



The Public-Private Partnerships (PPP): The Case Of The Brics Countries

Takhirov Djakhongir Makhmudjon ogly

Namangan engineering technology
Institute "Economics" department doctoral student

ABSTRACT

This research study provides a comparative examination of several partnership types and looks at how well public-private partnerships (PPPs) benefit small and medium-sized enterprises (SMEs). Finding the best strategies for fostering SME expansion is the goal. The paper examines how PPPs might support the development of SMEs, acknowledging their critical role in generating employment and economic progress. The research looks at governance structures, finance mechanisms, resource allocation, knowledge sharing, and capacity building as important elements influencing partnership success by analyzing several PPP models across different countries and industries. The report presents recommendations for decision-makers in government, business, and agency that support small and medium-sized enterprise development. It also sheds light on the advantages, disadvantages, and best practices of various partnership arrangements. The study adds to our understanding of PPPs and SME assistance while offering useful suggestions for improving public-private sector cooperation. The results have important ramifications for shaping public policy and directing the creation and execution of successful PPPs that assist SMEs and promote long-term economic growth and prosperity.

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Introduction

A collection of medium- and long-term cooperative strategies between the government and private industry designed to address socially relevant issues in a way that benefits both parties is known as public-private partnerships. This relatively new and unique kind of collaboration between the government and private enterprises is widely utilized in many industrialized and emerging countries. This arrangement is predicated on the state's direct economic influence being weakened and functional power being transferred to the private sector while maintaining and bolstering governmental oversight.

The state functions as a sort of agency for the provision of services and things that are valued by society. It can manufacture some of these items independently, while the other portion is generated by utilizing the skills and resources of private sector players. To a certain degree, business is encouraged to oversee state assets and enhance the caliber and execution of government initiatives. The fundamental idea behind a PPP is that, on the one side, the state naturally wants to boost tax revenue and bolster its budget. However, in order to foster its own expansion, boost profitability, and achieve development stability, the private business sector is more than eager to contribute to the creation of the industrial and social infrastructure. In light of this, public-private partnerships (PPPs) can be seen as a unique type of corporate and government arrangement based on the idea that "business wins if the state wins." In 2014, the energy sector accounted for the greatest number of new projects globally with private involvement (157), trailed by transportation (49), and water and sanitation (33). The transportation sector received the largest investment, despite the energy sector having the newest projects. Considering the aforementioned, it is possible to examine the importance of public-private partnerships and their outcomes, which include the emergence of new infrastructural and societal sectors as well as the flow of capital and investment into those areas where there had been a period of relative stagnation. Along with the development and application of new technology, there are also changes in management and organizational techniques. An innovation policy must include the state's collaboration with the private sector. Because, when done correctly, it expands the benefits of funding public research by fostering an environment that is conducive to the innovation's sustainable growth as a key driver of economic expansion.

Literature review

It is commonly acknowledged that SMEs are essential for innovation, job creation, and economic growth (Gherghina, Botezatu, Hosszu, et al., 2020). However, a number of obstacles prevent small businesses from growing, such as restricted access to capital, a lack of management and technical

expertise, inadequate infrastructure, and regulatory hurdles (Wang, 2016; Khan et al., 2022). PPPs have been used more frequently by both public and private organizations as a means of assisting the expansion of SMEs in response to these challenges (Roehrich, Lewis, & George, 2014). A wealth of research emphasizes the potential advantages of PPPs for small and medium-sized enterprises (SMEs), including better financing availability, assistance for business development, ease of knowledge transfer, and increased market access (Roehrich, Lewis, & George, 2014).

According to Camarinha-Matos's (2014) research, cooperation is essential to the agility and resilience of businesses. He elaborates that entrepreneurial ecosystems may also be altered to deal with unforeseen changes and disruptions while also exploring new business prospects. Organizational form can be reshaped by deliberately integrating the greatest skills and resources. Owing to the speed at which technology and innovation are developing, businesses are more likely to work together than to operate independently in order to pool resources and knowledge for sustainability and innovation (Hagedoorn et al., 2018). This factor takes into account the quantity and nature of their partners, which include suppliers, customers, and research institutes (Hagedoorn et al., 2018; Lee et al., 2017). While acknowledging the potential advantages of PPPs, the research currently in publication does not provide a thorough comparative examination of the various partnership models in helping SMEs (Roehrich, Lewis, & George, 2014; Mabuza, 2018). Prior research has mostly concentrated on single case studies or highlighted the advantages of public-private sector collaboration without carrying out thorough comparison assessments (Rashid, Rashid, Warraich, et al., 2019). Because the manufacturing industry is so fiercely competitive, firms are embracing agility as a strategic asset. Mishra (2016) concurs with the latter, stating that an organization's strategy of competitive advantage is greatly influenced by its manufacturing agility. This study, which looks at adoption barriers and methods for manufacturing agility in SMEs and major firms throughout the BRICS countries, is driven by the concept of manufacturing agility. According to Sud-on et al. (2013), SMEs must have a high emphasis on manufacturing agility in order to manage the uncertainties of the quickly evolving business environment of today.

Manufacturing has a reputation for having detrimental effects on the environment. However, SMEs can organize their resources and innovation activities with a variety of external partners and collaborators through responsible collaborative innovation, which will result in legitimacy, in order to achieve social and environmental value (Genus & Iskandarova, 2018; MacDonald et al., 2019). Strategically agile SMEs can swiftly adjust their organizational structure and comprehend market developments that could impact the creation of appropriate product offers (Nyamrunda & Freeman, 2021). In order to increase the resilience of businesses, BRICS members have decided that enhancing interpersonal relationships, institutional collaboration, and in-person interactions should be carried out in a thorough, integrated, and methodical manner (Strategy for BRICS Economic Partnership 2025, 2020).

Methods

A thorough literature review and a case study analysis of PPPs from various industries and geographies are both incorporated into the research process. The literature review offers a theoretical framework for comprehending the mechanisms underlying successful PPPs by examining theoretical frameworks, policy texts, and empirical investigations. Furthermore, case studies are carried out to look into the real-world experiences, difficulties, and results of PPPs used in various situations.

The finding and analysis

South America's largest economy, Brazil boasts a diverse manufacturing sector. According to Adam and Alarifi (2021), it has free trade agreements with a number of nations, which opens up possibilities for more international investment in the industry. Furthermore, Brazil is a desirable location for manufacturing due to its huge and skilled labor population. Over the last few years, Brazil's manufacturing industry has grown, according to Marinho & Costa Melo (2022). Numerous alliances with overseas businesses have made this possible. These collaborations are fostering innovation and generating employment across the nation. Brazil has a lot of promise for the manufacturing industry because of its big population, wealth of natural resources, and sophisticated infrastructure. To advance the industry, the government is aggressively promoting alliances between domestic and foreign businesses. Additionally, it has put in place a number of measures to increase industry competition. In the global manufacturing arena, Brazil is a significant player. It has a long history of solid alliances with foreign businesses, which have aided in the growth of its industrial sector. The nation is in an excellent position to benefit from the rising demand for manufactured goods. Significant findings in helping SMEs have resulted from the partnership between the Brazilian Micro and Small Business Support Service (SEBRAE) and private sector entities in Brazil (Roofe & Roofe, 2016). The goal of SEBRAE's partnership approach is to increase the competitiveness and sustainability of SMEs in the nation by offering training, consulting services, market access, and financial support (Hewitt & Janse van Rensburg, 2020). According to Roofe and Roofe (2016), a noteworthy discovery is that the partnership's provision of training and consulting services has contributed to the improvement of SME owners' and employees' competencies. SMEs have improved their entire business operations, developed managerial abilities, and acquired vital business knowledge through focused training programs (Rabie, Cant, & Wiid, 2016). Additionally, the partnership with private sector organizations has made it easier for SMEs to access markets (Ndiaye, Abdul Razak, Nagayev, & Ng, 2018). In order to link SMEs with possible clients and commercial possibilities, SEBRAE has collaborated extensively with trade groups, networks, and market intermediaries. SMEs have been able to grow their clientele, penetrate new markets, and boost sales and revenue thanks to this market access support (Marinho & Costa Melo, 2022).

Compared to other economic sectors in Russia, the manufacturing sector had the highest production value, bringing in about 63 trillion Russian rubles in 2021, according to Statistica (2021). According to Statistica (2023), the value of manufacturing output in the country has grown by around 28 trillion Russian rubles in the last five years. Russian production from mining and quarries was valued at 23.6 trillion Russian rubles, a significant increase over 2020. Russian manufacturing firms need to be able to react swiftly to shifting market conditions as the world economy continues to change, according to Plotnikov & Vertakova (2014). They need to collaborate with other businesses to gain access to new technologies, resources, and expertise in order to accomplish this, according to Farida & Setiawan (2022). They will be better equipped to withstand shifting market conditions thanks to this. In order to modernize its operations and spur further growth, the Russian manufacturing sector has adopted sector agility by embracing creative tactics and technology, as well as partnerships with foreign enterprises, according to the OECD (2020). As a result, the sector has been able to lower production costs while developing new goods and services, giving them a competitive advantage in the worldwide market. According to OECD

(2017), the adoption of digitization and a reduction in bureaucracy have allowed businesses in the Russian manufacturing sector to swiftly adjust to shifting consumer needs and market conditions. This has made it possible for them to collaborate strategically with other businesses in order to better serve customers and maintain their competitiveness. In order to gain access to new technology and capitalize on developing markets, Russian businesses are aggressively attempting to form alliances with multinational companies. Because of this, they are able to react swiftly to market fluctuations and maintain their competitiveness in the global economy. Remarkable results have been obtained in supporting the development of SMEs through the collaborations formed between the Russian Agency for Small and Medium Enterprises Support (SME Corporation) and private organizations in Russia (Barinova, Zemtsov & Tsareva, 2019). The provision of funding, business support services, and the promotion of innovation and technology transfer are the main objectives of these collaborations. The usefulness of financial aid programs in assisting SMEs is one important discovery (Adam & Alarifi, 2021). SMEs in Russia now have access to a range of financial resources, including grants, loans, and investment funds, thanks to cooperative efforts between SME Corporations and private organizations (Word Bank, 2017). SMEs have been able to invest in business expansion, technology adoption, and product development thanks to this financial support, which has helped them overcome capital restrictions (OECD, 2015).

The partnerships have also made it possible to provide SMEs with business support services, which include networking opportunities, training, consultancy, and mentorship (Turner & Endres, 2017). SMEs have gained significant insights into market trends and business strategies, enhanced their managerial competencies, and maximized operational efficiency by leveraging the expertise and capacities of private companies (Tolstoy, Nordman & Vu, 2022). Furthermore, innovation and technology transfer among SMEs have been encouraged by the cooperation between SME Corporations and private companies (Hilkenmeier, Fechtelpeter, C., & Decius, 2021). The development of a network of cooperative partnerships has resulted from the connections made by SMEs with research institutions, technology providers, and innovation hubs. These connections enable the smooth exchange of best practices, technology, and knowledge (Cenamor, Parada & Wincent, 2019; Khan, Kauppila, Fatima & Majava, 2022). Because of this, SMEs are now better equipped to not only adopt and use cutting-edge technology but also to encourage the development of novel goods and services, thus strengthening their position as market leaders (Adam & Alarifi, 2021). Integration of different entities has been shown to be a crucial approach for SMEs, enabling them to lead innovation, stay up to date with developments, and prosper in today's dynamic and constantly changing business environment (Gherghina, Botezatu, Hosszu & Simionescu, 2020). This peaceful coexistence of many organizations has become a crucial tactic that helps SMEs stay on the cutting edge of developments, drive innovation, and thrive in today's dynamic business environment.

Significant results have been obtained in helping SMEs through a variety of financial and non-financial assistance programs thanks to the partnership between the Small Industries Development Bank of India (SIDBI) and private sector organizations in India (Farida & Setiawan, 2022). These cooperative initiatives seek to support SMEs with technology upgrades, capacity-building programs, and loan availability. The contribution of financial assistance programs to SMEs' credit access is one noteworthy conclusion (Luiz, 2002). SME access to loans, working cash, and venture capital has been made possible

by the partnership between SIDBI and private sector organizations in India. SMEs have been able to grow their operations, invest in technical improvements, and meet their finance requirements thanks to this financial support (IndiaFilings, 2020). The collaborations have also prioritized efforts aimed at increasing the skills and capabilities of SMEs through capacity-building. SIDBI has given SMEs training programs, workshops, and mentoring support in partnership with commercial groups (United Nations, 2001). The objectives of these capacity-building initiatives have been to increase the operational effectiveness of SMEs, develop entrepreneurship and innovation, and strengthen their managerial skills (IndiaFilings, 2020). Additionally, the collaboration between SIDBI and businesses in the private sector has made it easier to promote SME technology upgrades.

SMEs now have access to cutting-edge technology, technical know-how, and resources for research and development thanks to our alliance. Because of this, SMEs have been able to modernize their manufacturing procedures, implement new technology, and increase their marketability (IndiaFilings, 2020).

Important results have been obtained from the application of public-private partnership (PPP) methods in China to assist SMEs in many industries, especially through the creation of innovation and entrepreneurship parks (Zhang, Gu, Shan, et al., 2018; Chan., Yu, Chen, et al., 2019). Companies can reduce the cost of innovation and divide the risk among several entities by partnering and collaborating, which increases their flexibility in reacting to market developments. Moreover, these collaborations enable businesses to use diverse fields of expertise and obtain fresh resources that they might not have previously had access to. Duch, Ricart, Berrone, and others (2019). China's manufacturing industry can become more agile and adaptable to shifting market conditions by collaborating and developing strategic alliances. Collaborations and partnerships give businesses access to fresh ideas, resources, and technology, enabling them to develop and adapt swiftly to remain competitive in the rapidly shifting global economy.

South Africa's robust industrial infrastructure, skilled labor and research capacities, and innovation-friendly policies all contribute to the nation's manufacturing agility. According to the survey, South African manufacturers are using technology more and more to improve their agility, accelerate their output, and provide more environmentally friendly solutions. According to a different SEDA (2019) study, business, government, and academia can effectively collaborate to achieve manufacturing agility in South Africa, which fosters a more connected and adaptable industrial environment.

According to Industrial Development Corporation (2021), these alliances provide access to new markets, technology, and skill sets, all of which stimulate innovation and make industrial processes more competitive. In order to provide cutting-edge goods, services, and solutions to the international market, South Africa's industrial agility is enhanced through alliances and partnerships with academic institutions, research centers, and other businesses, Fourie & Schoeman (2011). A 2015 report from the Ministry of Economic Development states that these initiatives support employment creation, technological innovation, and economic growth.

In the BRICS nations, PPPs are crucial for assisting SME development in a variety of areas and industries. The BRICS nations have put in place a number of PPP programs to help SMEs overcome

obstacles and advance their development since they understand how important SMEs are to economic progress. The case studies and main takeaways from these are displayed in the table below:

Table 1: Selected PPP case studies¹.

COUNTRIES	CASE OF RESEARCH
Brazil	Through partnerships with private sector organizations, the Brazilian Micro and Small Business help Service (SEBRAE) offers SMEs financial help, market access, training, and consulting services (SEBRAE, n.d.; White, 2005). The objective of this collaborative approach is to improve the sustainability and competitiveness of SMEs in Brazil.
Russia	To encourage the development of SME's, the Russian Agency for Small and Medium Enterprises Support (Barinova et al., 2019) has forged alliances with commercial businesses. The main goals of these collaborations are to help businesses financially, to promote innovation and technology transfer, and to provide business support services (Barinova et al., 2019).
India	Small and medium-sized businesses (SMEs) can now access financial and non-financial assistance programs from the Small Industries Development Bank of India (SIDBI) in partnership with private sector companies (IndiaFilings, 2020). This covers financing availability, capacity-building programs, and assistance with technology upgrades (SIDBI, n.d.; IndiaFilings, 2020).
China	PPP models have been put into place by the Chinese government to assist SMEs across several industries. For example, the creation of innovation and entrepreneurship parks, which entail partnerships between public agencies, private businesses, and academic institutions, seeks to provide an environment that fosters the growth and innovation of small and medium-sized firms (SMEs) (Shen, 2017).
South Africa	Apart from the Small Enterprise Development Agency (SEDA), which was already mentioned, other Public-Private Partnership (PPP) initiatives have been put in place in South Africa to assist the growth of SMEs in industries like manufacturing, tourism, and agriculture (SEDA).

Conclusion and recommendations

The study's conclusions show that PPPs have a great deal of potential to advance the growth of SMEs in the BRICS countries. Businesses, government organizations, and other stakeholders can work together to overcome the obstacles that small and medium-sized enterprises (SMEs) encounter, such as restricted access to financing, technology, and market opportunities. PPPs have proven to be successful in resolving these issues and promoting the expansion of SMEs. The study highlights how crucial it is to pinpoint the essential elements for success as well as the major obstacles connected to various partnership arrangements. Important insights into the benefits and constraints of PPPs in promoting SME

¹ Author's own creation drawn from a variety of sources

development have been obtained by looking at various partnership forms, governance frameworks, and funding arrangements. This knowledge is necessary for practitioners, stakeholders, and policymakers to make educated decisions. In addition, evaluating PPP results offers insights into how well they work to support SME expansion, improve competitiveness, and stimulate innovation. These results highlight the role that PPPs play in fostering the development of SMEs and meeting their particular demands in the BRICS countries. Nonetheless, it is critical to recognize the following restrictions and difficulties that PPPs in the BRICS nations present.

PPP efforts may face challenges in their execution and efficacy due to intricate institutional and regulatory frameworks, bureaucratic processes, and conflicting legislation. Further obstacles include worries about fair benefit sharing and restricted access to funding.

More production, more distribution channels, higher quality and quantity, and more dependable and powerful brands can result from partnerships between small and large enterprises.

Recognize your company's strengths and offerings, then find a partner who will enhance them without jeopardizing your operations.

Support networks inside the ecosystem are essential for the establishment, expansion, and sustainability of small enterprises; entrepreneurship is not for the timid.

Addressing capacity and knowledge gaps among stakeholders, along with upholding sustainability and long-term commitment, is also necessary.

Additional barriers to greater impact include the inability of successful PPP models to be replicated or scaled across various contexts. Proactive action is required to improve PPPs' ability to boost SME development in the BRICS countries.

Key actions to alleviate these constraints include streamlining legislation, guaranteeing fair benefit distribution, improving access to financing, bolstering capacity-building initiatives, encouraging long-term commitment from stakeholders, and customizing PPP tactics to local circumstances.

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