



Value Co-creation in Public-Private Partnerships: A Case of Cultural and Creative Industry in Taiwan

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ABSTRACT: *There has been a surge in research of public-private partnerships (PPPs). However, the understanding of how to develop, manage and assess PPPs in order to co-create value for governmental and business organizations and the society remains constrained. We contend that the characteristics of publicness, heterogeneity and collective actions in PPPs will inevitably result in situations that self-interests of individual organizations are placed above the public welfare; such phenomena are seen as “social dilemmas.” From a perspective of value-based strategy, we further argue that, social dilemmas between public and private organizations can be reduced using a platform that provides information accessibility and transparency, with which mutual dialogue and negotiation is facilitated; we term it as a “value co-creation platform”. Drawing on a case study of Pier 2 Art Center’s cultural innovation, we identified and analyzed three types of social dilemmas occurring in the cross-sector partnerships between Bureau of Cultural Affairs Kaohsiung City Government and operators of Pier 2 Art Center: cooperating dilemma, sharing dilemma and evaluating dilemma. We found these dilemmas were mitigated in the value co-creation platform, successfully generating economic and social value.*

KEYWORDS: *Public-Private Partnerships (PPPs), Value-Based Strategy, Social Dilemma, Cultural and Creative Industry*

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I. INTRODUCTION

The related studies show that the partnerships between public and private organizations are different from partnerships among private organizations (Rufin & Rivera-Santos, 2012). They demonstrate (1) a higher degree of collective action for mutual dependence (Mahoney McGahan & Pitelis, 2009); (2) the heterogeneity of goal pursuit, performance evaluation, and managerial and strategic levels (Rufin & Rivera-Santos, 2012); and (3) the publicness of stakeholders' welfare should be taken into account (Bridoux & Stoelhorst, 2013; Klein, Mahoney, McGahan & Pitelis, 2012).

The above PPPs' characteristics yield significant differences in the management evaluation of the resources, risks and performance during such collaborations because of differences in the goals, missions and values between public and private organizations (Waring et al., 2013). Moreover, on the premises of collective actions, the actions of one party often have an impact on the actions and results of the other party (Mahoney et al., 2009), leading to friction and causing higher degrees of complexity and ambiguous space in cooperation (Bridoux et al., 2011). Consequently, PPPs inevitably generate social dilemmas (SD), which harm collective interests (Bridoux et al., 2011) and fail to meet the goals set. On the one hand, facing such SD problems, both the private and public organizations should assist in the completion of public affairs and concerns regarding the public interests of policy development. On the other hand, they should care about the goals and benefits, respectively, of different organizations involved so as to avoid failures in cooperation and disintegration in order to further maximize their values (Agarwal et al, 2010).

This study adopted the Pier-2 Art Center (Pier-2 in short) in Taiwan as the field study. It made use of the case studies in the qualitative research to describe the development of the relationships, and the conflict and influence between public and private organizations during the course of development. The research questions

focus on theoretical construction for PPPs through an exploration of the context process analysis with (1) what kind of social dilemma would be generated by PPPs and why? (2) how can the partners of PPPs solve (or reduce) social dilemmas and so what?

II. LITERATURE REVIEW

Social dilemmas are more common during cooperation between public and private sectors for the following reasons. Firstly, although during a cooperation different organizations will acquire learning effects due to collective actions and the co-execution of tasks (Cuccurullo & Lega, 2013), they are also likely to expose their merits and defects to their partners. In addition, partners may be held up due to the input of capital and resources, which will form tensions as the organizations will, simultaneously, consider the risks of cooperation (Barnes, et al., 2011) and increase the level of uncertainty for some organizations about realizing the expected results after the collective actions. Secondly, the heterogeneity of the partners will lead to different opinions and assessment standards regarding performance assessment and the levels of goal achievement, with vague definitions of the input and output of common properties. Consequently, conflicts between members and conflicts between a member and the group can easily occur (Agarwal et al., 2010), making it difficult to objectively measure the results of the collective action and the contributions of each organization (Bejerot & Hasselbladh, 2013). Thirdly, due to the publicness of PPPs, domination rights of the common properties and the assignment rights of any resources are owned by the public sector that also has the right to generate cooperation rules and to supervise. On the other hand, the private sector generally takes the role of the executor of the cooperation, and must implement tasks as agreed. The two parties have different levels of information advantage, and thus it is easy to cause information asymmetry or the lack of information (Bridoux & Stoelhorst, 2013). It may also lead to uncertainty regarding the intentions of some organizations to conduct cooperative actions, or disagreement regarding the distribution of the cooperation results, which will then further influence cooperation intentions. Due to the above reasons, both public and private sectors may focus on obtaining short-term individual interests regardless of the increase in long-term collective costs. Alternatively, they may tend to reduce short-term individual costs, and sacrifice long-term collective interests (McCarter et al., 2010).

Strategy researchers believe that the existence of an organization is to create value for its stakeholders, and further consideration should be given as to whether (and how) the organization can continue to create value for its stakeholders in the future. Extending from value-centered topics, scholars have started to discuss why firms are different in value creation, and have different advantages (models) for value creation (Zajac & Olsen, 1993) in order to elaborate why and how manufacturers and firms create value, thus forming the strategy research trend of value-based views. As Pitelis & Teece (2009) have said, the essence of strategies is built on the basis of the concept of value. From this, all kinds of value activities are derived that are beneficial to value-adding, distribution (acquisition), and ways of enhancing and strengthening the (existing) value activities of manufacturers. In recent years, many researchers have further pointed out that value-creating activities contain interactions between principal manufacturers, as well as suppliers and competitors, and even the interaction experience of consumers. It is a process-featured ecosystem (Grönroos & Voima, 2013), namely, formed by co-creation (Prahalad & Ramaswamy, 2004). In other words, value-creating activities usually require the cooperation of principal manufacturers and other interested groups, mutually influencing the creation of overall value by co-designing, co-producing, and creating services (Grönroos & Voima, 2013). Pitelis (2012) have also pointed out that some organizations operate better than the market level and other organizations because they have realized that their own missions and goals are not just in running a business but, more importantly, co-creating a market together with other interested parties, including consumers. For this study, partnerships between public and private sectors usually contain not only the operation of the business, but also larger service intentions, or the goal of constructing common properties. Participants include not only public and private sector organizations but also consumers, and even related persons who enjoy appropriate values during the transaction (Amit & Zott, 2001). They share the interests and costs of the whole society during the collective actions. In other words, a PPP itself is a kind of value-based organizational relationship between the public and private sectors, and is a process of co-creation.

To summarize, public and private sectors create value through cooperation, and apart from the interactions between the subjective bodies of public and private sectors, the existence of objective bodies, such as other stakeholders, should also be considered. In addition, experience and rule-sharing platforms are constructed based on the interactions between the subjective and objective bodies (Kivleniece & Quelin, 2012), and the recognition of inter-subjectivity is shaped. For this study, the basis of the value co-creation of the public and private sectors is the way to deal with social dilemmas using the effective and interactive models of stakeholders. In order to solve social dilemmas between public and private sectors, the public and private sectors, and even stakeholders, should establish (1) communication and dialogue to reduce differences in the

goals of the partners of the PPPs and understand any insufficiencies of the overall goal, enhance the cooperation intention of the partners (Weber & Mayer, 2014), and encourage partners to participate (Agarwal et al., 2010) by the clear framing of visions. (2) Information accessibility and transparency. As the cooperation results of the public and private sectors have the features of common properties, it is difficult to quantify the performance and levels of contribution of each individual organization. Furthermore, as the interests of common properties are not only owned by both public and private sectors, but also shared by the stakeholders, the accessibility and transparency of the information can promote the establishment of recognition, trust, and reciprocity among partners. (3) Establish shared recognition and rules during the process of mutual negotiation. By repeated persuasion and tests between public and private sectors, partners should be willing to obey the behavior norms for cooperation, and reform the result of any actions that are acceptable to any party (York et al., 2012). Considering the influences of stakeholders on value co-creation, participants in the above-mentioned interaction models contain not only public and private sector partners, but also stakeholders who influence the value co-creation of public services.

III. RESEARCH FIELD AND METHODS

Considering the method of purposeful sampling, the case studied by this research is the Pier-2 Art Center (hereinafter referred to as the Pier-2), a venue in the culture and creative art industry of Taiwan, as the development of the Pier-2 is close to a typical PPP cooperation model. With respect to the support given to the culture and creative art industry in Taiwan, in the past, it was generally conducted by means of government departments providing resources, and private sector organizations operating as private business, or by means of a BOT or OT scheme. For example, the five major culture and creative art centers (Huashan, Taichung, Chiayi, Tainan, and Hualien) were rebuilt from derelict factories of the Taiwan Tobacco and Liquor Corporation under the instruction of government policies, which is a bias toward the linear policy implementation of PPP models. The reason that the Pier-2 Art Center is worth researching is that it has been developed through the cooperation and adjustment of the public and private sector organizations. The participating public and private sectors have changed many times. For example, the public sector organizations have changed from the Cultural Center of Kaohsiung, the Bureau of Cultural Affairs to the Pier-2 Operation Center, and the private sector organizations have changed from the Pier-2 Art Development Association to Shu-Te University, etc. Participating organizations have even included stakeholders such as neighboring citizens, visitors, and performance organizations. The Pier-2 has been established and developed neither under a system dominated by the public sector, nor under the operating model of transference to private companies. On the contrary, connections, communication, negotiation, and interaction between all kinds of participants have significantly influenced the development direction of the Pier-2 Art Center, and created value that is acceptable to all parties, thus forming the current special situation. Consequently, this research took the Pier-2 Art Center as the research subject, hoping to further explore the implications of PPPs by presenting the dynamic evolution and interactions between the public and private sector partners. The following is presented a table related to the operation process of Pier-2.

Table 1. Operation process of Pier-2

Time period	2001/1 – 2003/12	2004/1 – 2005/12	2006/1 – 2010/12	2010/12
Operator	The Pier-2 Art Development Association (Private sector)	College of Design, Shu-Te University (Private sector)	The Fourth Section of the Bureau of Cultural Affairs (Public sector)	The Pier-2 Operation Center (Public sector)
Participant	Kaohsiung Culture Center (Public sector)	The Fourth Section of the Bureau of Cultural Affairs (Public sector)	Non-governmental planners (Private sector)	Non-governmental planners (Private sector)

Data source: summarized by this research

In addition to the intensive interviews, this research also collected different secondary data (from 2002 to 2010), including relevant archive information on the public and private sectors, and reports on the Pier-2 from newspapers, magazines, and digital media (such as YouTube). These secondary data can not only enrich the details of the development of the Pier-2, but can also represent the authenticity of the data by means of triangulation (Miles & Huberman, 1994). In addition, during this research, we visited the Pier-2 Art Center several times so as to carry out field observations (from 2010 to 2014). This was to understand the kinds of

changes that had occurred in the general environment, such as exhibition halls, buildings, and cultural and creative art products, and the soft environment, such as styles, forms, and the constitution of visitors under the cooperative operations of the public and private sectors. The hope is that this research can present an honest view of the practical development of the Pier-2 Art Center.

IV. CASE ANALYSIS AND DISCOVERIES

1. Collective actions of the public and private sectors

With respect to the operation and development of the Pier-2 Art Center, the manpower and abilities of the municipal government are limited, and the government needs the cooperation of other organizations, especially non-governmental organizations, which are eager for government resources. It is only in this way that the Pier-2 can develop more efficiently and faster. A clerk from the Bureau of Cultural Affairs said,

“It should be managed by professional artists... The first successful bidder was an organization called ‘The Pier-2 Art Development Association’. Some artists were very interested in it, and thus established this association to bid for the operating rights.” (Interviewer, Xue-Ni Chen)

However, at that time, when operating the Pier-2, private sector organizations still needed help from the public sector. For example, when a large activity was held at the Pier-2, the public sector’s control over the media resources was beneficial to the promotion of the activity and the enhancement of the reputation of the Pier-2.

“...The operating organizations were not familiar with the media...They would ask us to check the wording of the new release, about the activity they would hold... We would revise it, and hand it over to our senior officer, for we have more experience dealing with the media and journalists...” (Interviewer, Shu-Yuan Huang)

In addition, in the past, there were many restrictions from the public sector when activities were held. The artistic performances and creative ideas were often restricted by formal regulations from the public sector. Officers from the Bureau of Cultural Affairs said,

“...the fostering and development of creative ideas, at a stable and mature place, like a cultural center. It is rather systematic, and those who come here may receive an advanced notice from such a system...” (Mei-Ling Jian and Ru-Ping Chen, interview manuscript)

When privately operated organizations make plans and hold activities with the support and cooperation of the public sector, they will be inspired with more creative ideas, and communication among the different participants will be promoted. They set up artistic workshops for artists to create and sell their works, encouraged citizens to donate materials for a public art installation, and set up performing squares for artistic exhibitions and community activities, thus enhancing the citizens’ sense of participation. These activities were different from static exhibitions held in art centers or museums before. With the cooperation between the public and private sectors, the Pier-2 has been built into an open space for free participation. This is combined with the cultural history of the Yancheng District, and enables artists to have more contact and interaction with the public so that, together, they can develop cultural and creative activities with local features.

2. The publicness of Pier-2 Art Center

As the operating scope of Pier-2 belongs to the open space, and the warehouses are owed by the Harbor Administrative Bureau, Ministry of Traffic and Communication, it is a common property rented by the municipal government. When the municipal government authorized a non-governmental organization to operate it, the government asked the organization to repair the main structure of the Pier-2 which hadn’t been repaired for years in order to provide a safe space for visitors and residents. A clerk from the Bureau of Cultural Affairs said,

“You will find it (the repairs) difficult work...Adopting a warehouse is like adopting a child. The warehouses had several structural problems, such as leaks...but you have to repair them in a careful and mild way, to maintain their completeness as much as possible.” (Mei-Ling Jian and Ru-Ping Chen, interview manuscript)

However, the repair work was neither the business of the operating organizations, nor their goal. In addition, the funding was limited. The operating organizations were active in promoting the development of local art, rather than maintaining these public structures. As a consequence, their opinions about the maintenance of the warehouses were different from those of the public sector.

“They would come to supervise the construction, and also ask to follow standard construction procedures. Therefore, it would take a long time... Furthermore, we didn’t have much experience, and had to revise constantly. The fund continued to increase... The warehouses were so old...Even structural technicians did not dare to guarantee anything...” (Kuang-Sheng Liu, interview manuscript)

The warehouses were built with iron sheets, and the ventilation was poor. It was hot and suffocating in summer. The public could not bear it, and didn’t like to visit at all. Artists were not able to create work there. The warehouses were not even properly set up for holding activities. The conditions didn’t get better until funding for air-conditioners was released. However, the cohesive force behind this place dispersed. Additionally, the public and private sectors had different opinions on the methods required to maintain the warehouses. The public sector believed that it was clearly written on the operation contract that the structures were under the management of the private sector organizations, while the private sector organizations thought the Pier-2 was a public space, and should be managed by the government.

“...The warehouses are owned by government departments. We went there, and found them to be a desolate place. We needed to repair everything. We would start operating soon. There was time pressure. The contract time was only two years...The place was not owned by us. We repaired it, and could use it for only two years, and then it would be used by others...” (Kuang-Sheng Liu, interview manuscript)

As a consequence, during the operations by the Pier-2 Art Development Association, half of the fund for the first two years (2001-2003) was used to repair buildings (the repair expenses in the first year accounted for 50% of the total fund of 28,000,000 NTDs) (Kaohsiung Bureau of Cultural Affairs). Furthermore, when the first phase of the outsourcing operation ended, Shu-Te University, which won the second outsourcing contract, didn’t obtain financial subsidies from the Council for Cultural Affairs of the central government, and had to raise funds by themselves for operational expenses. Thus, the disputes over maintenance expenses became greater between the university and the municipal government.

3. Differences goals and evaluation

The public and private sectors also had different opinions regarding the development goals of the Pier-2. At an early stage, the Kaohsiung Bureau of Cultural Affairs successively set up several goals when planning the Pier-2, such as the leisure pier, the cultural basin of the Aihe River, and the recycling of idle space, hoping to reshape this declined place and redefine its value. Consequently, when selecting non-governmental operators, the Bureau of Cultural Affairs hoped that the Pier-2 not only had artistic value, but could also bring sightseeing value for the community. Therefore, on the Notice to Operating Organizations of the Authorized Repair and Construction Plan of the Pier-2 Art Center, the bureau listed authorized programs for the Pier-2 in detail. These included holding artistic and cultural activities, following cultural policies issued by the Municipal Government of Kaohsiung and holding related activities, strengthening interactions between the artistic performers and the community, increasing the cultural sightseeing resources of Kaohsiung, and providing artistic souvenir sales and a catering service. The bureau stipulated the development direction for the operation by listing these details.

However, each of the non-governmental operators had their original intentions and goals. For example, the Pier-2 Art Development Association believed that the artistic development in the south was ignored for a long time, and that it needed a place that was qualified for fostering and constructing cultural art, and that could provide space for residents and artists to live and interact in (Fu-Mei Liu, interview manuscript). The association planned for the Pier-2 to become an experimental performance and exhibition space of cross-field art, creations, an exchange site for domestic and foreign artists, a culture and art promotion center and an information station for the community. Some parts of the Pier-2 were divided into much smaller spaces for artists to create their works, called the “breeding base of artists”. Shu-Te University that took over the operation considered the Pier-2 as a “window to the outside world”. The university hoped to combine art with daily life by their artistic creation major, and used the elements of the university, art, and community to construct a cultural and artistic leisure zone with “art-styled life and life-styled art” (Ing-Huey Wong, interview manuscript).

Different goals caused problems with the public and private sectors’ recognition of operation and management. When the Pier-2 Art Development Association joined in, all the funds came from the public sector

plan (Kaohsiung Bureau of Cultural Affairs, 2003). Therefore, the Pier-2 Art Development Association had to cooperate with the public sector to create measurable “performance”. On the other hand, the public sector would check the implementation conditions of the plan through regular inspection tours. However, artists usually stayed at the center for two or three months. They had to cooperate with the association to promote activities, hold achievement exhibitions, and communicate with the public in such a short time, and were not able to accumulate energy for creation. In addition, the operation of the association didn’t produce a systematic accumulation, such as picture albums, catalogs, and video tapes, and as a consequence, doubts were raised by the public sector. The two parties didn’t have a solid foundation for mutual trust. When Shu-Te University took over the center, the plans for idle space recycling were pushed aside by other plans. Therefore, the government expected Shu-Te University to strengthen its self-financing. As a consequence, Shu-Te University adopted several methods to increase its income. For example, the warehouses were renovated as 12 creation workshops. Artists could create there, and at the same time, conduct open teaching, give exhibitions, or sell products. Apart from paying the rent, water, and electricity, artists had to pay back some of their income to the university. The artists also had to cooperate to promote open classes. In addition, Shu-Te University tried to combine the cultural developments with industries related to peoples’ livelihoods, introducing a typical snack fair for Yancheng. In the meantime, the university also worked with community resources to conduct activities that were close to peoples’ daily lives, such as a flea market of cultural and artistic goods, to attract the public. Unexpectedly, these activities attracted many itinerant vendors, and even residents nearby started to set up booths in their courtyards. Things sold became more and more irrelevant to art and creation. Gradually, the fair was no different from any other. Visitors became uninterested, and started to complain about the disordered environment, and the crowds shrunk. Such chaos also influenced the operation of the creative workshops, and then income problems appeared. Requirements for funding caused pressure on the operating organizations, and friction began with the public sector, even disputes about the performances.

“Administrative staff didn’t offer help...asked us to take them as managers. To supervise you... For example, we wanted to give classes, and asked them to post the information on the Internet, but they didn’t have time to help us. However, when our classes began, and brought income, they came to ask for their commission immediately.” (Shu-Yuan Huang)

4. Problems emerging in PPPs

The operating groups from the private sector had invested a large amount of funds to repair buildings, but the two-year contract time was not enough time for the operators to properly implement their plans for the Pier-2. However, once the contract time for the outsourcing operation of the Pier-2 expired, a new bidding process would have to be conducted. The municipal government might not support the operator to continue operating due to the requirement of the laws and regulations, as the public sector had to select the operator by means of the bidding process, and could not publicly support a specific operator. In such a way, the public sector could not harm themselves in the pursuit of benefits. However, this form of obeying laws and regulations caused problems for the operators.

“The repair expenses of the first year were very high...(even cause) the Bureau of Cultural Affairs to have a negative attitude towards the Pier-2... In two years, your operation time expired, and you needed to bid again...but such provision by the government...you only have two-year’s operation time at the most. We were not able to recover the cost...If the government could give me a nine-year contract...but they (the government) couldn’t.” (Ing-Huey Wong, interview manuscript)

Apart from the contract time, the public sector also had different opinions regarding the operation method. For example, the public sector thought the Pier-2 should provide a place for artists to create, and for the public to participate, thus driving the development of the culture and creative art industry in the south. However, limited by time and resources, artists only stayed for three months, and had to cooperate with the government by playing the roles of the visitor, expositor, and salesman. They could not concentrate on creating. As a consequence, the Bureau of Cultural Affairs thought the performances were not good. The public sector wanted to see crowds. The crowds and sightseeing at the Pier-2 was an important indication of the performance. Therefore, the public and private sector disagreed on the standards of the output and measurement of the performance. Trust issues occurred, and the two parties had negative attitudes towards each other. The public sector wouldn’t support the private sector, and the private sector was not willing to cooperate with the public sector.

“...sometimes was criticized that the promotion was not sufficient. The public could not participate. There were even accusations that the art village consumed public funds, but showed no value to the community and the city...” (Interviewer, Jia-Dong Guo)

On the other hand, the Pier-2 was rented by the municipal government from the Harbor Administrative Bureau and Taisugar. Rental fees were paid monthly, and a considerable amount of deposit had to be paid in advance, which would be returned when the lease expired. Therefore, the operators bore heavy financial pressures. For example, when Shu-Te University won the operating rights, as the policy of idle space recycling was pushed aside, funds and resources from the government subsidy were reduced greatly, and the university had to raise funds by itself. Although Shu-Te University held a number of activities, and made efforts to bring in revenue income of over 5,000,000, which seemed to be good and built its reputation at the Pier-2, after deducting operating expenses, the annual loss was between four to five million NTDs. That was a negative performance for the public sector, but anyhow, the public sector would still charge its fees as specified.

“The work of the Bureau of Cultural Affairs is just supervision. As you receive a few subsidies, it will come to supervise you, including the promotion part,...but this part didn't go as smoothly as we expected...The rule was that you operate here, and you had to pay back some of your sales revenue... But when implementing this rule, what can you use to prove it?” (Interviewer, Shu-Yuan Huang)

Continual losses put huge pressures on the academic organization. After operating with painstaking effort for one phase (two years), Shu-Te University decided to withdraw from the Pier-2 Art Center. As no organization was interested in the operating rights, the future of the Pier-2 was completely unclear. The private sector withdrew, and the public sector couldn't find a development direction. The development of the Pier-2 went from great interest from the local society in 2001 to no tender submitted in 2005. The public even started to discuss whether the Pier-2 Art Center should be abandoned (Interviewer, Jan-Chun Chang).

Summary

Facing social dilemmas, public and private sectors explored ways to adjust their cooperation model, and tried to save Pier-2 from failure. For example, the Bureau of Cultural Affairs tried to increase communication frequency and models with the operating organizations. When holding cultural and creative activities, the bureau would invite private sector organizations and stakeholders to participate in the discussions, join the preparatory committee, and would consider different opinions. Meanwhile, the Bureau of Cultural Affairs also tried to release as much information as possible, and encourage the participating organizations of the exhibitions to clearly understand the information and content of the exhibitions and performances. Through the visiting public, information was spread among stakeholders. During the activities, exhibition planning organizers continued to use the site, perform content, and participate with the public to implement interactions. In practice, they gradually constructed targeted performances that were acceptable to both the public and private sectors, i.e. attracting more visitors and artists, and making Pier-2 more famous.

The above changes and results brought about by different participants can be considered as the processes for using a wide range of communication methods to stimulate the generation and exchange of opinions, thus increasing the levels of publicness and transparency of the information, further promoting the interaction of different participants on the Pier-2 site. During practicing and learning, the contact between the participants was increased, and agreement was reached on the development of Pier-2 after negotiation and adjustment. Consequently, artists became more willing to participate in projects, and visitors increased. Apart from creating economic value from the shopping and consumer behavior of the public, the Pier-2 Art Center has been promoted as a site for culture and art development, and a value co-creation platform among private sector organizations, the public sector, and stakeholders has been constructed (shown in Figure 1).

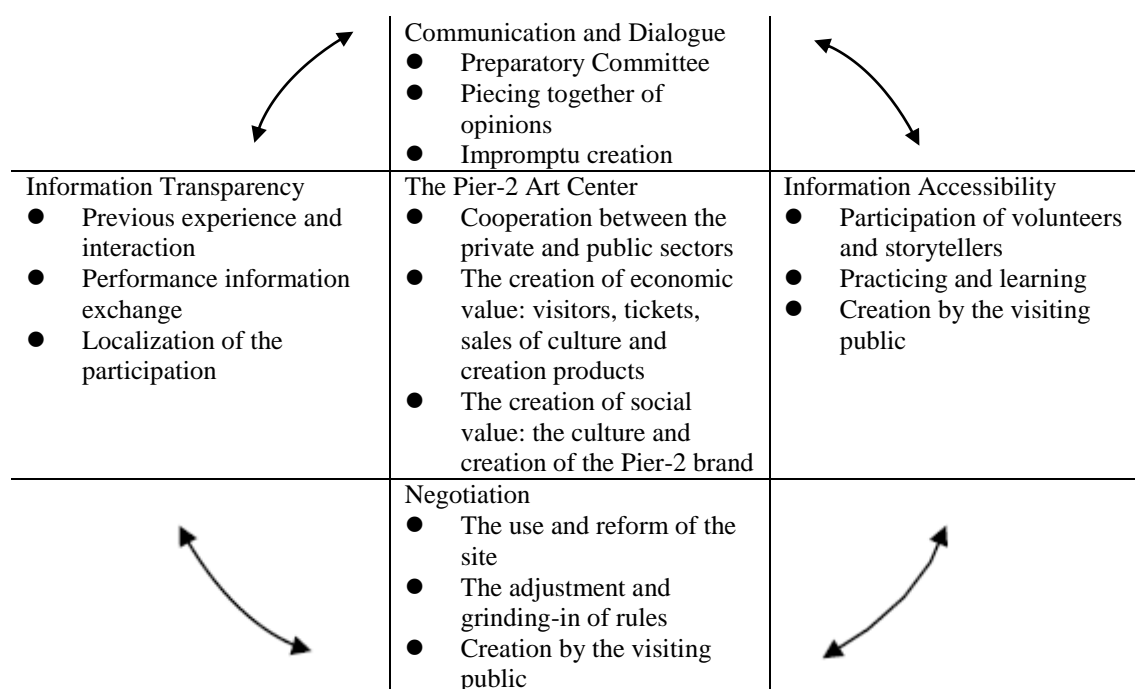


Figure 4. Value Co-creation mode of Pier-2

V. CONCLUSION

The focus of this research is how to construct a co-creation model of value-based strategies, and deal with social dilemmas derived from the cooperation between private and public sectors. By theoretical construction, case analysis, and research, this research proposes the idea of strategic value for theoretical implications, and illustrates the following two aspects. (1) What kinds of social dilemma are caused by the features of PPPs, and how to deal with them using a value co-creation model? (2) Fill the gaps in empirical researches on the management of the culture and creative art industry. In addition, this research also proposes practical implications for the private and public sectors. Analyzing roles that the private and public sectors and stakeholders play during the development of the culture and creative art industry and the situations of practical implementation, the research points out what the value-based strategies will bring to the PPPs of the Pier-2 Art Center: (1) an operating model co-shaped by stakeholders, and (2) trust between the private and public sectors is not constructed by contract, but derived from inter-subjective practice, which can be used as reference for the development of other culture and creative art centers.

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