

<Figure 4> Regression (H4)

Model Summary					
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Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.183097	0.03	-0.05	2.17		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.8	1	1.8	0.381	0.549
	Residual	51.892	11	4.717		
	Total	53.692	12			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.953	2.975		1.664	0.124
	How important is the political instability of developing countries to participate in PPP?	-0.3	0.485	-0.183	-0.617	0.549

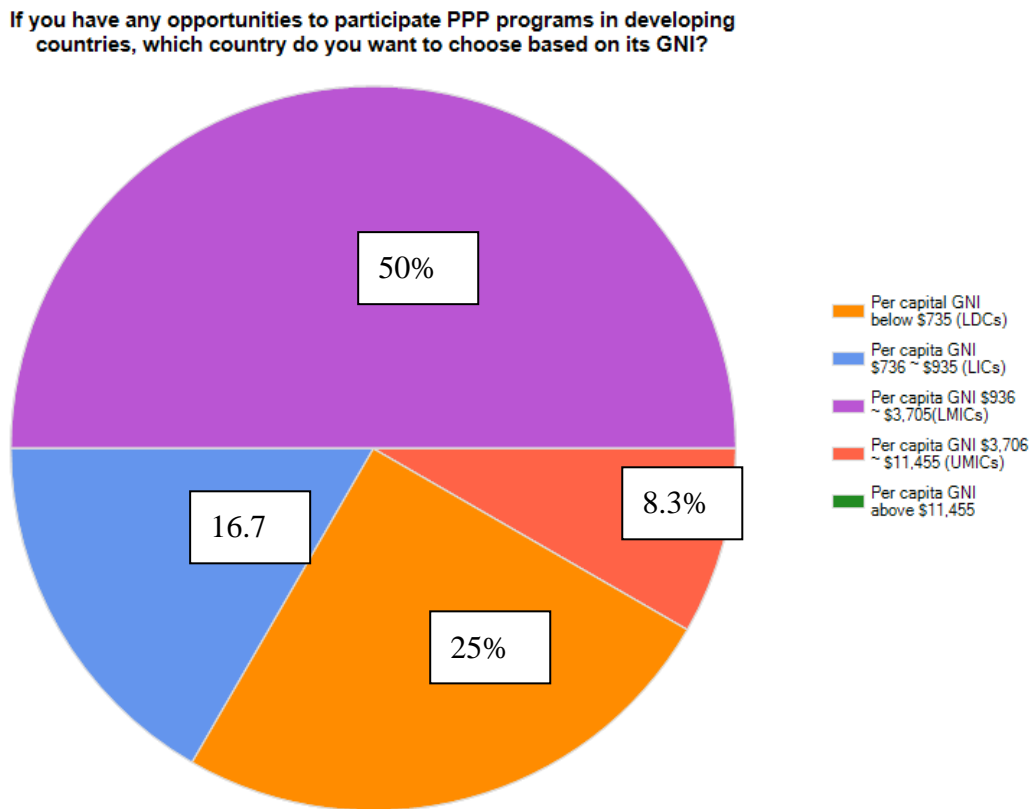
The significance is larger than 5% level so we accept the null hypothesis that the importance of political instability and participation of PPP.

H5. Companies prefer the cooperation with the countries above LMICs.

Companies intend to identify the future consumers through PPP programs so I think they want cooperation with the higher income countries. In my assumption, they prefer the cooperation with the countries of which GNI is above LMICs. Below pie

chart can show the frequency of the companies preferring very well according to the income level. Half of the respondents select the LMIC countries and second is UMIC countries. However lower income countries under the LMIC take the portion of 25%.

<Table 13> Charts of income level & likely to participation of PPP



To more specific analysis I use chi-square analysis to compare the similarity of each frequency. The chi square 4.67 is less than table value 7.615 so we can't say that the preference is similar each other. However more than 20% of the cells are less than 5 so chi-square can't explain the result very well

<Figure 5> Chi-square test (H5)

Chi-Square Test		
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Frequencies			
If you have any opportunities to participate PPP programs in developing countries, which country do you want to choose based on its GNI?			
	Observed N	Expected N	Residual
Per capita GNI below \$735 (LDCs)	3	3	0
Per capita GNI \$736 ~ \$935 (LICs)	2	3	-1
Per capita GNI \$936 ~ \$3,705(LMICs)	6	3	3
Per capita GNI \$3,706 ~ \$11,455 (UMICs)	1	3	-2
Total	12		
Test Statistics			
If you have any opportunities to participate PPP programs in developing countries, which country do you want to choose based on its GNI?			
Chi-Square	4.67		
df	3		
Asymp. Sig.	0.197897126		
a 4 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 3.0.			

H6. Companies prefer the support from the public at least above 50%.

PPP needs support from the public part which is a major motivation to lead PPP .

Private companies don't want to lose their profit naturally so I assume that they think

that support from the public at least above 50% can lead the successful PPP. Then I

use regression analysis with predictors such as "How much do you want to

contribute PPP programs of total budget?" and dependent variable such as "Do you

think that PPP can success in your company”.

<Figure 6> Regression (H6)

Variables Entered/Removed						
Mode	Variables Entered	Variables Removed	Method			
1	How much do you want to contribute PPP programs of total budget?	.	Enter			
a	All requested variables entered.					
b	Dependent Variable: Do you think that PPP can success in your company?					
Model Summary						
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.53	0.286	0.221			
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.93	1	8.934	4.407	0.059
	Residual	22.296	11	2.026		
	Total	31.230	12			
Coefficients						
Mode		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.703	0.958		2.819	0.016
	How much do you want to contribute PPP programs of total budget?	1.037	0.493	0.534	2.099	0.059

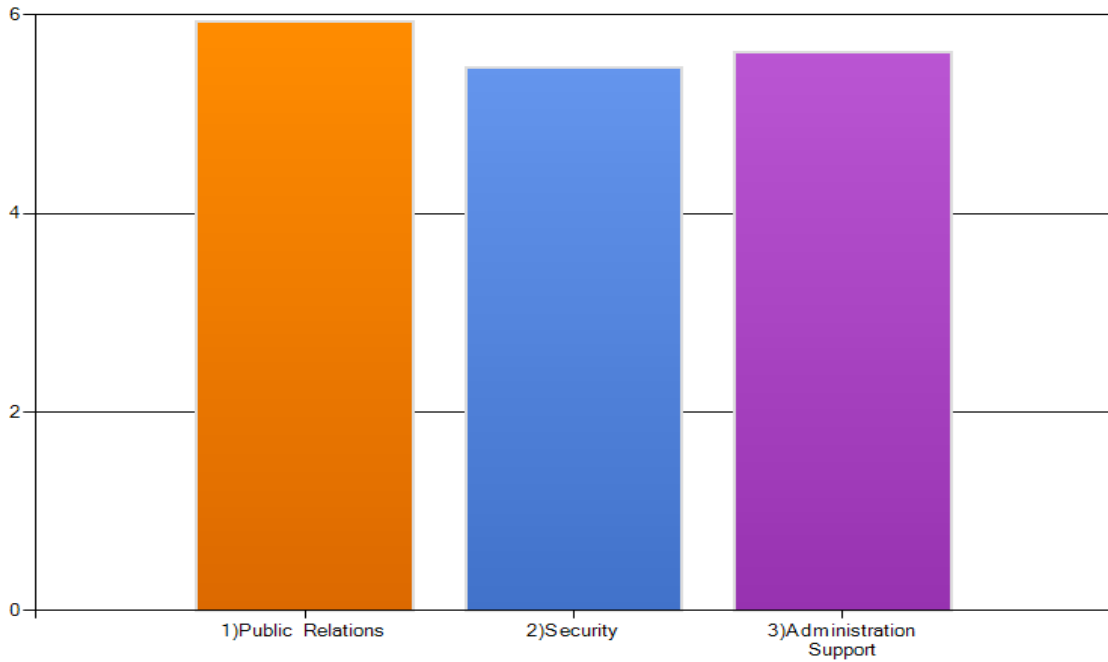
The significance is larger than 5% level of significance so the regression line can't explain enough. It means that they are not related each other.

H.7 PR and security parts are necessary to get support.

When asking preference of support type from the public parts, most of respondents want three of them strongly. It means that they need the help of public parts regardless of the type

<Table 14>Willingness to get support from the public parts

Check the scale of the willingness to get support from the public parts.



V-5 Lessons learned from the survey research

As the above survey analysis, working fields are not directly related to interest of PPP. I assumed that medical fields would be the most interested in PPP but people thought education is more related with PPP in ODA. In addition I realized that

turnover of the companies are not related to the interest of PPP and previous CSR experience don't affect the motivation of the company to attract PPP positively. However companies take care of the political instability of PPP in ODA and prefer the LMIC countries. Moreover companies don't relate the fund from the public sector to success of PPP directly. Instead they expect the public relations, security and administration support in developing countries from the public sectors.

VI. Conclusion

VI.1 Key findings

This thesis found that the CSR and PPP have similar factors such as the component of the company, not profit maximization and opportunity of new market. However CSR doesn't cooperate and doesn't share the risk with the public but has more responsibility for society. PPP in ODA has the both character because companies cooperate with the public but they have motivation of social responsibility. Therefore PPP in ODA should be explained by both concepts together.

To find out the attractive factors to the companies, I analyzed the motivation of PPP in ODA. When the companies have altruism motivations, PPP in ODA should communicate its intentions to the public in a timely manner. In addition it is better to approach for positive impact not to reduce negative impact. Secondly in case of

motivation of benefit intentions, company should choose the target of PPP which is not directly related to the main products. If the targets of PPP are very directly linked with the sales of the companies, consumers noticed the motivation for benefit easily and blamed its activities. Next in case of motivation for inside capabilities, they should take specific care for all parts of the company and manage its good reputation externally. Lastly in case of motivation for the risk management, time is very important. If it is late to respond against the risk, PPP programs get lost its objectives and make a negative impact.

Then I took the survey to find attractive factors of the contents of PPP in ODA. People think working fields are not directly related to the interest of PPP but they prefer education field is the most related to PPP in ODA. In addition turnover of the companies are not related to the interest of PPP and previous CSR experience don't affect the motivation of the company to attract PPP positively. However people think the political stability is very important to PPP not the amount of fund from the public sector. Moreover they expect the public sector helps to improve the public relations and administration support and guarantee the security in developing countries.

VI. 2 Limitations of the study.

The sample size 16 so it is hard to get efficient results in general. Even though I use the professional survey online system, it is hard to deliver it to the respondents because they can't understand the questions fully so some skip the questions..

VI.3 Future Research

I researched the effective factors to attract the companies to PPP so I will collect best practices in real situation. Even though the companies have attractive factors of PPP, they are afraid of new challenges without experiences. Therefore I will provide them successful and failed practices as many as possible. More specifically I should focus on the successful factors to lead PPP in developing countries and also analyze the good things for interest parties including public parts, private companies and developing countries.

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Appendix

[1] Questionnaire

This survey aims to analyze the effective factors to attract the corporation to PPP(Public Private Partnership) programs. It is ONLY to use for the research study so all information collected will be kept strictly confidential. In this survey, PPP is defined that a programs to support the developing countries with the partnership of public and private sectors. Therefore you keep the definition of PPP during response for the survey questions.

I. Relationship between Sectors and PPP(Public Private Partnership)

1. Which sector are you working?

- 1) Education
- 2) Health & Medical
- 3) Information Communication and Technology
- 4) Governance
- 5) Rural Development
- 6) Environment
- 7) Others ()

2. Do you think which sectors are more related to PPP? Please check the possibility scale of success.

(1: Lowest possibility of success, 7: Highest possibility of success)

1) Education										
	1	2	3	4	5	6	7			
2) Health & Medical										
	1	2	3	4	5	6	7			
3) Information Communication and Technology										
	1	2	3	4	5	6	7			
4) Governance										
	1	2	3	4	5	6	7			
5) Rural Development										
	1	2	3	4	5	6	7			
6) Environment										
	1	2	3	4	5	6	7			

3. If you have opportunities to participate in PPP, how would you be willing to contribute for the developing countries? (Please make the order rank)

- () Support the equipments
- () Dispatch the experts
- () Construction the building
- () Training programs

II. Relationship between Turnover and PPP

4. How is the annual turnover of your company? (KRW)million

5. Do you think the turnover of the company is related to PPP? Please check the importance of turnover related to PPP.



6. At least how much turnover do you have in order to participate in PPP programs? (KRW)million

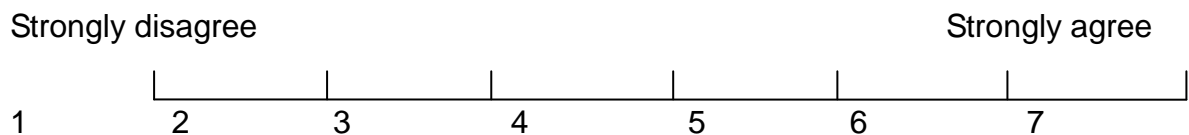
III. Relationship between CSR(Corporation Social Responsibility) and PPP

7. Have your company ever participated in the similar CSR programs?

- 1) Yes
- 2) No

8. How many times have your company been participated in CSR programs since 2005? () times

9. Do you think CSR experience can affect PPP positively?



10. How do you think that CSR does ;

(1: Strongly disagree , 7: Strongly agree)

1) Help make the earth more sustainable

								1	2	3	4	5	6	7		
2)		Restore trust in corporations									-----					
1	2	3	4	5	6	7										
3)		Reduce corporate malfeasance and immoral things									-----					
4)		Increase business profitability									-----					
1	2	3	4	5	6	7										
5)		Reduce poverty in developing countries									-----					
1	2	3	4	5	6	7										
6)		Uphold international human rights									-----					
1	2	3	4	5	6	7										

IV. Relationship between the political instability and PPP

11. How important is the political instability of developing countries to participate in PPP?

Not important Very important

|-----|

1 2 3 4 5 6 7

12. Do you think political instability of the developing countries can affect the negatively to PPP?

Strongly disagree Strongly agree

|-----|

1 2 3 4 5 6 7

13. Even if political instability of developing countries is expected, are you willing to participate in PPP? Please check the scale below.

Weak willingness Strong willingness

|-----|

1 2 3 4 5 6 7

V. Relationship between GNI of developing countries and PPP

14. If you have any opportunities to participate PPP programs in developing countries, which country do you want to choose based on its GNI?

- 1) Per capita GNI below \$735 (LDCs)
- 2) Per capita GNI \$736 ~ \$935 (LICs)

- 3) Per capita GNI \$936 ~ \$3,705(LMICs)
- 4) Per capita GNI \$3,706 ~ \$11,455 (UMICs)
- 5) Per capita GNI above \$11,455

15. Which region are you willing to participate?

- 1) Asia
- 2) Latin America
- 3) CIS
- 4) Africa

16. Which country do you want to participate in PPP? ()

17. Why do you choose the country of question No. 16 ? Please select 2 reasons.

- 1) Because the GNI of the country is higher than the other developing countries
- 2) Because the country has already related to my company
- 3) Because the political stability of the country is better than the other developing countries.
- 4) Because the country has good policy of foreign direct investment
- 5) Because the culture of the country is similar to ours.

VI. Relationship between Support from the Public Sectors and PPP

18. How much do you want to contribute PPP programs of total budget?

- 1) Below 20%
- 2) 21~40%
- 3) 41~60%
- 4) 61~80%
- 5) Above 81%

19. Check the scale of the willingness to get support from the public parts.

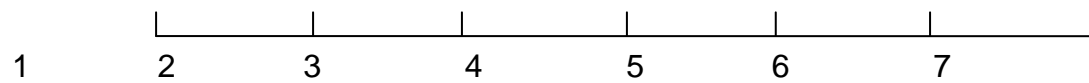
- 1) Public Relations *Weak* 1 2 3 4 5 6 7 *Strong*
- 2) Security *Weak* 1 2 3 4 5 6 7 *Strong*
- 3) Administration Support *Weak* 1 2 3 4 5 6 7 *Strong*
- 4) Others (*If you have any other opinions, please write here*)

VII. Overall interest and satisfaction of the PPP

20. How much are you interested in the PPP?

Not very interested

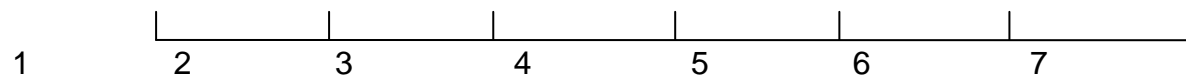
Very Interested



21. Do you think that PPP can success in your company?

Strongly disagree

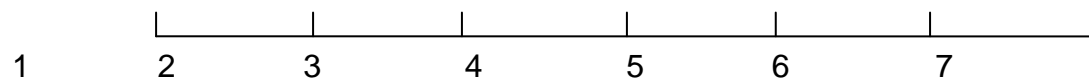
Strongly agree



22. If you have ever chances before, how much are you satisfied with PPP projects?

Not very strong

Very strong



VIII. Demographic questions

1) Age: () years old

2) Gender: Female / Male

3) Department:

4) Position:

Thank you for answering the above questions. Your answer will enhance the result of this research.