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Preliminary statement

IMPLEMENTATION OF PROJECT MANAGEMENT IN THE BOT MODEL OF PUBLIC-PRIVATE PARTNERSHIP IN CROATIAN TOURISM

In simple terms, project management is about managing projects, while a BOT (Build-Operate-Transfer) model is a specific project involving cooperation between people or organizations in the public and private sectors. Therefore, it follows that the basic principles of project management can be applied to the BOT model. This paper looks at some basic characteristics of the BOT model in tourism, which has been recognized worldwide as a very important industry and a generator of economic growth. The basic methodology of project management with all its functions and processes (planning, organizing, directing and controlling) is applied and analysed in detail on a theoretical BOT model in tourism from the perspectives of public and private partners, as well as at the level of their cooperation. The research has shown that links that create public and private joint cooperation can be found in project management implementation or, to be more exact, in the work packages or activities of project management undertaken by both partners. Also, the results of the conducted interviews have indicated that human resources are the main constraint to the implementation of project management in the BOT model in tourism from both the project perspective (internally) and perspective of the environment and conditions in which the project is implemented (externally).

Key words: project management, BOT model, public-private partnership (PPP), tourism, Croatia

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1. Introduction

Worldwide, tourism is recognized as an important generator of economic growth, and it provides many opportunities for collaboration between public and private partners, not only in hospitality and the travel agency sector that are core tourism activities, but also in other economic sectors, especially in transport, trade, agriculture, construction, etc. There is no other sector such as tourism that is capable of bringing together the entire economy of a country (traffic, health care, postal services...). This suggests that PPPs can be developed intensively in many areas within activities that are more or less directly related to tourism.

Tourism in Croatia directly accounts for approximately 14 per cent of the total GDP (Ministry of Tourism, 2011). PPPs in Croatian tourism are considered as being capable of ensuring the faster construction and better management of hospitality and tourism facilities. This would have a number of positive effects on tourism and on the economy in general. It would help to raise the quality of tourism services and the quality of a destination as a whole, enhance tourist satisfaction, create new jobs in tourism and in related industries, bring about an increase in the income and standard of living of residents, etc. Issues concerning the utilization of public goods (maritime domain), tourist rent appropriation and tourism-related environmental protection are also very important in today's economy.

Despite these considerations, the Croatian experience in implementing PPP models in tourism is very limited and, in many cases, far from expectations. A distinction is made between partnerships in planning tourism development and the PPP-based delivery of individual projects. For instance, the delivery of the Stubičke Spas project was realized through the establishment of a joint-stock company or joint venture. The new Integrated Partnership Model (IPM), which is proposed for the development of rural tourism in Istria, is a joint venture based on construction rights (Rajko, Ilak Peršurić and Juraković, 2010). Projects in Šibenik (Obonjan Riviera, Hotel Šibenik/Mandalina, the Šibenik Sports complex, and four town forts) and greenfield projects at four locations within the Brijuni Riviera are to be realized through the BOT model.

Legislation that only poorly governs PPP issues and whose definition of PPPs is much narrower than that in world practice is one of the causes of modest PPP experience and failure to measure up to expectations.¹ Another reason for this can be found in the fact that some partnership projects have failed to use the methodology of project management.

Among the many definitions of project management (Omazić and Baljkas, 2005; Cleland and Ireland, 2007; Gray and Larson, 2008; Gido and Clements,

¹ It refers to PPP legislation in force up to July 2012.

2009), the simplest one defines it as the process of managing projects. Project management is a vital resource of contemporary strategic management confirmed in practice, especially in the case of large, specific and very demanding projects that require specialization and the knowledge of many skills. Its orientation towards profit in the private sector is well defined, both in theory and in practice. However, when it comes to individual experiences of project management in the public and public-private sector, such as in PPPs, the situation is much more complex.

Foreign and domestic authors have systemically studied the concepts of PPP and project management over the past twenty years. However, they have tended to address each issue separately, in different papers. Walker and Smith (1995), Smith (1999), Montanheiro (2000), Kim, Kim and Lee (2005), Grimsey and Lewis (2006), Perić and Dragičević (2007) studied PPPs, while WTOBC (2000), Roberts and Simpson (2001), and Rajko, Ilak Peršurić and Juraković (2010) studied PPPs in tourism. On the other hand, Cleland and Ireland (2004 and 2007), Omazić and Baljkas (2005), Cetinski and Perić (2006), Gray and Larson (2008), and Gido and Clements (2009) studied project management in general. Some authors also studied the application of certain areas of project management in PPPs, such as risk (Bing, Akintoye, Edwards and Hardcastle, 2005) and contract management (Edkins and Smyth, 2006).

Finally, theoretical attempts have been made to define a systematic methodology for project management that would address the PPP in general (Yescombe, 2007), as well as in tourism (Perić, 2009a). However, in the latter case, the methodology of project management could not be implemented or tested due to the small number of projects in the tourism industry.

Therefore, this paper aims to define a modern project management approach that could contribute significantly to the interests of both the public and private sectors in tourism. Emphasis in research is placed on the application of project management in BOT projects in Croatian tourism that would serve the function of making a profit without losing sight of the basic mission and broader social effects preferred by the public partner. Also, this paper examines main constraining factors for the implementation of project management in the BOT model in Croatian tourism.

In addition to the *Introduction* and *Conclusion*, the paper consists of five other chapters. The second chapter looks at the characteristics of the BOT model in Croatian tourism. The following three chapters analyse the implementation of project management in the BOT model in tourism, first from the public-partner perspective, then from the private-partner perspective, and finally from the perspective of public-private cooperation. Chapter Six examines the constraining factors for the implementation of project management in BOT projects in Croatian tourism.

In his research, the author has applied the methodology of project management with all its functions and processes (planning, organizing, directing and controlling) to the theoretical BOT model in tourism, and has made a detailed analysis. The methodology is implemented with regard to the public- and private-partner perspective, as well as with regard to their level of cooperation. In addition, research was conducted using structured interviews within specific target groups. The author conducted 16 interviews with the relevant representatives of stakeholders (five from the public sector, six investors, and five external experts) in selected BOT projects in tourism (Brijuni Rivijera and Šepurine) in the period from November 2010 to May 2011. A part of the interview, presented in this paper, comprises three questions, used to examine the respondents' thoughts and attitudes towards the main constraints that affect the application of project management in BOT models in Croatian tourism. Results were analysed using simple descriptive statistical analysis. Although the sample is not large, the results can be indicative considering the structure of the respondents.

2. Characteristics of a BOT model in Croatian tourism

BOT (Build – Operate – Transfer) is a model in which the private partner takes over the organisation and responsibility for designing, financing, constructing, maintaining and managing project facilities and services during a specific period based on a concession contract. It is a well-known PPP model for infrastructure development, and a valid question is: What are the main characteristics of a BOT model applied in Croatian tourism?

First of all, the BOT model in Croatian tourism could prevent the permanent transfer of ownership and loss of space. It is important because space is not only a medium that conditions tourism development, and it is also a source of rental relationships in which extra-profits are gained based on the ownership of attractive yet concurrently limited natural assets (Blažević, 2007). For many Croatian destinations, the natural environment represents the major attraction for which it is visited and is often at the heart of a tourism product. Any transfer of ownership of space through sales means permanently relinquishing a part of the appeal and most of the effects that it yields to society at large. Prevention of permanent transfer of ownership and loss of space is completely in the accordance with the environmental and economic perspectives of well-being, the main public sector criteria for implementing partnerships.

Hence, the public sector is justified in seeking to keep ownership and legal rights over locations attractive to tourists and over key nature areas. In case that it cannot and/or must not undertake independent business initiatives, the public sector is justified in earning revenue by renting space to private partners who have

an enterprising idea and long-term business interests (capital accumulation and net profit).

In summarising the above, the primary principles, on which the BOT model in Croatian tourism should rest and to which both partners should adhere, can be outlined as follows:

- the public sector is the owner of the land and grants the private partner a concession and/or construction rights for land usage,
- the contract grants the private partner the right to the commercial usage of the project site, making him responsible for designing, funding, building and managing the tourism facilities,
- for the duration of the contract (30 - 99 years), the public partner remains the owner of the land while the private partner remains the owner of the facilities, but has the rights and obligations of a usufructuary with regard to the land on which the facilities are built,
- for the concession granted, the private partner pays to the public partner an appropriately assessed periodic fee that is consistent with the expected long-term growth of tourism demand and revenue increase,
- the issue of the concession for the use of maritime domain cannot be separated from the construction right on nearby land and economic use of it (Perić, 2009a),
- in delivering the project, the private partner uses his own funds and guarantees, without the participation of the public partner,
- the private partner collects payment for services that he provides on the tourist market within the framework of project management,
- when the contract term expires, the private partner returns the land and transfers the facilities into the possession of the public partner, either with or without a specific fee,
- also, after a stipulated period the whole business is transferred into the possession of the public partner.

The proposed model provides both partners with certain advantages in terms of financing and key risks' sharing. Instead of bearing the initial land-purchase costs, the private partner only pays the periodic concession fee (the right to construction). The public partner bears all property-law, spatial development and planning risks. The private partner and public partner jointly share the risk of obtaining all permits required. The private partner is responsible for drawing up the documentation needed, while the public partner is obliged to do everything that is reasonably in its power to ensure that the permits are obtained in the shortest possible time.

The main disadvantages of the proposed model are quite similar to problems that arise whenever the public and private sector sign a contract. They refer to the size and complexity of PPP projects in general, the long duration of the bidding

procedure, the long negotiations with the private partner(s), the complexity of contracts, etc.

Since cooperation between public and private partners in practice is achieved through specific projects and project activities, it can be concluded that BOT is really a project of cooperation between people or organizations in the public and private sectors in order to achieve certain interests and benefits. Moreover, BOT projects usually exist within unknown and unstable market conditions; they are large and rather complex with limited resources and interdependent activities. All of the above factors represent the major criteria for applying project management in the execution of certain activities (Cleland and Ireland, 2007, 75-83). Therefore, it is clear that the basic principles of project management can (and should) apply to BOT projects in all its basic functions of planning, organizing, directing and controlling. As BOT includes public and private partners and their different goals and interests, the implementation of those principles can be analysed at the level of each partner, but also at the level of their cooperation.

3. Public partner's project management in the BOT model in tourism

The following section describes and analyses the major implementation phases of BOT projects in tourism from the public-partner perspective. Emphasis will be placed on the basic project management functions (planning, organizing, directing and controlling) that are a must during the implementation of BOT projects.

3.1. Planning process from the public-partner perspective

As in other sectors, the planning process in tourism begins by defining the specific problem that needs to be addressed and the objectives that need to be achieved to help resolve the problem. Generally, the key goal of a public partner's actions is to realize and protect public interests by improving the welfare of the community. In this sense, different goals may concern the construction of infrastructure, the continuity of service provision, environmental protection, the development of individual tourism regions, the enhancement of the economy and employment, etc. As a strategy to achieve certain objectives, the public partner can select specific projects of public and private sector cooperation.

The first task of a public partner's project coordinator (the term *project coordinator* is used here instead of *project manager* because if the public and private partners were to create a Special Purpose Vehicle (SPV), there could then be only one project manager who would be jointly selected by the public and private par-

tner or by their project coordinators) is to identify those work packages or activities with a clearly defined purpose, necessary for the project to be implemented and the objectives to be achieved (Figure 1). These include:

1. defining how the project will be organized, and building the project team,
2. defining of the best usage concept for a micro location,
3. carrying out the public tender procedure and selecting the private partner(s),
4. assisting the private partner(s) in obtaining the necessary documentation,
5. carrying out activities after the concession period has expired,
6. carrying out project management activities (in the narrow sense).

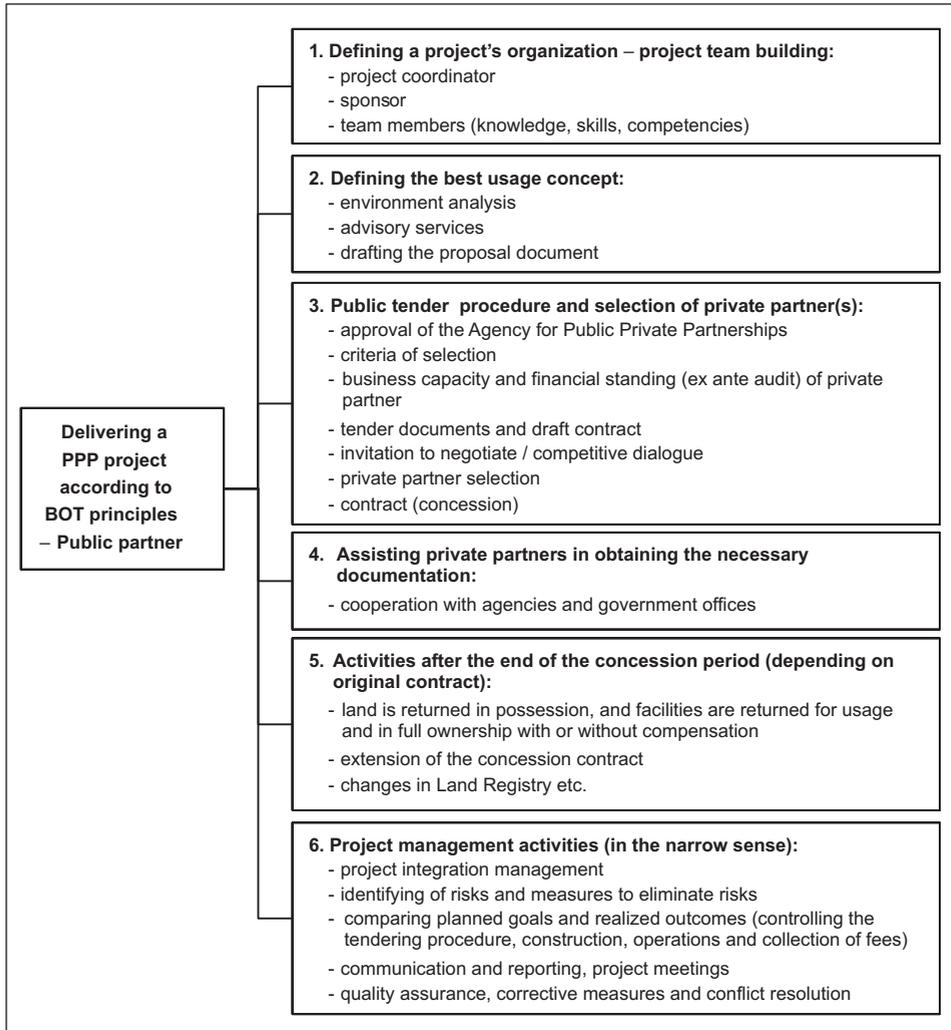
The success of the project depends largely on how it is managed, as well as on the project management activities (in the narrow sense), which include all activities and processes to ensure the integrity of the project. It also involves creating, developing, implementing and controlling the project plan, as well as controlling the tender procedure and private-partner selection procedure.

The project coordinator must establish a system of communication, control and reporting that will be capable of closely monitoring the project and warning of any deviations from project documentation in the construction phase, and of any deviations from the signed contract in the operational stage. These activities are largely associated with the identification of project risks and project quality assurance measures.

The most important project risks from the public-partner perspective are related to the possible lack of interest of private partners, the unacceptability of their bids, the selection of private partners and their (in)ability to carry the project to its completion, the (in)ability of suppliers and contractors to carry out contractual obligations (such as making the framework concept of best usage), the selection of team members, the provision of financial resources (whether to provide sufficient funds from their own resources at the right time), together with some general economic and political-legal conditions (recession, legal uncertainty, introduction of new taxes, relations with neighbouring countries, etc.).

Figure 1:

EXAMPLE OF PUBLIC-PARTNER ACTIVITIES IN A BOT MODEL IN TOURISM



Source: adapted from Perić, 2009a, 251.

After the activities have been defined, it is necessary to determine their sequence, duration (start and end dates) and interdependence. Critical points of the project (milestones) – at which the project coordinator and other team members

evaluate project results and make decisions on whether or not to proceed with the project – also have to be defined. Milestones could be (1) the best usage concept document, (2) the approval of the Agency for Public Private Partnership, (3) the private partner selection and contract signing, (4) the obtaining of necessary documentation, and (5) the end of the contract.

After activities have been defined, work effort is estimated. The project coordinator for each activity assigns the necessary resources for execution, and aggregates the estimated costs of individual activities to establish an authorised budget for the project. The budget has to be flexible to a certain extent, to allow for a redistribution of costs and resources in accordance with the needs and requirements of the project's progress.

3.2. Project organising from the public-partner perspective

In the planning stage, the public partner chooses a temporary organizational structure that is best suited to its existing organizational structure and facilitates the successful implementation of a PPP, including the private-partner selection procedure and control over project implementation and the operation phase.

In case the public partner has no experience in implementing public tenders and projects, in general, or in implementing various PPP models, in particular, the public partner may choose pure project organization. In the pure approach, the PPP project is truly like a mini company, the project team is independent of major functional units or departments, and the project coordinator is given full authority to run a project (Cleland and Ireland, 2007, 187-188.).

Where the public partner has greater experience in implementing various projects and when projects are an integral part of its activities, a matrix organizational structure can be applied. The project coordinator leads the team formed of people from different functions or departments of the public partner, and is responsible for the completion of the project. The activity leader is responsible to the functional manager for resources/inputs and to the project coordinator for results/outputs.

3.3. Project directing from the public-partner perspective

Project directing in terms of the public partner is entrusted to the project coordinator who guides the project through its life cycle to achieve project objectives on time and within the budget. Some basic tasks of the public partner's project coordinator in the PPP project involve the scope definition, the definition of project activities (including duration, sequencing and budgeting), their coordination and control, identifying milestones and main risks, selecting a competent project team

and delegating authority, giving quality assurance, maintaining the vision, negotiating, communicating and motivating (Cleland and Ireland, 2007).

The tasks of project coordinators focus more heavily on the strategic guidance of team members to help them carry out the activities necessary to establish a partnership in tourism, and focus less on the operational performance of individual project tasks. It should be noted that at the moment the contract is signed, the private partner takes over the operations (implementation) of the project. The public partner, together with its project coordinator, can only supervise whether implementation is in accordance with the contract.

3.4. Project controlling from the public-partner perspective

Controlling is one of the key functions of project management used for comparing actual performance with the planned performance of the project, assessing trends, and recommending corrective actions as needed (PMI, 2008). As the authorized representative of the public partner, the project coordinator must distinguish between two aspects of control in establishing partnerships in tourism:

1. control over activities, which the public partner can directly affect,
2. control over the private partner's operations during the contract period.

The achievement of individual activities could be controlled in relation to the tasks accomplished, costs (budget), time, quality, and milestones of the project and, in case of any discrepancy, specific corrective actions should be taken. If the project coordinator were to focus too much attention on controlling each individual project activity, his role would be completely reduced to the controlling function, hence the recommendation that the project coordinator should focus on the achievement of key project events.

Where the private partner's operations during the contract period are concerned, the public partner has only indirect control. In other words, a public partner's project coordinator has no authority to interfere in the internal operations of the private partner, but he can monitor whether the private partner is strictly adhering to project documents and contract items. Special emphasis should be put on the continuity and quality of services provided and, when it comes to BOT projects in tourism, especially on the regular payment of the agreed concession fee.

4. Private partner's project management in the BOT model in tourism

The private partner is directly responsible for the realization of a project, so the application of project management principles in terms of the private partner

covers all key knowledge areas: project integration management, scope management, time management, cost management, quality management, human resource management, communications management, risk management and procurement management. The following section describes and analyses the major implementation phases of a BOT project in tourism from the private-partner perspective with emphasis on the knowledge areas and four project management functions during the implementation of BOT projects.

4.1. Project planning from the private-partner perspective

The main objectives of any private business are to accumulate profits, achieve return on investment (ROI) and increase the value of its property. When it comes to tourism, objectives could involve constructing or renovating tourism infrastructure, improving service quality, increasing the number of services provided, optimal market positioning, hiring its own resources, etc. To achieve its objectives, the private partner selects different projects and implements them individually or in cooperation with partners, including public ones.

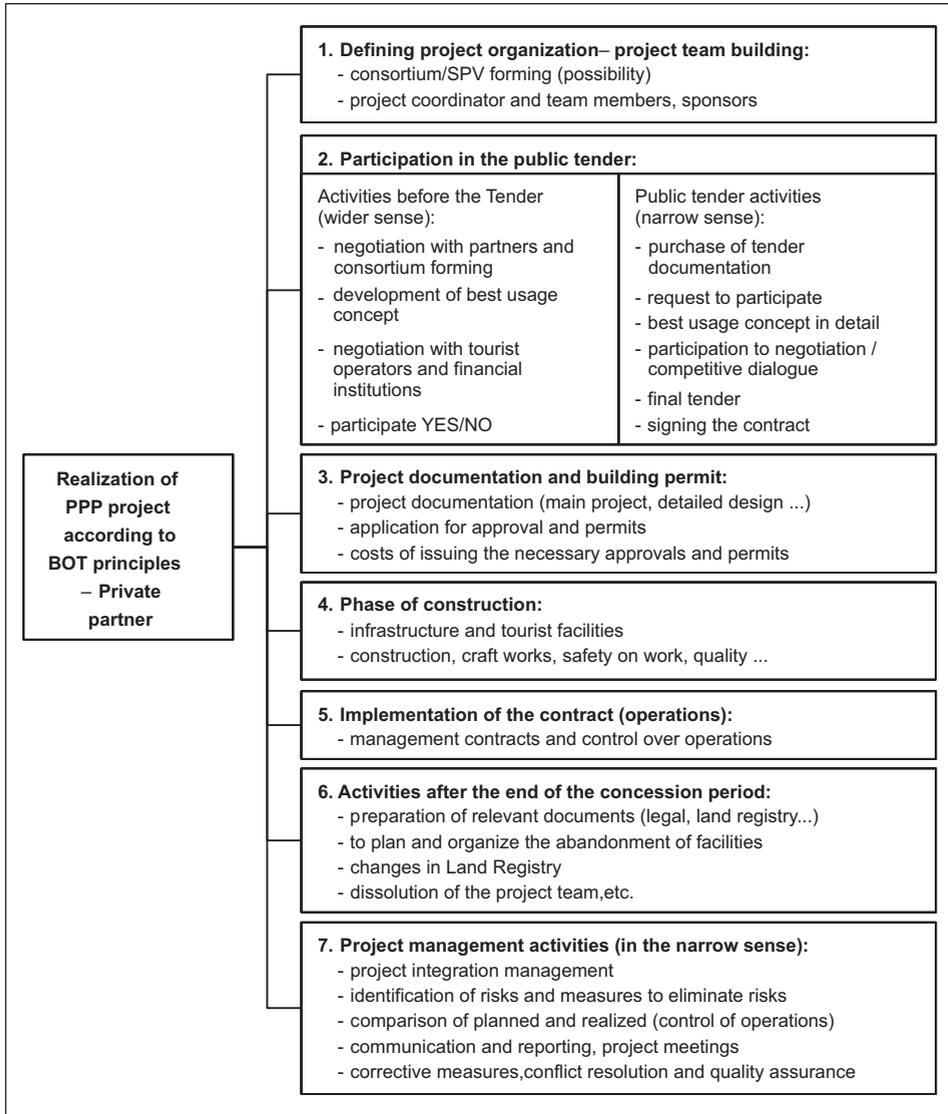
From the private-partner perspective, the implementation of BOT projects in tourism is extremely complex and involves a multitude of tasks and activities that can be logically grouped into the following main activities (Figure 2):

1. defining how the project will be organized – project team building,
2. participating in the public tender,
3. developing project documentation, obtaining building permits and other documentation,
4. constructing infrastructure and tourist facilities (construction phase),
5. implementing the contract (operations),
6. carrying out activities after the end of the concession period,
7. carrying out project management activities (in the narrow sense).

The most important project risks from the private-partner perspective are related to possible conflicts of interest and difficulties in forming a consortium or SPV, the selection of project team members, the provision of the necessary guarantees and financial resources to implement the entire project, the (in)ability of suppliers and subcontractors to complete contractual obligations (primarily in the phases of construction and operations) and to some general economic and political-legal conditions (recession in tourist markets, increase of interest rates, legal uncertainty, introduction of new taxes, relations with neighbouring countries, etc.).

Figure 2:

EXAMPLE OF PRIVATE-PARTNER ACTIVITIES
 IN A BOT MODEL IN TOURISM



Source: adapted from Perić, 2009a, 263.

Similar to the public partner’s project coordinator, after defining the main activities, the private partner’s project coordinator must determine their duration,

the sequence of their execution and their interdependence. Simultaneously with the defining of project activities and schedules, the private partner's milestones are identified, such as (1) the consortium agreement, (2) the signing of the contract with public partner, (3) the receipt of necessary approvals and permits, (4) completion of construction, (5) periodic controls over operations, and (6) the end of the contract.

If there is a failure to reach any of the above milestones, the continuation of the project is brought into question. The necessary resources and budget are allocated to each activity. Since PPPs in tourism are complex and technologically sophisticated projects that require higher investment in comparison with projects in other sectors, the private partner will probably have to ask for additional external funding, mostly from commercial banks.

4.2. Project organising from the private-partner perspective

The private-partner organization participating in a public tender for a BOT project in tourism is usually a large company with extensive experience and reputation in the business world. Small businesses with no experience, reputation and financial resources can hardly be expected to seriously participate in the process of tendering for similar projects. To be a serious participant, even big companies are joining with other private partners in specific forms, such as a consortium or SPV.

The choice of the organizational structure of the private partner depends on whether it implements the project independently or as part of a consortium/SPV. In the first case, and assuming that projects are an integral part of its activities, the matrix organizational structure can be applied where the new project is just one of several active projects.

When a consortium or SPV are established solely for the implementation of a BOT project, it is possible to use an organizational structure in which each of the consortium partners participates in functions and activities in accordance with its competence. This means that the roles of different partners in the consortium, as well as their responsibilities for individual activities, will be different. In this case, all consortium partners and their coordinators will jointly select only one project manager responsible for the execution of the project as a whole.

In any case, a temporary organizational structure that will best fit into the existing organizational structure of the private partner and enable the successful implementation of a BOT model should be chosen.

4.3. Project directing from the private-partner perspective

The project coordinator of the private partner coordinates the work of the project team throughout the lifecycle of the project and is responsible for achieving the project objectives within the time schedules and in accordance with the defined budget. Individual work tasks of the private partner's project coordinator are similar to the tasks of the public partner's project coordinator. Their focus is more strategic than operational, and their main purpose is to build and implement such organizational "networks" (of stakeholders, activities, resources, communications, etc.) which will enable the project objective to be achieved in the easiest possible way and with minimum risk.

Some basic tasks include the scope definition; definition of the duration, sequencing and budgeting of project activities; selection of team members and delegation of authority; coordination and control of milestones; risk identification; maintenance of vision; quality assurance; motivation; communication inside and outside the project; and negotiations with public partners and other stakeholders.

4.4. Project controlling from the private-partner perspective

Controlling the implementation of project activities in terms of the private partner's project coordinator is identical to that of the public partner. Accordingly, the private partner's project coordinator does not need to pay close attention to each project activity, but only to those related to achieving key project events, schedule, budget and quality. In case of any deviations from the project plan, he should implement certain corrective actions.

Because of the complexity of tourism projects, and the project coordinator's heavy schedule, additional systems of internal control carried out by experts within the project (Steering Committee or Peer Review Group) could be put in place. The main responsibility of internal control is to review the progress, achievements and results within the project life cycle.

External control refers primarily to the control carried out by the public partner and/or regulatory agency (*ex ante* audit, compliance with the signed contract items) or a financial audit conducted by an authorized audit company or individual auditors.

5. Project management of joint cooperation between public and private partners in tourism

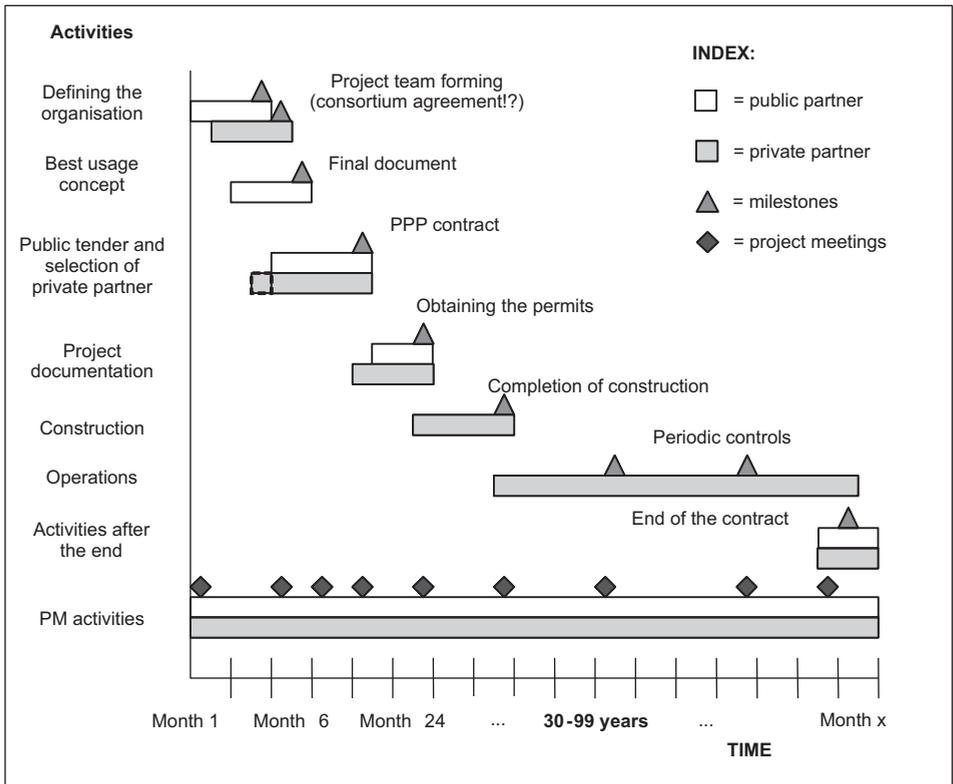
In implementing a BOT project in tourism both partners seek to achieve their own objectives. The public partner achieves objectives which it would not be able

to realize through its independent operations (construction of infrastructure, better use of assets, better value for money, etc.), while the private partner accomplishes objectives that are inherent to the nature of private ownership in the economy (profit and ROI). However, public and private partners cannot implement such projects in tourism without considering the other partner. Only their joint cooperation can lead to achieving their objectives, as well as to generating a synergistic effect that makes a positive contribution to meeting different needs at different territorial levels (local ⇔ regional ⇔ national).

Moreover, it is the synergy effect that truly makes sense of all PPPs, including the BOT model in tourism. Considering that both partners, public and private, apply the principles of project management in managing specific BOT project

Figure 3:

BOT PROJECT SCHEDULE IN TOURISM



Source: adapted from Perić, 2009a, 275.

in tourism, it is clear that the links upon which mutual cooperation could be built can, in fact, be found in their implementation of project management.

As early as the project-planning phase, the project activities of each partner are identified (Figure 3). An analysis and comparison of the proposed activities highlights the activities that partially depend on each other and which require the agreement and cooperation of both partners. For example, the first activities of the private partner (the formation of a project team and project organization, negotiations with potential partners, elaboration of best use concept, business projections) begin as soon as the private partner receives information that the public partner is planning to realise a BOT project.

In the case of a public tender, in the phase of negotiation or competitive dialogue, public and private partners should resolve all major problems or questions regarding the final tender. This is actually a period in which both partners seek to balance their interests. If the public partner is also a founder of an SPV, public and private interests should be represented through a project manager selected by all partners.

An important area of cooperation between public and private partners within the BOT project in tourism is also obtaining all permits required. Although the private partner is responsible for drawing up the documentation, from the partnership perspective (economic, legal, ethic), it is understood that the public partner does everything that is reasonably in its power to ensure that the permits are obtained in the shortest possible time. Any delay in this phase increases the costs of the private partner and moves the starting day of construction and operations. This has an impact on the dynamics of tourist arrivals, the private partner's profit, and the amount of taxes and fees (income tax, tourist tax, VAT, concession fee) to be paid.

Approaching the deadline for the expiration of the concession period, the project coordinators of both partners prepare and work jointly on activities according to the PPP contract. This includes the preparation of relevant financial, legal and other documentation in order to (1) transfer the operations (including know-how and existing tourist market), land and facilities to the possession and ownership of the public sector, (2) enable the private partner to have the right of priority or direct prolongation of the contract, or (3) remove from the premises, prepare a new tender and/or plan new usage of land and facilities.

The functions and activities of project management itself provide an important contribution to joint cooperation and to achieving project objectives. Each project coordinator establishes such a system of management, internal communications, control and reporting that suits the company's organizational structure, and is capable of giving warning of any deviation from the project plan, as well as maintaining a constant flow of information between partners. Therefore, planning communication flows, defining dates of meetings, and determining the form and

contents of certain documents and reports are relevant activities that facilitate the implementation of the project. Moreover, project meetings are the main communication tool for many projects, and they are often the only place where project coordinators can actually negotiate and achieve mutual cooperation.

6. Constraining factors to implementing project management in the BOT model in Croatian tourism

Factors affecting the development of project management and its successful application in practice can be divided into internal and external factors. Internal factors depend on the project itself and can be significantly changed in a short time, while external factors are objective and cannot be changed in a short time, or if they can, then to a much lesser extent.

Regarding internal factors, the main criteria for the application of project management – such as size, complexity and interdependence of activities, resource sharing etc. – in performing certain activities also represent major potential internal constraining factors for the successful application of project management in BOT projects in tourism. Too many activities make it difficult to handle the project, and there is a possibility that the project coordinator or manager could partly or completely lose control over the delivery of the most important activities and project objectives. If that is the case, she or he devotes too much time to controlling his team members and their activities, thus neglecting the basic mission and objectives of the partnership.

To verify these statements, author conducted 16 structured interviews with the relevant representatives of the public sector, investors, and external experts in selected BOT projects in tourism (Brijuni Rivijera and Šepurine) in the period from November 2010 to May 2011. As a part of the interview presented in this paper, two were multiple-choice questions, while the third was an open-ended question. Each representative was asked to respond with three answers (without ranking them) on each question, what makes 48 responses in total per a question. Frequency of responses (percentage) is calculated as the number of particular responses divided by the total number of interviewed representatives (16).

One of the questions asked was: “According to your opinion, what are the main internal factors that constrain the implementation of project management in the BOT model in Croatian tourism?” The majority of interviewed stakeholders responded that the competencies of team members (68.75%) and the complexity of the project (56.25%) were the main internal constraining factors (Table 1).

Table 1:

INTERNAL CONSTRAINING FACTORS FOR PM IN THE BOT MODEL

Question: According to your opinion, what are the main internal factors that constrain the implementation of project management in the BOT model in Croatian tourism? (3 answers)		
Possible responses:	Number of responses:	Percentage (%):
competencies of team members	11	68.75
complexity of the project	9	56.25
size of the project	6	37.5
interdependence of activities	6	37.5
resource sharing	6	37.5
team cooperation	3	18.75
other	7	43.75
TOTAL:	48	

Source: author's research

On the other hand, the most important external factors could be found in the external environment, such as the lack of legal regulations on PPPs, inexperience with PPPs, frequent changes in laws, public sector inflexibility and incompetence, and political will. To the question “According to your opinion, what are the main external factors that constrain the implementation of project management in the BOT model in Croatian tourism?”, 75% of interviewed stakeholders responded with “lack of legal regulations” and 62.5% with “inexperience” (Table 2). Interestingly, 50% see “political will” as one of the top three external problems. Indeed, these factors are very similar to the main constraining factors for the implementation of any PPP model in Croatian tourism which has been identified from a question from the first part of the interview (lack of legal regulations, 62.5%; legal inconsistency, 62.5%; inexperience with PPPs, 56.25%; political will, 56.25%; the limitation of spatial plans, 37.5%; and Croatian transitional heritage, 25%).

Table 2:

EXTERNAL CONSTRAINING FACTORS FOR PM IN THE BOT MODEL

Question: According to your opinion, what are the main external factors that constrain the implementation of project management in the BOT model in Croatian tourism? (3 answers)		
Possible responses:	Number of responses:	Percentage (%):
lack of legal regulations on PPPs	12	75
inexperience with PPPs	10	62.5
political will	8	50
frequent changes in laws	7	43.75
public sector incompetence	5	31.25
public sector inflexibility	2	12.5
other	4	25
TOTAL:	48	

Source: author's research

The representatives were also asked to state where they saw solutions to improve the implementation of project management in BOT projects. The majority said that such solutions could be found in an adequate level of education and training (87.5%) and in gaining the experience (62.5%) of project managers in tourism who should be able to meet all challenges as early as the project planning phase (Table 3).

In addition, new potential could also be found in organizational and human resources. Considering the fact that project management as a skill, scientific discipline, profession and process is quite well developed, the greatest opportunities for the further improvement of project management lie not only in new technologies (18.75%) and applications software (31.25%), but also in human relations (37.5%). The ability to understand co-workers and to establish cooperative relations with them are crucial skills for all project team members, particularly project coordinators and managers.

Table 3:

POSSIBLE SOLUTIONS FOR BETTER PM IN BOT PROJECTS

Question: Where do you see a solution for better implementation of project management in BOT model?		
Possible responses:	Number of responses:	Percentage (%):
education and training	14	87.5
practical experience	10	62.5
human relations / team management	6	37.5
application software	5	31.25
new technologies	3	18.75
organizational structure	2	12.5
other	8	50
TOTAL:	48	

Source: author's research

It is also interesting to note that within the category “Other”, five responses were given (31.25%) that imply that proper legal definition and consistency could also help to improve project management in BOT models. It is likely, however, that the respondents identified this question with the question referring to the main constraining factors to the management of PPP models in general.

The majority of these limiting factors depend directly on the people involved (people gain competencies and experience, propose and proclaim laws, prepare tenders, make decisions etc.). Therefore, by analysing the complexity of a BOT model, the number of people involved, the essentially different interests of main partners and the interview results, while taking into consideration certain inexperience in implementing similar projects in Croatian tourism, it is possible to conclude that human resources are the main constraining factor for the application of project management in BOT projects in Croatian tourism.

7. Conclusion

The proposed BOT model in tourism makes optimal use of the advantages that public-private partner collaboration in tourism provides. Capitalizing on BOT benefits is possible only if the project is managed successfully, and this largely depends on project coordinators and/or managers and their activities.

Each partner's project coordinator and/or manager (public or private) tries to ensure the integrity of the project from his perspective. However, true integration and synergy can be achieved only through the mutual consideration of interests and overall activities of both partners. Examples of the closest collaboration can be found in project planning, the formation of a project team, the obtaining all permits required, the phase of negotiation and project meetings when all major problems are resolved, and in the preparation of relevant financial, legal and other documentation as the contract period deadline approaches.

Therefore, joint cooperation between the public and private partners in tourism must take into consideration the perspectives of both partners. On the other hand, by applying the principles of project management, together with communication and control mechanisms, each partner should seek to accomplish its own interests and objectives and be ready to intervene if the case of any deviation from the plan. This is the only way that BOTs in tourism can become a tool for making profits, but without losing sight of the basic mission of the public sector.

It can be concluded that the proposed project management principles seek to make optimal use of the advantages that BOT in tourism provides, primarily with regard to the tender procedure, the timescale of the concession contract, the value of assets to be transferred to the public sector, the amount of the concession fee, and the allocation of risks.

Also, the research has shown that human resources are the main constraining factor for the application of project management in BOT projects in Croatian tourism. However, human resources should not be viewed solely in terms of technical knowledge, skills and competencies, but also through the establishment and development of interpersonal relationships that will result in significant synergies. Ensuring an adequate level of education and training, gaining experience, and ensuring proper legal framework and consistency are seen as solutions to improving the implementation of project management in the BOT model in tourism.

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PRIMJENA PROJEKTOG MENADŽMENTA U BOT MODELU JAVNO-PRIVATNOG PARTNERSTVA U HRVATSKOM TURIZMU

Sažetak

Projektni menadžment podrazumijeva upravljanje projektima. Pošto je BOT (Build-Operate-Transfer) model specifičan oblik suradnje između osoba ili organizacija u javnom i privatnom sektoru, osnovni principi projektnog menadžmenta mogu se primijeniti na BOT model. U radu su ukratko prikazane specifičnosti BOT modela u turizmu, koji je u svijetu prepoznat kao veoma važan generator gospodarskog razvoja. Osnovna metodologija projektnog menadžmenta sa svim svojim funkcijama i procesima (planiranje, organiziranje, vođenje i kontroliranje), primijenjena je i detaljno analizirana na općem BOT modelu u turizmu, s aspekta javnog i privatnog partnera, i njihove međusobne suradnje. Istraživanje je pokazalo da se poveznice međusobne suradnje javnog i privatnog sektora mogu naći u provedbi, ili preciznije, radnim paketima ili aktivnostima projektnog menadžmenta kod oba partnera. Također, rezultati provedenih intervjua ukazuju da su ljudski resursi glavno ograničenje za primjenu projektnog menadžmenta u BOT modelu u turizmu, i to ne samo iz perspektive projekta (iznutra), već i iz perspektive okoline i uvjeta u kojima se projekt provodi (izvana).

Ključne riječi: projektni menadžment, BOT model, javno-privatno partnerstvo (JPP), turizam, Hrvatska