

**‘Rules of engagement’: How experiential learning facilitates the formation  
of a public–private partnership in Russia**

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## **Abstract**

**Purpose** – The purpose is to investigate to what extent one can apply experiential learning theory to the public–private partnership setting in Russia and to draw insights regarding the learning cycle's nature. Additionally, the article assesses whether the PPP case confirms Kolb's experiential learning theory.

**Design/methodology/approach** – The case study draws upon primary data which the authors collected by interviewing informants including a PPP operator's managers, lawyers from Russian law firms and an expert from the National PPP Centre. The authors accomplished data source triangulation in order to ensure a high degree of research validity.

**Findings** – Experiential learning has resulted in a successful and a relatively fast PPP project launch without the concessionary framework. The lessons learned include the need for effective stakeholder engagement by ensuring that the key government actors (e.g., regional government, national Russian railroad company) extend their support to the project; avoiding being stuck in bureaucracy such as collaboration with Federal Ministries and anti–trust agency; avoiding application for government funding as the approval process is tangled and lengthy; attracting strategic private investors; shaping positive public perception of a PPP project; and making continuous efforts in order to effectively mitigate the public acceptance risk.

**Originality/value** – The article contributes to experiential learning theory by incorporating the impact of social environment in the learning model. Additionally, the article tests the applicability of experiential learning theory to learning in the complex organisational setting, i.e., a public–private partnership.

**Keywords:** Public–private partnership (PPP), concession, social environment, experiential learning, concrete experience

**Paper type:** Case study

## **Introduction**

The public–private partnership (PPP) development in Russia began in 2005, when the government adopted the federal law on concessions (*Federalnyi Zakon Rossiyskoy Federatsii #115-FZ, 2005*) and started forming an institutional framework. The latter includes the National PPP Centre placed within *Vnesheconombank*, which is the federal government investment channel, and PPP centres that regional governments started to form since 2010. Subsequent amendments to the law on concessions made in 2008 gave a further kick-start to partnership formation. For PPPs, the priority sectors in Russia include transport infrastructure (e.g., toll roads, tunnels, bridges, airports and seaports), housing and utilities infrastructure (e.g., water treatment facilities) and social infrastructure (e.g., kindergartens, schools, hospitals and sports objects).

A PPP exists where partners from the public and private sectors jointly contribute resources to a project, share responsibilities and risk and provide public services using the newly built or renovated facility (Grimsey and Lewis, 2004; Klijn, 2010; Mouraviev and Kakabadse, 2012). We may characterise PPPs by multiple interdependencies that include actors from different networks. "... To realise added value, an active investment of parties and a linking of interactions are required" (Klijn and Teisman, 2003, p.139).

The number of partnerships in Russia, mostly concessions, has been growing. Although there was a notable increase in the number of concessions at the municipal level, the progress at the federal and regional levels remains small (Mouraviev *et al.*, 2012). What slows down the PPP formation? If partnerships can be formed faster and easier, this would bring the benefits to the society in the form of larger volume of public services and profits to private providers of these services. Additional benefits include accelerated economic development, more jobs, greater efficiency in the service provision and possible technological and management innovation. Can experiential learning facilitate PPP development? How can parties engage in a partnership faster and more effectively? The article intends to answer these questions, at least in part.

We have structured the case study as follows. We begin with providing the contextual details of the case, i.e., the PPP project in Russia. We then define a theoretical framework that guides experiential learning, outline its limitations and suggest its extension in order to

accommodate experiential learning in a partnership setting. The article proceeds to delineate the research question and methodology for data collection. The following section discusses the study findings. After that, a separate section presents evidence of research validity. We then draw insights about the article's contribution to experiential learning theory. The article concludes by highlighting implications of experiential learning in the PPP field for both theory and practice.

The article intends to further leadership development through experiential learning. We highlight a creative approach, that is based on EL, which the Russian business managers used whilst they pursued the goal of more effective and faster PPP formation. Hence, the article may be of interest to business leaders, analysts, strategists and researchers in the partnerships' and investors' community, particularly in transitional nations. To summarise, this article might draw attention of those who are interested in leadership development in the PPP setting by creating skills and enhancing competences that are better adapted to dynamics of external environment.

### **Project background**

In 2010, a Russian company called *Regional Toll Roads* formed a PPP which bypassed Russia's federal law "On Concessions". The company is building a viaduct – an automobile road overpassing the railroad, which will become the first toll viaduct in Russia once it opens in 2013 in Ryazan, a city about 190 km southeast of Moscow.

This viaduct will replace an older free railroad crossing. A traditional railroad crossing in Russia is often an outdated facility with a bar that opens and allows cars to cross the railroad tracks for a few minutes. After it shuts, typically cars have to wait a long time before they can cross the tracks as they allow the train to pass. Because the railroad crossing is fairly close to Moscow and, hence, the train traffic is quite intense, cars often have significant waiting times which range from 15 minutes to an hour.

*Regional Toll Roads* agreed to invest in the viaduct project 250 million rubles (\$8.3 million). In return, the government granted a company a right to collect a fee from each vehicle that uses the viaduct, except government cars, for a 20-year period (Sopryakov, 2012).

Upon project completion, *Regional Toll Roads* will transfer the viaduct's private ownership to the municipal government.

The company claims that the PPP project is *not* a concession, although it has all essential features of a concession including the use of private funds for investment, private facility ownership, joint contribution of resources (as the government provides land), risk transfer to the private sector and the collection of user fees to recoup the investment. *Regional Toll Roads* used a loophole in Russia's law. The latter entails that a concession in Russia is a contractual arrangement that is based on the federal law "On Concessions", which implies that a concessionaire uses some form of government funding (e.g., the government pays part of the construction cost) (*Federalnyi Zakon Rossiyskoy Federatsii #115-FZ, 2005*). *Regional Toll Roads* argues that the federal law does not apply to a contract in which the company has engaged, together with the municipal government, as the contract does not include any form of government financial support to a PPP.

Table 1 summarises the essential project features.

Table 1. Construction and operation of a toll viaduct in Ryazan, Russia:  
key project details

<b>Descriptor</b>	<b>Detail information</b>
Country and city	Russia, Ryazan
PPP objective	Draw private funds in order to replace an older free railroad crossing with a modern toll viaduct and ensure its long-term operation
Capacity	25,000 cars per day
Type of contract agreement between parties	A concession (although partners claim that they use a non-concession model)
Implementation model	Build–own–operate–transfer (BOOT)
Concession term	20 years
Construction cost	250 million Russian rubles (USD \$8.2 million)

Construction phase	One to two years
PPP actors	Ryazan municipal government; a private operator <i>Regional Toll Roads</i> ; its SPV <i>RTR–Ryazan</i> ; a private investor - <i>Norilskiy Nickel</i> pension fund
Financial structure	Private investor financing, with subsequent collection of tolls by a private investor
Government contribution to a PPP	The government temporarily provides land for a viaduct. After project completion, an operator transfers the facility and land to the municipal government
Tariff setting	Municipal government must approve toll setting

Source: Compiled by the authors

Whilst the project has successfully begun and the facility is under construction, the case presents an inquiry into the management dilemma:

- form a partnership in the future using non–concessionary claims in reference to an arrangement that is essentially a concession, or
- form a partnership as a concession according to the federal law and use the government funding and other forms of financial support (such as exemption for selected taxes) that the law permits.

The managerial dilemma explains the study’s significance as the non–concessionary option opens a loophole for future PPP projects. The federal legislation defines a concession as a project that is formed and operates according to relevant law. This means that a concession is a project that draws some forms of government financial support, which the law specifies (*Federalnyi Zakon Rossiyskoy Federatsii #115-FZ, 2005*). Where the partners do not use the government financial support to a PPP, this permits them to argue that a project is a partnership, but not a concession. But how did the partners in the project make a decision regarding their strategic choice? Experiential learning offered a useful platform for management decisions. The article's Findings and discussion section fully explains how and what managers learned at each stage of the experiential learning cycle in order to make an informed decision.

## **Theoretical framework**

There are multiple approaches to the study of experiential learning, e.g. learning as a strategy for individual economic survival and career progression (Paechter, 2001), learning for group consciousness raising (Weil and McGill, 1989) or learning as a tool for an organisation's adaptation and growth (Kelly, 1999). Among many perspectives, David Kolb's Experiential Learning Theory (ELT) draws significant researchers and practitioners' attention due to its notable contribution to cognitive theories (Kelly, 1997). In Kolb's ELT, the learning cycle model plays the key role. The model includes four principal elements: (1) concrete experience, (2) reflective observation, (3) forming abstract concepts followed by (4) active experimentation (Kolb, 1976, 1984; Kolb and Fry, 1975). The learner begins at any stage and then proceeds through other learning cycle stages, and then begins a new cycle, hence forming a continuous learning process (Kolb, 1984). Additionally, Kolb's ELT defines four learning styles including diverging, assimilating, converging and accommodating (Kolb, 1984). The latter, for example, refers to the person's ability to learn from primarily hands-on experience.

Kolb's learning model found many uses in various fields such as training, adult education, pedagogy, human development, teaching of languages, psychology and philosophy (Kolb and Fry, 1975). Despite broad ELT employment, in some of these areas researchers question the model's cyclical nature and the nature of stages by arguing that the empirical support for the model is insufficient and weak (Jarvis, 1987). The learning styles also draw criticism because learners themselves define them: whilst some individuals can clearly rate their learning style, others cannot (Rogers, 1996; Kelly, 1997).

An additional field that extensively uses experiential learning is management education. However, the application of ELT in this field reveals some theoretical limitations, namely regarding the influence of social power relations on concrete experience, which Kolb's ELT largely disregards (Vince, 1998). It is the societal aspect (i.e., society's influence in a broad meaning depending on the context) that ELT does not fully incorporate and underestimates.

However, a new learning model offered by Beard and Wilson (2002) includes internal environment and external environment as essential sets of elements that influence learning.

The latter approach rectifies some limitations of Kolb's ELT. Beard and Wilson call their new conceptual model the 'learning combination lock'. Authors claim that for the first time ever 'all the main ingredients of the learning equation have been brought together in the learning combination lock' (Beard and Wilson, 2002, p. 5). In their model, external environment includes physical elements, such as water and air, and society's elements, such as challenges, obstacles, rules, activity and reality (Ibid.). The model's universal nature, accomplished by an attempt to embrace all possible learning dynamics, carries some advantages and disadvantages. The main advantage is in its broad applicability to all kinds of fields. The drawback is that a range of factors is so broad and the relationships between them may be so tangled that a researcher and the learner may be confused with what exactly may influence learning and with how to prioritise various factors. In other words, what factors to consider and what to neglect, and how to rank them may be a challenging endeavour.

This article draws on Kolb's experiential learning theory (Kolb, 1984) and attempts to adapt it to the PPP field. As a PPP presents a complex set of legal, institutional, financial and power arrangements, ELT requires extension by incorporating the societal influence on these arrangements. By extending ELT, we intend to achieve two aims: overcome an ELT limitation that we noted above (i.e., underestimation of society's impact on learning) and test the ELT applicability to learning in the complex organisational setting such as a public-private partnership. As researchers have never used Kolb's ELT in the PPP context, the article intends to contribute to the body of knowledge by the authors' insights from application of extended ELT to experiential learning in a partnership setting.

### **Approach and research question**

Interviews that we conducted to investigate the case revealed that learning has occurred based on the experience of *other* PPP projects in Russia, which we discuss later in this article. The company–*Regional Toll Roads*–simply could not use its own experience in the PPP formation because it lacked prior experience. As partnerships are new in Russia, a business firm that has accumulated any significant PPP experience is hard to find. Whilst management used the learning experience of other organisations and projects, does it mean that the *concrete*



*experience* stage, according to Kolb's learning model, is missing? If so, can experiential learning theory still apply?

The article's *research question* is to what extent can one apply experiential learning theory in the public–private partnership case and what insights can we draw regarding the learning cycle's nature? Additionally, we will assess whether the PPP case confirms Kolb's experiential learning theory.

## **Methodology**

This qualitative study draws on the data that we collected from in-depth interviews. The study participants include five respondents. We selected two of them from the *Regional Toll Roads'* corporate management and one from the senior staff at the National PPP Centre in Russia. Additionally, we interviewed two lawyers from Russian law firms that are engaged in PPP contract preparation in order to ensure data validity.

For this study, we employed purposeful sampling to pursue the goal of selecting informants who could reflect on their experiential learning and possess relevant knowledge of dynamics that influenced their learning (Patton, 2001; Flick, 2009). The main selection criterion was how well a participant was familiar with PPP laws and regulations. The study participants were:

- a private operator's managers who were involved in PPP formation;
- an expert in PPP formation from the National PPP Centre which is a department of *Vnesheconombank*, a large government investment bank; and
- lawyers with extensive expertise in rules and regulations governing PPPs.

The study used a relatively small sample size – five participants, which is appropriate for three reasons. First, despite the small sample size, the study reached data saturation. The study focused on experiential learning involved in management decision-making, namely selection of a strategic option regarding how, using what set of guidelines a company can form a PPP. The number of senior managers who participated in the decision-making was small, although the study accurately captures their learning experience. As the data revealed, it is likely that the study reached data saturation as all management team members unanimously supported the strategic decision. Second, although experiential learning

occurred at the organisational (company) level, we additionally conducted interviews with two lawyers. We selected them from two different Moscow law firms to allow for diversity of experiences, perceptions and opinions. The purpose of the interviews with the lawyers was to crosscheck the company managers' data, which ensured the study's validity. Finally, a National PPP Centre senior expert provided a government perspective, rather than that of the private sector partner, on PPP formation. This allowed for additional company management data crosschecking.

As experiential learning in this case was qualitative, the study approach was qualitative as it most appropriately captured the participants' understanding of legal, institutional, financial and power arrangements involved in the PPP formation in Russia.

To ensure research validity, we have accomplished data source triangulation, which is an essential part of qualitative study methodology. We discuss the triangulation results in a separate section later in this article.

## **Findings and discussion**

After critically assessing the accumulated experience of a range of companies that are either engaged in a PPP or are preparing a partnership agreement, *Regional Toll Roads* management has opted for a non-concessionary legal framework for a partnership. This means that the company forms a PPP with the municipal government by receiving land (for temporary use) from the latter and building a viaduct at the firm's expense. The critical element of a non-concessionary framework is that a company neither requests nor receives any form of government financial support to a PPP, which the Russian federal law on concessions delineates (*Federalnyi Zakon Rossiyskoy Federatsii #115-FZ, 2005*). The private sector partner will be collecting user fees, which the federal legislation permits, and also will have to ensure that an alternative free railroad crossing is available in close proximity to a toll viaduct as the federal law on automobile roads requires (*Federalnyi Zakon Rossiyskoy Federatsii #257-FZ, 2007*).

Experiential learning has resulted in a successful and a relatively fast launch of a PPP project without the concessionary framework. In contrast, the formation of many PPPs that intend to use some form of government financial support has been slow due to multiple

rounds of approvals at various governmental levels. After the launch, the project enjoyed the fast progression through the construction stage that is, as of April 2013, close to completion. One of the company managers describes the project's swift launch and progression as follows:

*All we [the private sector partner] had to get was the approval by the city government. This was quite easy because the city does not invest anything and the city wants this project badly. After that, we quickly started the construction as the engineering design was already prepared. We began the project quickly because we didn't need any approvals from ministries or regional government. We know very well that bureaucracy just kills many good projects.*

An operator enjoys a broad range of advantages. In this case, the operator secured funding from a single source - a major Russian private pension fund. There is a very tight and fruitful collaboration with the public sector partner (i.e., local government in Ryazan). Construction has begun quickly and remains largely on schedule. Furthermore, the company effectively manages public acceptance risk by maintaining an informative website and extensive communication with prospective viaduct users. The following excerpt highlights a project advantage related to the financial arrangement:

*It is great that we got the Norilskiy Nickel Pension Fund as an investor. It needs to invest money for the long term and that's what we [an operator] need as well. The other option was to get a bank loan. But banks can lend money for five years, perhaps for ten, and we need the money for 20 years. This means that we had to borrow a few times. We considered this but everyone understands that borrowing is expensive and we didn't want to depend on banks.*

The fast and successful project progression has contributed to managers' experiential learning: the company plans to apply the same kind of PPP model to other projects that it wants to launch in the same region and beyond it. The following comment by the company manager highlights the extensive plan for business development:

*The current project goes well. We [the company] want to launch about 50 more projects. We know for sure that many cities and regions are very interested because we already talked to them. The second project will be in the same city [i.e., Ryazan]. But for these projects we need to find investors. That's the difficult part.*

Overall, the company's top management went through two rounds of learning including:

- learning from the experience of other PPPs, and, subsequently,
- learning from its own experience.

Both learning experiences confirmed the effectiveness of a non-concessionary approach to PPP formation. The former was necessary to launch an original PPP project. The latter has resulted in the company's current extensive plans to engage in other projects aimed at viaduct construction and operation all over Russia as the PPP formation model has proven successful.

The principal *lessons learned* clearly highlight the need for effective stakeholder engagement: a) get the key government stakeholders (e.g., regional government, national Russian railroad company) on your side by illuminating how each will benefit from the adopted approach, and b) attract strategic private investors (such as *Norilskiy Nickel's* non-governmental pension fund) that would permit avoiding partial government financing. The PPP decision-makers learned a lesson about more effective stakeholder engagement at the reflective observation stage of the learning cycle and when managers studied the societal experience in PPP formation: the stance taken by a key actor, such as the Russian national railroad company, could significantly influence the decisions by regional and/or local governments, national and regional PPP centres and private investors.

The following excerpt depicts the manager's opinion regarding the significance of stakeholder engagement:

*We got the letter of support for the project from Russian Railroads [the national railroad company]. It's just a letter; technically it does not mean much. But it shows that a large Russian company knows about this project and fully supports it. That's the question that we got many times – 'what does Russian Railroads think about the project?' We put a quote from this letter on our website and many questions just vanished.*

Additionally, lessons learned are indicative of the significance of society's influence on PPP arrangements. Society's influence, such as bureaucracy, can be detrimental. The operator's managers emphasised the importance of avoiding being stuck in bureaucracy such as collaboration with the National PPP Centre, the national Russian railroad company, federal

ministries, regional PPP centres and anti-trust agency that sets tariffs for natural monopolies. The following comment highlights this:

*The Ministry of Transportation also supports the project because we solve some of their problems [i.e., the company builds a modern viaduct instead of an older railroad crossing]. We keep good relations with them. But the Ministry is not involved in our project, which is really good. There is a lot of bureaucracy there [in the Ministry].*

For a partnership, society's influence can also be a positive factor such as citizens' engagement that results in public acceptance of the project and citizens' pressure on all parties to complete the project as soon as possible. The manager comments on civic participation as follows:

*We have a blog on our website and people write much about their thoughts, suggestions. Basically, they often argue with each other, not with the company. This is great because we have a lot of supporters, and they do an excellent job answering people who still criticise the project.*

Table 2 summarises lessons learned and the corresponding dynamics.

Table 2. Experiential learning in a PPP: Underpinning dynamics

<b>Lessons learned</b>	<b>Factors that shape experiential learning, by category</b>
Get the key government stakeholders (e.g., regional government, national Russian railroad company) on your side	<ul style="list-style-type: none"> <li>• Effective stakeholder engagement</li> </ul>
Avoid getting stuck in bureaucracy such as collaboration with federal ministries, anti-trust agency and regional PPP centres	<ul style="list-style-type: none"> <li>• Institutional dynamics</li> <li>• Administrative barriers</li> <li>• Intergovernmental financial arrangements</li> </ul>
Do not apply for government funding as the approval process is tangled and lengthy	<ul style="list-style-type: none"> <li>• Intergovernmental financial arrangements</li> <li>• Administrative barriers</li> </ul>
Attract strategic private investors in order to avoid government financing	<ul style="list-style-type: none"> <li>• Effective stakeholder engagement</li> <li>• Financial arrangements</li> </ul>
Shape public perception; apply continuous	<ul style="list-style-type: none"> <li>• Effective stakeholder engagement</li> </ul>

effort in order to effectively manage the public acceptance risk and mitigate the public criticism	<ul style="list-style-type: none"> <li>• Civic participation</li> </ul>
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*Source:* Compiled by the authors

The findings link to the Kolb's experiential learning model as follows. In the studied PPP project, the learning cycle begins at the reflective observation stage, rather than with concrete experience. This is because prospective PPP partners during their selection of the best option for a partnership formation investigated and relied on the societal experience, rather than their own, as in Russia extensive expertise and concrete experience in the PPP field are hard to find. At the reflective observation stage, decision-makers looked back at the societal experience that involves multiple actors working with PPPs, interconnected events, negotiations regarding PPP terms, power arrangements and processes. Learning from the societal experience has permitted public and private partners to revisit the reflective observation stage again and this is where ideas about an alternative (i.e., non-concessionary) option for a PPP formation emerged. As partners' learning progressed and their ideas have been substantiated by legal advice and expert opinions, decision-makers proceeded to the next stage in the learning cycle, which is forming abstract concepts. At this stage, managers began to lean toward an alternative (non-concessionary) route for PPP formation and started drafting the project proposal for a new partnership. Decision-makers then proceeded to active experimentation stage where partners agreed upon the project proposal, a private party attracted a strategic investor and the city government officially approved a PPP and the public contribution (i.e., land for the project). This was followed by launching the toll viaduct's construction, which marked the beginning of concrete experience stage in the learning cycle. From this stage, managers' learning switched simultaneously, rather than sequentially, to all three other stages including

- forming abstract concepts as the PPP operator now intends to launch 50 more partnership projects using the non-concessionary option;
- reflective observation as the PPP operator has obtained its own experience in PPP formation and is in the position to further improve this process and make it faster, less bureaucratic and more effective; and

- active experimentation as the PPP operator is vigorously looking for private investors and has already prepared the second project proposal for a toll viaduct in the same city (i.e., Ryazan).

To summarise and relate the findings to the Kolb's learning stages, the PPP partners' learning cycle has begun from reflective observation of the societal experience, and has ended with the partners' own, rather than societal, concrete experience. Not all stages were present in the first cycle, whilst it is likely that reflective observation and forming abstract concepts occurred simultaneously. After that, a new learning cycle began, in which the use of stages was random and simultaneous, rather than orderly and sequential. Our findings do not disagree with Kolb's model. Rather, our findings extend Kolb's ELT by incorporating the societal experience in the learning process and emphasising that different learning stages can occur simultaneously and not necessarily in a certain prescribed order. The PPP setting, with multiple actors and tangled interactions, explains the learning's complexity in this environment, which the findings confirm.

### **Research validity**

Research validity refers to the study's truthfulness (Neuman, 2007; Flick, 2009). To ensure research validity, we have accomplished crosschecking of data provided by the company managers. Specifically, we investigated whether the principal study participants included in a sample frame were biased in any way (Ritchie and Lewis, 2003). To achieve this aim, we have undertaken data source triangulation by interviewing two lawyers who possess extensive expertise in legal aspects of PPP formation and have experience preparing PPP contracts. Both lawyers confirmed four things: a) extreme bureaucracy and lengthy approvals involved in PPP formation, b) legitimacy of a partnership formed by *Regional Toll Roads*, together with the Ryazan municipal government in terms of not violating federal legislation, c) legitimacy of PPP future operations, including viaduct use toll collection and d) multiple gaps in federal laws and regulations governing public-private partnerships. The following respondent's comment highlights the federal and regional governments' positions:

*They [a viaduct PPP] didn't ask any money from the federal or regional government. Then the federal government simply doesn't care about this project. And the*

*regional government is probably very happy with the project - it doesn't spend any money and doesn't carry any responsibility. All responsibility is on a private operator.*

Another excerpt is indicative of a lengthy bureaucratic process involved in PPP formation according to the federal law “On Concessions”.

*You [those who are interested in forming a PPP] can get a lot of money from the federal government. But it's going to take at least two or three years to get the approvals. And you [a private investor] still have to invest your own money and the investment should be large. The federal government gives financing only to very large projects.*

The lawyers also commented on the more fundamental PPP issues that stem from federal legislation imperfections. They pointed out that the definition of a public-private partnership is missing in the federal laws. This gives room for interpretation and creative approaches to PPP formation, as the case study confirms. However, the Russian law defines the term ‘a concession’. Although the definition may be less than perfect, in the same law on concessions the articles delineate the forms of government financial support that a concessionaire may receive. The following excerpt illuminates federal legislation gaps regarding PPPs:

*If an investor wants to form a PPP and get funding from the government, an investor must form a concession and strictly follow the law on concessions. That's what this law is for. If an investor is not going to apply for government financial support, then it can call its project anything, but it won't be a concession.*

An expert from the PPP Centre of the government investment bank *Vnesheconombank* expressed a similar opinion about the federal legislation that governs PPPs:

*We [Vnesheconombank] are a government organisation and we must work by the law. We work with regional governments and their projects are large. They always ask for government financial support. So, we use the law on concessions and specify in the project proposal what forms of support they [regional governments and private investors] can get and what they can't. Only this law spells out what a concession is; other laws are supplemental.*



The same expert also commented on the bureaucracy involved in the PPP approval process:

*Because projects are large and regions [regional governments] often change their ideas regarding what to include and how to implement them, it usually takes about two years to get all the approvals. But for some projects it's a lot longer.*

To summarise, we have not identified any major discrepancies in the data which all study participants provided. Thus, data source triangulation has ensured corroboration of empirical evidence, meanings and participants' insights. This confirms the study findings and permits us to argue that this research has a high degree of validity.

### **Contribution to theory**

The article contributes to experiential learning theory in two ways.

First, we argue that processes in the learning cycle can occur simultaneously or some stages may be missing. Learning does not necessarily require a manager going through each stage sequentially. Conceptualisation and action are different aspects of the same process and may occur simultaneously.

Second, the *concrete experience* stage in Russia's PPP case is *not* missing. Rather, the experience, as the learning process' stage, is an attribute that is more accurately captured by the category of the societal experience. We can explain the experience's societal nature by the complex PPP characteristics that involve a set of multiple institutional interactions, contractual legal provisions, power arrangements and social relations. Hence, at the organisational level, researchers need to view *experience* as the set of interconnected events, power structures and processes that societal relations shape.

To date, the incorporation of social networks' impact on experiential learning has received limited research attention. In their study, Ozgen and Baron (2007) illuminate a positive impact that industry networks and professional forums have had on entrepreneurial opportunity recognition. In a more recent study of how entrepreneurs obtain the creative ideas to develop innovative products, Gemmill, Boland and Kolb point out the impact of social environment on entrepreneurs: '...Weak social ties benefit creativity by providing valuable information that is unique and less repetitive. Conversely, strong ties tend to have

only a neutral impact by distributing similar information over localised redundant paths' (2011, p. 4).

Extending ELT, the article contributes to experiential learning theory by incorporating the impact of social environment in the learning model.

In reference to ELT's applicability to public-private partnerships, the case study not only has confirmed its applicability, but also illuminated the usefulness of experiential learning as an analytical perspective. The case study revealed, through empirical evidence, that learning is part of an organisation's adaptation and growth.

## **Conclusion**

As a result of experiential learning there are implications for both theory and practice. The practical implications concern further PPP development in Russia. Whilst the PPP actors in Russia (e.g. staff of national and regional PPP centres, ministry officials, industry experts, interested businessmen, lawyers and researchers) actively debate conceptual, legal, institutional and financial barriers to PPP development in the country, experiential learning has allowed progress in PPP formation by essentially bypassing the federal legislation regarding concessions. Unless the government initiates regulatory changes, an opportunity that experiential learning has identified opens the backdoor for faster and easier PPP formation. Using this backdoor, the 'rules of engagement' in a PPP become considerably more straightforward as opposed to where partners seek some form of government financial support that a law on concessions permits. This backdoor may look like a language game; however, the use of appropriate terminology carries legal meaning, which is critical for success of any business endeavour.

The macroeconomic benefits of the backdoor option include faster PPP proliferation in Russia, greater economic activity, construction of modern public facilities such as bridges, tunnels, toll roads, viaducts and recreational centres instead of the outdated ones, attraction of private investment for solving public sector tasks, significant risk transfer to the private sector and the employment of managerial and technological private sector expertise. The downside is that citizens may expect significant reduction in the scope of traditional free public services at the expense of newly built toll services. Additionally, as services of some facilities may be

unregulated (because they will be non-monopolistic), prices and fees for their use may be quite high.

An implication for theory concerns its further advancement. The case study illuminates that Kolb's experiential learning theory benefits from its extension that incorporates social influence. Specifically, parties in a prospective PPP received a clear benefit by looking at the societal experience as they did not have their own experience in PPP formation. A PPP features a complex and often tangled nature that involves a large number of actors (e.g. the government at different levels, the public regulatory agencies, banks, investors, citizens and community groups), legal and financial arrangements, social relations and multiple interactions. In other words, the PPP formation involves many actors and much broader arrangements, relations and processes than the experience of a private firm that interacts with a public organisation. The studied case vividly showed that a creative approach employed by the Russian business managers permitted them to overcome their own limitation (i.e., the lack of their own concrete experience): managers began with reflective observation of the societal experience in the PPP formation, which allowed them to put forward the backdoor option, although totally legal, for designing a partnership.

From the perspective of Kolb's model and its learning cycle, the interview data revealed that the concrete experience stage (that refers to the *own* participants' experience) is unavailable in the first learning cycle in the studied case. However, it is essentially replaced by the societal experience in PPP formation, i.e. by experience of those firms, public agencies, PPP centres and citizens who dealt with partnership formation prior to this project. Hence, the case study has demonstrated that the complex PPP organisational dynamics are better served by the researchers and practitioners' view of *experience* as the set of intertwined events and processes, multiple actors, power arrangements and interactions that societal relations shape. The benefit of this view is greater ELT applicability as extended theory permits analysing a broader range of industries, problem situations and actors.

In the conclusive remark, we highlight our research limitations. The study involves just one company in the context of a transitional country. Contextual details are critical in the case study as they uniquely shape PPPs in Russia as opposed to any other nation. Hence,

contextual features also shape experiential learning, and the study finding may have limited applicability to other environments.

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