

**Relational coordination towards social value creation in
public-private partnerships in the private equity sector**

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ABSTRACT

As an aftermath to the 2008 global financial crisis, public funds which customarily financed infrastructure were substantially reduced, bringing the global infrastructure funding gap. A substantial increase in private investment is required to fill this gap and as a result, public institutions and private firms have been increasingly encouraged to work together, through public-private partnerships. Public-private partnerships are driven by the unique value the diverse parties bring towards driving economic and social transformation. In parallel, private equity firms have been coming to realise the importance of aligning their investment strategy with social initiatives, however the involvement of private equity firms in public-private partnerships is still in its infancy. The ability of these parties to work together towards a shared goal is impacted by their varying skill-sets, differing logics and outcome objectives.

The study extends and refines existing literature by providing an in-depth analysis and advancing insight into how PPPs with a private equity firm as a partner, can be coordinated to resolve conflict or tension to enable social value creation. The research further aims to explore the contribution individuals make in guiding the activities, varying skill-sets and development outcomes of a PPP relationship. The exploratory research was conducted by interviewing 12 participants with experience in the phenomenon and two experienced experts who provided a view from the outside looking in. The study provides empirical insights into the structures and processes utilised, as well as the role individuals play in developing relational coordination towards creating social value in PPPs with private equity firms as partners. A framework is presented depicting the relational coordination structures and process that contribute to the creation of social value between the members of PPPs with private equity firms as a partner.

KEYWORDS

public-private partnerships, relational coordination, social value creation, private equity firm

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Janice Rudo Sambaza

7 November 2018

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1 CHAPTER 1 – INTRODUCTION TO RESEARCH PROBLEM

1.1 INTRODUCTION

The study uses an explorative approach to investigate the coordination of structures and processes, and the role individuals play in a public-private partnership (PPP) which has a private equity firm as a partner, towards the creation of social value.

1.2 BACKGROUND TO THE RESEARCH PROBLEM

After the 2008 global financial crisis, the call for members of the public sector and private sector to work together has become louder, driven by the unique value the diverse parties bring towards driving economic and social transformation. The ability of these parties to work together towards shared goals impacts the chances of them achieving the set objectives due to their varying skill-sets, differing logics and outcome objectives.

In September 2015, United Nations Development Programme (UNDP), through the U.N. Sustainable Development Goals (SDGs) identified 17 goals towards global transformation of the most critical social and environmental challenges by 2030 (EMPEA, 2018; United Nations, 2018). The SDGs represent a global call for action to the public sector, private sector and civil society to consciously act towards inclusive growth (EMPEA, 2018) by ending poverty, safeguarding the environment, and ensuring peace and prosperity for all people (UNDP, 2018). Encompassed in the goals are specific targets towards providing affordable and clean energy, decent work and economic growth, and industry, innovation and infrastructure, among others (United Nations, 2018). The South African government drafted the National Development Plan (NDP) with the aim of eliminating poverty and closing the inequality gap by 2030 through driving economic growth and social upliftment (NPC, 2011). To achieve these goals, governments are increasingly using PPPs to draw investment and expertise from the private sector (Egler & Frazao, 2016).

The SDGs provide a platform to the private sector to participate and, in particular, offer private equity firms an opportunity to make a positive development impact on the SDGs by the manner in which they invest and influence businesses (EMPEA, 2018). Private equity firms invest funds from high net worth individuals and institutions directly into

unlisted companies. Private equity firms have the ability to offer a platform for more meaningful impact through driving expeditious change at scale. However, without cooperation this capability is limited by implementation inefficiencies (EMPEA, 2018).

After the 2008 financial crisis, public funds which customarily financed infrastructure were substantially reduced, bringing the global infrastructure funding deficit to approximately US\$2.5–3.5 trillion annually over the next 15 years (McKinsey Center for Business and Environment, 2016). Private investment is required to double in order to cover the investment gap in infrastructure and avoid the dire consequences of the deficit (Egler & Frazao, 2016). As such, private equity firms are coming to realise the importance of aligning their investment strategy with SDGs, with 41% of the PricewaterhouseCoopers (PwC) private equity survey respondents stating they would be willing to pay a premium for an investee company with strong environmental, social and governance performance and 70% making a commitment to invest responsibly (PwC, 2016). The focus of private equity funds on responsible investing can thus contribute towards bridging the funding gap highlighted, where government cannot solely address all the investment requirements for socio-economic development needs.

The use of PPPs has increasingly been realised to play an important role in achieving the development impact set out by the SDGs, while concurrently meeting business targets (KPMG & IDAS, 2016). Partnerships are seen as an important enabler of change (EMPEA, 2018), and as highlighted by SDG 17 (Partnerships for the Goals), partnerships are critical in unravelling the full capacity of the sustainable development agenda (WBCSD, 2018). Reynaers and De Graaf (2014) view PPPs as vehicles which “transfer the responsibility for the design and realization of public service delivery to the private sector through long-term contracting” (p. 120). This definition aligns to Brinkerhoff and Brinkerhoff (2011), who highlighted that the establishment of a PPP is usually for a specific purpose, such as: policy establishment, delivery of public service, infrastructure development, capacity building, and economic development (economic growth and poverty reduction). Further, Brinkerhoff and Brinkerhoff (2011), highlighted the rationale for individual players establishing PPPs as: (1) enhancing efficiency and effectiveness through synthesising different institutional views, which results in incremental improvements towards the objective; (2) offering an integration of resources and solutions from multi actors towards the addressing of complex challenges; (3) progressing from a no-win situation by individual players to a potential win-win situation through cooperation within the partnership; and (4) opening decision-making towards the

enhancement of public services in an effort to maximise the involvement of a wider spectrum of actors.

Furthermore, entities forming cross-sector social partnerships can engage a certain social purpose, while pursuing particular competitive benefits (Vurro, Dacin, & Perrini, 2010). Gray and Stites (2013) identify the following categories in the formation of partnerships: (1) “legitimacy-oriented motivations” (p. 31), which refers to the social acceptance of an organisation through its conformance to social standards and expectations; (2) “competency-oriented motivations” (p. 31), referring to joint learning in organisations; (3) “resource-oriented motivations” (p. 32), which relates to leveraging the sharing of resources and related risks; and (4) “society-oriented motivations (p. 32), referring to how the partnerships can make changes to how society tackles sustainability.

United Nations Secretary General H.E. António Guterres supported the benefits of PPPs by stating, “To deliver on the promise of a prosperous and peaceful future, development actors will have to find new ways of working together and leveraging genuine partnerships that make the most of expertise, technology and resources for sustainable and inclusive growth” (United Nations Global Compact & Accenture Strategy, 2018, p 2). The 2018 UN Global Compact–Accenture Strategy CEO Study revealed that UN leaders unanimously believe that a quick scale-up of cross-sector partnerships is crucial to accelerate progress on the SDGs (United Nations Global Compact & Accenture Strategy, 2018). This matched the sentiment of 766 private sector business leaders, as 87% noted that SDGs present an opportunity to reconsider approaches to sustainable value creation, and 85% of the CEOs saw cross-sector partnerships as a critical factor for allowing business to achieve the SDGs (United Nations Global Compact & Accenture Strategy, 2018). H.E. António Guterres went on to say: “The sustainable development agenda can only be realized with a strong commitment to partnerships at all levels between governments, the private sector, civil society and others”. (United Nations Global Compact & Accenture Strategy, 2018, p. 37). Researchers have also aligned to this by stating that partnerships have the ability to tackle many of society’s complex challenges (Austin & Seitanidi, 2012a, 2012b). This is similar to Gray and Stites (2013) who stated that partnerships are the driver of sustainability and cross-sectoral leaders concur that solving sustainability challenges requires unsurpassed collaboration.

The fundamental motivation for establishing a collaboration is that value is created (Austin & Seitanidi, 2012b; Le Pennec & Raufflet, 2018) through the merging of distinct resources and capabilities from respective organisations (Austin, 2010). Collaborative

value in partnerships is defined as “the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society” (Austin & Seitanidi, 2012a, p. 728). Jointly, individual players can be more effective in solving societal challenges which are becoming increasingly complex (Austin, 2010). Furthermore, inter-organisational collaborations have the capability of creating “win-win” (p. 818) situations, which result in value creation (Le Pennec & Raufflet, 2018) through boosting innovation, productivity, competition, service efficiency, as well as solving public challenges through the reframing of public service delivery problems (Reynaers & De Graaf, 2014).

In spite of value creation being the focus of PPPs, not much is known about it, its definition, its forms, its processes or its dissemination (Le Pennec & Raufflet, 2018). Researchers have proposed that collaborations create value; however there is still much to be uncovered about the form and underlying processes of value creation (Le Pennec & Raufflet, 2018). From various perspectives, researchers have raised questions on the ability of partnerships to actually create value (Le Pennec & Raufflet, 2018). Critics have argued that partnerships are inefficient and have become too formalised, resulting in them not realising the intended social value (Le Pennec & Raufflet, 2018). A framework by Koschmann, Kuhn, & Pfarrer (2012) stated that to understand the value of what partnerships do requires an understanding of what partnerships are. Researchers should focus on establishing communication in partnerships and how they enable the development of collective organisational practices (Koschmann et al., 2012).

1.3 THE RESEARCH PROBLEM

The mounting scale and complexity of socioeconomic challenges impacting societies globally surpass the ability of individual organisations and sectors to address them adequately (Austin & Seitanidi, 2012a). Organisations must respond to these challenges; however, differences between sectors have led organisations to frame these challenges differently and address them with different outcomes in mind (Selsky & Parker, 2010). To confront these demanding community challenges and achieve positive social outcomes, organisations from different sectors must collaborate to ensure effective and humane solutions (Bryson, Crosby, & Stone, 2006), yielding “benefits at individual, organisational, sectoral and societal levels” (Selsky & Parker, 2010, p. 21). Quélin, Kivleniece and Lazzarini (2017) highlighted that PPPs are created with the aim of transforming public services through increased efficiency and quality and, in parallel, solving pertinent challenges in the community. This notion supports Selsky and Parker

(2005), who stated that partnerships allow private companies to meet stakeholder demands and create or maintain a competitive advantage while being socially responsible. Though the use of partnerships to combat sustainability challenges has had an exponential increase, not all are successful (Gray & Stites, 2013).

Partnership outcomes have been influenced mainly by the following four factors: external drivers, partner motivations, partner and partnership characteristics, and process issues” (Gray & Stites, 2013, p. 7). Embedded across the four factors is a lack of clarity surrounding roles, objectives, rewards, processes, partnership structure and decision points or authority levels, which results in unsuccessful partnerships (PricewaterhouseCoopers, 2009). It is thus essential to effectively communicate and work together in order to achieve the envisioned objectives in a partnership.

A study by Jay (2013) revealed that as members of a partnership act to achieve their set objectives and interpreting the results of those actions, they realise that some of the outcomes are unclear or contradictory. The contradictions are driven by dysfunctions in partnerships, which are driven by a combination of different institutional logics, i.e. different views and ways of action (Jay, 2013). As a result, public service might view particular outcomes as successes while business views them as failures (Jay, 2013).

Additionally, a potential misalignment may arise in partnerships, whereby the private sector has the aim of creating value through financial returns, while public organisations view value creation as service delivery for the society (Klein, Mahoney, McGahan, & Pitelis, 2010). The different institutional logics between public institutions and private firms could result in conflict between social value creation for the community and economic value to the private firm (Caldwell, Roehrich, & George, 2017). The Social Enterprise Knowledge Network (2006) defines economic value as “that whose benefits can be captured and rewarded by its recipients, provided that the price paid exceeds its cost” (p. 254), whereas “the creation of social value is about bettering people’s lives through the pursuit of socially desirable outcomes” (p. 253). Another view offered suggests that all economic value creation is social value, as the welfare of the society is improved through the actions of creating economic value (Santos, 2012). The different objectives between the public institutions and private firms of attaining social and economic outcomes respectively can result in a build-up of tension, which can be detrimental to the success of a PPP. Different cultures, identities, approaches and anticipations between members may lead to a lack of trust, conflict, and eventual failure (Le Penneec & Raufflet, 2018).

Le Ber and Branzei (2010) highlighted that partners discussing their different reasoning and adapting to changes is paramount for social innovation. The process of members reviewing the outcomes of collaboration transform individual views of each organisation into a blending of both views (Jay, 2013). Through conversations resulting in this transformative process, members of a partnership bring new and innovative ideas to the fore (Jay, 2013). However, many partnerships avoid these discussions as they become argumentative and rife with tension, resulting in a lack of resources or actions required for social change (Jay, 2013; Le Ber & Branzei, 2010).

Kivleniece and Quélin, (2012) highlighted tension between the public sector, private firm and civil society organisations as the main limitation to value delivery and emphasised how greater effort may be required to recognise the value creation mechanisms in PPPs. Navigating these complexities within a partnership may require certain leadership behavioural traits (Jay, 2013), demonstrating the importance of leaders instituting mechanisms to address potential tensions for a successful partnership. Caldwell et al. (2017) proposed that partnerships are expected to effectively coordinate relationships to negate the deficiencies in contractual expectations. This relational coordination is defined as the “management of task interdependencies, carried out in the context of relationships with other group members” (Gittell, 2001 p.471). There is an apparent need to coordinate relationships in a partnership to ensure successful adjustments to evolving constraints during its tenure (Caldwell et al., 2017). Vitality, partnerships require mutual knowledge and goal alignment between members to attain relational coordination (Caldwell et al., 2017). Mutual knowledge in partnerships is crucial as it ensures effective communication, which overcomes relational coordination challenges and enables partners to act as if they can predict others’ actions (Kotha, George, & Srikanth, 2013; Puranam, Raveendran, & Knudsen, 2012).

Carlile, (2004) and Kivleniece and Quélin, (2012) stated that partnerships can harmonise and align implementation across members due to the different institutional logics, rationales, goals and values, and organisational experience. Only effective coordination allows PPPs to exceed the intended value creation through innovative solutions. The literature discusses relational coordination in the context of private firms and public institutions; however, further investigation is required where there is a private equity firm as a partner in the PPP. Further exploration is also required on how relational coordination can be utilised in PPPs which have a private equity firm as a partner, towards the attainment of social value.

The creation of social value is not just about the coordination of work between public and private sectors, but also involves the role played by individuals within the PPP in guiding processes to achieve the envisioned objectives. Further investigation is required into the role played by individuals in a PPP where there is a private equity firm as a partner. Le Pennec and Raufflet (2018) stated that further research is required to examine whether inter-organisational collaborations can create value and how they achieve it.

1.4 RESEARCH AIMS

The objective of the study is to add to existing literature by providing an in-depth analysis and advancing insight into how PPPs with a private equity firm as a partner can be coordinated to resolve conflict and tension to enable social value creation. The research further aims to explore the contribution individuals make in guiding the activities, varying skill-sets and development outcomes of a PPP relationship. As private equity firms are currently increasing their focus on responsible investing, this study will inform how the members of a PPP can progress past the deficiencies in contractual expectations and use relational coordination to work towards addressing socio-economic development gaps, while attaining financial returns.

1.5 SCOPE OF THE RESEARCH

Caldwell et al. (2017) explored relational coordination in PPPs in the healthcare sector, noting that future studies should explore their conclusions in other partnership contexts. The sample selection for this research will explore PPPs in the private equity industry, which appear to be under-researched. Literature reviewed discussed private equity firms in infrastructure developments (Gemson & Annamalai, 2015; Vurro et al., 2010) but not in a PPP setting, thus this research aims to address the gap, not just in South Africa but in other markets as well. This research excludes PPPs in the early stage formation and targets PPPs in mature stage, in order to assess the outcome of social value creation by the PPP.

1.6 SIGNIFICANCE OF RESEARCH

Governments have been drawn to use PPPs to draw from the know-how and capabilities of private firms and derive value from government expenditure (Villani, Greco, & Phillips, 2017). The innovative solutions developed through PPPs address the societal challenges highlighted by the SDGs and NDP. The extensive literature currently

available on relational coordination in PPPs is within a western-centric context (Caldwell et al., 2017) and this research will instead provide a view through a South African lens. The study will also hone in on partnerships which have private equity firms as a partner, contributing to the gap noted in literature on the subject. Understanding how PPPs in South Africa can negate the deficiencies in contractual expectations through relational coordination is crucial in ensuring the success of PPPs, especially where the discussion of the involvement of private equity firms in PPPs is still in the early days.

The funding of private equity firms in PPPs will drive economic returns while closing the government funding gap required to achieve the SDGs by 2030. The study also provides individuals involved in partnerships with a perspective on how to manoeuvre through varying institutional logics and effectively build mutual knowledge and goal alignment which are crucial to attaining relational coordination. The study will also provide insight on the gaps noted by Le Pennec and Raufflet (2018) on how PPPs create value and how they achieve it, as well as how conflict and a lack of trust can lead to the failure of PPPs. Deliberately addressing the SDGs not only impacts social upliftment but also contributes to economic growth (Douma, Scott, & Bulzomi, 2017).

1.7 CONCLUSION

This chapter outlines the basis and significance of the study, highlighting the importance of relational coordination in PPPs and individuals in achieving set-out tasks and consequently social value creation. The research study is set out as follows: chapter two presents an overview of the literature review as it relates to PPPs with a focus on relational coordination and social value creation. Chapter three outlines the research questions which are foundational to this study and derived from a gap observed from the literature review. Chapter four presents the research methodology used to collect and analyse the data for this study. Chapter five outlines the findings from the data collected. Chapter six presents a discussion of the findings and lastly, chapter seven highlights the conclusions of the research.

2 CHAPTER 2 – LITERATURE REVIEW

2.1 INTRODUCTION

This chapter explores literature on the topic of relational coordination in PPPs and its impact on the creation of social value. The chapter commences by exploring the terms and definitions encountered during the literature review on partnerships and collaborations, narrowing into the relevant definition for PPPs to be used in this study. The literature review further delves into collective agency within PPPs, discussing the interdependence between the main members of a PPP, public and private enterprises and then focuses on private equity firms. The discussion of the literature further explores value creation, honing into social value creation and how to avoid value co-destruction. The chapter finishes with a discussion on relational coordination in PPPs. Figure 1 below shows the structure of the chapter.

Figure 1: Structure of literature review

Heading	2.2. Public-private partnerships	2.3. Private equity firms	2.4. Social value creation in public-private partnerships	2.5. Relational coordination in public-private partnerships
Sub-headings	2.2.1. Clarification of terminology		2.4.1. Economic and social value creation	2.5.1. Theory of relational coordination
	2.2.2. Collective agency within public-private partnerships		2.4.2. Social value creation	2.5.2. Dyadic relationships
				2.5.3. Conflict and tension resolution
				2.5.4. The role of knowledge and non-core workers in relational coordination
				2.5.5. Relational coordination and performance

Source: Author's compilation

2.2 PUBLIC-PRIVATE PARTNERSHIPS

2.2.1 Clarification of terminology

Literature reviewed appeared to use the terms partnership and collaboration interchangeably, however not all partnerships meet the definition of a collaboration or achieve collaborative outcomes (Gray & Stites, 2013). Table 1 below shows the key definitions on collaboration and partnerships in literature and the commonalities and differences between them.

Table 1: Comparison of definitions of collaboration and partnerships from Literature

	Definition	Key Themes
Collaboration	Collaboration can either be a process or an outcome with specific process characteristics”(p. 17), whereby the achievement of a collaboration is signified by achieving optimal outcomes for all parties (Gray & Stites, 2013).	Process/ Outcome Achieving optimal outcomes by all parties
	“[A]n evolving process whereby two or more social entities actively and reciprocally engage in joint activities aimed at achieving at least one shared goal” (Bedwell et al., 2012, p. 130).	Process Joint activities Achieving shared goals
	“[A] mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals. The relationship includes a commitment to: a definition of mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards” (Mattessich & Monsey, 1992, p. 7).	Mutual relationship Two or more parties Achieving common goals
	“[C]ooperative, interorganizational relationship that is negotiated in an ongoing communicative process, and which relies on neither market nor hierarchical mechanisms of control” (Hardy, Phillips, & Lawrence, 2003, p. 323).	Interorganisational relationship Ongoing communicative process
Cross-sector collaboration	“[L]inking or sharing of information, resources, activities, and capabilities by organizations in two or more sectors to achieve jointly an outcome that could not be achieved by organizations in one sector separately” (Bryson et al., 2006, p. 44).	Linking resources Two or more sectors Joint outcome
Partnership	“[M]ore than just collaboration on ad-hoc projects. It is about moving beyond responsibility for independent results to a relationship that involves co-creation, shared risks and responsibilities, interdependency, organisational	Relationship involving co-creation Shared resources

	Definition	Key Themes
	transformation,...identifying shared value and leveraging the combined strengths” (KPMG & IDAS, 2016, p. 8).	
	“[J]ointly determined goals; collaborative and consensus-based decision making; non-hierarchical and horizontal structures and processes; trust-based and informal as well as formalized relationships; synergistic interactions among partners; and shared accountability for outcomes and results” (Brinkerhoff & Brinkerhoff, 2011, p. 4).	Joint goals Collaborative process Trust based and informal relationships Shared outcomes and results
Cross-sector partnerships	Cross-sectoral partnerships involve “partners from at least two, but possibly all four, of the following sectors: business, non-governmental organizations, government and communities or civil society” (Gray & Stites, 2013, p. 17).	More than two partners from different sectors
	Cross-sector partnerships are established through communication methods which constitute unstructured relationships between texts and conversations, the development of which increases the potential of value creation (Koschmann et al., 2012).	Established through communication Value creation as an output
	Cross-sector partnerships include the following activities: joint problem-solving, information sharing and resource allocation (Klitsie, Ansari, & Volberda, 2018).	Joint resources
Cross-sector social-oriented partnerships	According to Selsky and Parker, (2005, p. 850), “cross-sector projects formed explicitly to address social issues and causes that actively engage the partners on an ongoing basis”. The societal challenges tackled in cross-sector social-oriented partnerships include “economic development, education, health care, poverty alleviation, community capacity building, and environmental sustainability”.	Addresses social issues through continuous partner engagement

	Definition	Key Themes
Public-private partnerships	"[I]nitiatives where public-interest entities, private sector companies and/or civil society organizations enter into an alliance to achieve a common practical purpose, pool core competencies, and share risks, responsibilities, resources, costs and benefits" (Utting & Zammit, 2009, p. 40).	Alliance between public entity, private sector and/or civil society Common purpose Shared resources
	"[W]orking arrangements based on a mutual commitment (over and above that implied in any contract) between a public sector organization with any organization outside of the public sector" (Bovaird, 2004, p. 199).	Mutual commitment between public sector and other organisations
	"[L]ong-term collaborative relationships between one or more firms and public bodies that combine public sector management or oversight with private partners' resources and competencies for the direct provision of a public good or service" (Kivleniece & Quelin, 2012, p. 273).	Long-term collaborative relationship between public bodies and other organisations Joint resources Provision of public good or service
	"[T]ransfer the responsibility for the design and realization of public service delivery to the private sector through long-term contracting" (Reynaers & De Graaf, 2014, p. 120).	Transfer of public service delivery from public to private sector through long-term contracting

Though there are commonalities between the four definitions of *collaboration*, there are differentiations between them. Gray and Stites (2013) and Bedwell et al. (2012) define collaboration as a process where as Mattessich and Monsey (1992) and Hardy, Phillips, and Lawrence (2003) describe it as a relationship. The four definitions mention that two or more parties are involved, while three of the four definitions mention there is a set outcome or shared goals. The definitions are however silent about the nature of the parties involved or outcomes achieved. Bryson et al.'s (2006) definition of *cross-sector collaborations* are differentiated from collaborations as the parties involved are from different sectors.

Comparing the definitions of a partnership to that of collaboration, the main differentiator is that of the two parties involved, one party is a public entity and the other a private firm and the output is public service delivery. The common definitions within management research put emphasis on “the involvement of two or more entities in a relational process for reaching a shared goal” (Le Pennec & Raufflet, 2018, p. 818). The commonalities between the definitions are more than two parties are involved towards a shared goal with shared risks and responsibilities. The differences between the definitions are the parties involved within the partnership or the purpose of the partnership. Of the partnership definitions presented, Utting and Zammit (2009) and Kivleniece and Quelin's (2012) definitions of PPPs represent the target PPPs to be reviewed in this research, being the partnering of a public institution, private firm and private equity firm.

Linder (1999) highlighted six distinct uses of the term PPP. Firstly, PPP as management reform, where PPPs are taken as a vehicle to reinvent the conventional public management through encouraging collaboration with private firms. Second, PPP as problem conversion, where PPPs allow for the reframing of public challenges in a manner that allows private firms to take over public service delivery. Third, PPP as moral regeneration, where the collaboration in PPPs will motivate public managers to imitate private sector business conduct. Fourth, PPP as risk shifting, where PPPs allow for the sharing of financial risk, since private firms investment in the organisation with the intention of earning a return over the duration of the project. Fifth, PPP as restructuring public service, where the pressure and overburden are transferred from public institutions to private firms. Lastly, PPPs are viewed as tools for power sharing between public and private institutions, which encourages trust and collaboration for both parties to benefit.

To manage the PPPs, Caldwell et al.'s (2017) study noted that the parties were regulated by a contract between the public and private partner, which took five years to negotiate, addressing issues such as reporting and information distribution, performance measurement, audit reviews, and dispute resolution. The main contract had accompanying agreements governing the other relationships within the wider PPP network, such as equity and loan agreements (Caldwell et al., 2017).

2.2.2 Collective agency within PPPs

The similarities and dissimilarities between public and private institutions have been regularly argued in public administration, politics and economics literature (Boyne, 2002). Boyne (2002) differentiated the two by establishing that private institutions are owned by entrepreneurs or shareholders whilst public institutions are owned by members of political communities. In private firms, the shareholders and managers have an economic benefit from the outcome of the business operations, whereas the legal ownership in public organisations is vague (Boyne, 2002). Another differentiator is that public managers are less materialistic and are driven by the aspiration for public service, while having to succumb to multiple goals from numerous shareholders that they must try to fulfil (Boyne, 2002). Additional differentiating factors are that public institutions are known to be characterised by formalities and paperwork, resulting in them being less flexible and more risk averse in comparison to private firms (Boyne, 2002). Public institutions are also generally perceived to be less efficient than private firms (Brewer & Brewer, 2011).

Boyne (2002) stated that critics suggest that the multiple differences in public and private firms could act as hindrances to the transfer of knowledge from the private to the public sector. Despite the differentiating factors outlined by Boyne (2002, p. 118), he concluded that there is no “clear support for the view that public and private management are fundamentally dissimilar”. However, contrary of this notion, a study performed by Brewer and Brewer (2011) revealed that government employees perform better than those in private firms and the motivational factors and performance in the two sectors are different. Further, the study revealed that in the short-term individuals tasked with particular work in a public institution performed better than individuals performing the same work in a private firm (Brewer & Brewer, 2011). Though Boyne's (2002) study showed no differentiating factors between private and public management, the contrasting views of other researchers highlighted in this research, suggest that different working styles, working conditions and levels of motivation between employees from the public and private sector may hinder knowledge transfer between the parties.

As an aftermath of the 2008 global financial crisis, governments have been drawn to using PPPs, with the aim of drawing from the expertise and skills in the private sector which will encourage innovation and create value from government funding (Villani et al., 2017). Private companies also consider PPPs as instrumental mediums for realising corporate social responsibility while concurrently achieving social and economic goals (Austin & Seitanidi, 2012b, 2012a; Gray & Stites, 2013; Selsky & Parker, 2005, 2010). Businesses, policymakers and researchers have encouraged the creation of value through PPPs as a necessity (Le Pennec & Raufflet, 2018). As a result, the interdependence of public institutions and private organisations has created new forms of PPPs which have become more common in economic exchange (Quélin et al., 2017). PPPs are developed through the lack of hierarchical relationships, equitable decision-making, joint responsibility, trust and respect (Velotti, Botti, & Vesce, 2012). Consequently, partners have equal rights and aim to accomplish shared objectives (Velotti et al., 2012). PPPs have been described as vehicles to transform how government works, while reforming the efficiency and quality of public service roll-out to tackle complex social needs (Quélin et al., 2017; Selsky & Parker, 2005).

Research has depicted PPPs as favoured vehicles to tackle complex social and development challenges, which individual organisations working alone have failed to address (Borys & Jemison, 1989; Dentoni, Bitzer, & Pascucci, 2016; Koschmann et al., 2012; Selsky & Parker, 2005). The complex societal challenges tackled include “climate change, failed states, terrorism, economic downturns, poverty, citizen safety and security, affordable goods and services, and immigration” (Brinkerhoff & Brinkerhoff, 2011, p. 2). Public institutions partnering with private firms to solve complex societal challenges displays collective agency, which is defined as “the capacity to influence a host of relevant outcomes beyond what individual organizations could do on their own” (Koschmann et al., 2012, p. 332). Collective agency is developed through interaction and communication among members in a PPP (Koschmann et al., 2012), as demonstrated by partnering with the private sector, which allows resource sharing with the public sector through an access to technical know-how and developed networks (Brinkerhoff & Brinkerhoff, 2011). Therefore, each member in a PPP contributes by filling a skills deficiency, while sharing resources and/or capabilities of the other parties (Cravens, Piercy, & Cravens, 2000), towards a shared outcome. The resources contributed into a PPP include: people; money; time; space; capabilities, and social capital (Selsky & Parker, 2010). These represent different institutional elements in PPPs in the generation of innovative solutions to complex problems (Jay, 2013).

2.3 PRIVATE EQUITY FIRMS

A private equity firm is an “investment club” (p. 14) whereby institutional investors such as, pension funds, investment funds, high net worth individuals, financial institutions, family offices, funds-of-funds, and private equity fund managers are the main investors (Gilligan & Wright, 2014). Private equity firms invest majority or minority equity stakes in portfolio companies with the aim of generating profits from the sale of portfolio investments, rather than generating dividend, fee or interest income (Gilligan & Wright, 2014). Private equity firms play a decision-making role in the portfolio companies by installing board representatives, contracts limiting the actions of management without approval, voting control over major issues, and full access to company information (Gilligan & Wright, 2014). Private equity has grown to be an important source of funding to finance private companies at different maturity levels (Gemson & Annamalai, 2015). A study by Gemson and Annamalai (2015) confirmed that long-term relationships between a private equity firm and the portfolio company benefits both parties. The private equity firm benefits from a return on investment and the portfolio company benefits from capital growth.

The investment of private equity into infrastructure increased from US\$35.7 million to US\$202.8 million between 1990-1999 and 2000-2009 (Gemson & Annamalai, 2015). Private equity firms are increasingly popular as funders for infrastructure projects, due the ready availability of capital, as well as the benefits provided by its management (Gemson & Annamalai, 2015). The risks presented by infrastructure projects are successfully managed through the strategies used by private equity firms (Gemson & Annamalai, 2015). The economic recession resulted in an evolution of investor preferences and risk appetites, with a shift towards more cautious investments with stable returns (Gemson & Annamalai, 2015). This has resulted in infrastructure growing as a preferred alternative class for private equity firms (Gemson & Annamalai, 2015). The pursuit of enhanced efficiency and full cost recovery has encouraged governments and international organisations to involve the private sector in infrastructure development (Vurro et al., 2010). While private firms continue to be economically driven, they also have a drive to solve social challenges, resulting in a moving towards more complex contracts with or for public institutions (Bovaird, 2004).

A gap was noted in literature, as private equity firms were discussed in the context of infrastructure developments (Gemson & Annamalai, 2015; Vurro et al., 2010) but not in that of PPPs. The focus of PPPs is usually infrastructure development or public services that have social implications of paramount importance (Reynaers & De Graaf, 2014;

Selsky & Parker, 2005). PPPs provide financial returns to investors and also provide a platform to bridge the gap between a country's infrastructure needs and the public funds available (Bayliss & Van Waeyenberge, 2018). The target organisation of this study is a PPP with a public institution, private firm and a private equity firm as partner, as defined by Utting and Zammit (2009) in section 2.2.1.

2.4 SOCIAL VALUE CREATION IN PUBLIC-PRIVATE PARTNERSHIPS

2.4.1 Economic and social value creation

The world has evolved from assuming that government is responsible for creating social value and the private sector economic value, to expecting that both sectors can deliver both social and economic value (Social Enterprise Knowledge Network, 2006). Though both relate to meeting needs, it is paramount for managers to be able to differentiate between economic and social value (Social Enterprise Knowledge Network, 2006). Economic value is defined as "that whose benefits can be captured and rewarded by its recipients, provided that the price paid exceeds its cost" (p. 254), whereas "the creation of social value is about bettering people's lives through the pursuit of socially desirable outcomes" (p. 253) (Social Enterprise Knowledge Network, 2006). J. Austin, Gutiérrez, et al. (2006) argued that despite the economic value and social value having distinct definitions, the two concepts fortify each other, as economic value is captured and rewarded by stakeholders while concurrently creating a socially desirable output. The creation of social or environment value results in economic value and vice versa, creating a value circle (Austin & Seitanidi, 2012a), where all parties benefit. Any social initiatives guided by market principles must be balanced between economic value creation (profitability) and tangible, as well as intangible social value creation, to enable the maximum and most sustainable impact (Portocarrero & Delgado, 2010). Another view offered suggests that all economic value creation is social value, as the welfare of the society is improved through the actions of creating economic value (Santos, 2012).

Value creation is the central focus of PPPs (Austin, 2010; Austin & Seitanidi, 2012b, 2012a) as the members endeavor to deliver value that exceeds private financial returns and positively impacts social, environmental or public goals (Austin & Seitanidi, 2012b; Kivleniece & Quélin, 2012; Koschmann et al., 2012). Interestingly, value creation in a PPP may include a wide array of benefits which usually do not include profits and market share as primary goals (Murphy, Arenas, & Batista, 2015). Value can be created by individual actions of one of the partners, referred to as "sole creation", or through

adjoined actions of the partners, labelled “co-creation”, where greater value is created (Austin & Seitanidi, 2012a). Arguably, co-creation results in synergistic value, which arises from the foundation that uniting partners’ resources enables greater achievements than they would have individually (Austin & Seitanidi, 2012a).

This argument is supported by Quélin et al. (2017) who stated that PPPs bond members with the objective of delivering value beyond their individual frames to broader stakeholders. Koschmann et al. (2012) stated that value in a PPP is measured through how it helps individual organisations to realise their goals. They further stated that the assessment of value in PPPs is on both a partners’ individual basis and collectively, in the broader communities in which they operate (Koschmann et al., 2012). Koschmann et al. (2012) expand this notion by stating that the overall value of PPPs is their capability to act and significantly drive people and issues within the complex challenge. Austin (2010) postulated that value creation is what stimulates, maintains, and generates impact from PPPs. By balancing economic value and social value, maximum and sustainable impact is realised. This creates the foundation for creating PPPs as defined by Utting and Zammit (2009) and Kivleniece and Quélin (2012), by pooling competencies, resources, costs and benefits for the provision of a public good or service.

Koschmann et al. (2012) stated that value-creating PPPs are not only established by putting the right individuals together, but also by how these individuals interact with each other. In a PPP, value is created when members allow for the resolution to work together by complimenting and recombining their resources, as well as gains in governance efficiencies (Kivleniece & Quélin, 2012). To make the PPP a success, members need to assess the level of investment needed in their working relationship at the outset.

Austin and Seitanidi’s (2012a) framework identified four types of value that occur in PPPs, i.e. (i) *Associational value*, which is the benefit one organization has by collaborating the other partner; (ii) *Transferred resource value*, which relates to the benefit one partner has from receiving a resource from the other partner; (iii) *Interaction value*, which refers to the intangible benefits arising from the partners working together, such as “reputation, trust, relational capital, learning, knowledge, joint problem solving, communication, coordination, transparency, accountability, and conflict resolution” (p. 731); and (iv) *Synergistic value*, which is a factor of partners accomplishing more through their combined resources than they would have individually. Synergistic value encourages the development of continuous learning capabilities, which result the

realisation of the objectives of the PPP (Le Pennec & Raufflet, 2018). In literature reviewed, synergistic value is the most discussed of the four types of value in PPPs.

2.4.2 Social value creation

Social value is not only difficult to define but is also multidimensional and complex (Portocarrero & Delgado, 2010). Austin, Gutiérrez, et al. (2006, p. 264) defined social value as “the pursuit of societal betterment through the removal of barriers that hinder social inclusion, the assistance of those temporarily weakened or lacking a voice, and the mitigation of undesirable side effects of economic activity”. Social value creation is a consequence of the fruitful generation of positive societal outcomes (Caldwell et al., 2017; Selsky & Parker, 2010; Social Enterprise Knowledge Network, 2006) and the desired output is often obtained by inputting resources into an organisation. Greater social value can be achieved by partnering with complementary firms (Austin, Stevenson, & Wei-Skillern, 2006), in this instance through a PPP with a public institution, private firm and private equity firm as members.

Society has an immense need to create social-value (Austin et al., 2006). Governments have been increasingly encouraged to use PPPs to use private sector resources and competences, which could result in introducing innovation and value creation from government spending (Villani et al., 2017). The use of PPPs responds to the increased need for private investment to cover the investment gap in infrastructure, due to reduced public fund allocation after the 2008 financial crisis (Egler & Frazao, 2016; McKinsey Center for Business and Environment, 2016). It has been noted that organisations in different sectors have inconsistent stakeholder requests which result in difficulties in selecting which of the genuine social needs to address (Selsky & Parker, 2010).

Though overlaps may occur, Portocarrero and Delgado (2010) classified social value into two dimensions: (1) tangible results, comprising increased income and access to goods or services, and (2) intangible results, comprising citizenship construction and social capital development. *Increased income* relates to social inclusion by creating stable jobs or promoting entrepreneurship, which provide higher disposal income. Examples include raw material production, produce offtake, and increased productivity due to training (Portocarrero & Delgado, 2010). *Access to goods or services* relates to removing barriers and providing goods or services to meet unmet needs, such as reduced prices, provision of education or loan mechanisms (Portocarrero & Delgado, 2010). To overcome the challenge of price or income barriers, firms lower prices to

ensure goods and services are in the reach of those being targeted (Social Enterprise Knowledge Network, 2006).

Citizenship construction relates to embedding low-income sectors into the greater society by addressing legal or cultural obstacles which prevent social inclusion and poverty eradication. Examples include recognising basic rights, uplifting excluded groups, and access to markets (Portocarrero & Delgado, 2010). *Social capital development* encourages on-going interaction, building synergies, joint projects, fostering engagement of individual interest into groups, such as, networking and capability development, developing trust and cooperation, and developing and connecting social groups (Portocarrero & Delgado, 2010).

2.5 RELATIONAL COORDINATION IN PUBLIC-PRIVATE PARTNERSHIPS

2.5.1 Theory of relational coordination

Table 2 below presents a comparison of definitions relating to relational coordination. The definition of relational and the terms in the literature related to relational, exhibit commonalities. The common theme emerging is that relational coordination involves an exchange relationship which results in a superior outcome. According to Gittell and Douglass (2012) a relational form comprises three main features: (1) joint relationships, which result in the processing of high amounts of information and an abundance of communication; (2) relationships develop and are informal, and not specified through formal structures; and (3) these relationships are personal and are developed on close ties between participants according to shared experiences. The interpersonal relationships give rise to “participant engagement, bonding, loyalty, and trust, enabling emotional as well as cognitive connection” (Gittell & Douglass, 2012, p. 711).

The definitions of coordination in literature present a common theme of a process which results in particular outcomes. Coordination is considered a subset of communication (Quinn & Dutton, 2005), and considered vital to managing interdependencies within firms towards set-out performance targets (Gittell & Weiss, 2004). Gittell and Weiss (2004) explain that coordination results in a transfer of capabilities across participants within an organisation, though this can be extended to across organisations.

Table 2: Comparison of definitions of relational, coordination and relational coordination from the literature

	Definition	Key Themes
Relational	"[I]nvolve intervening relationships with other people." (Leavitt & Lipman-Blumen, 1980, p. 28).	Relationships with other people
	Relational leadership is "a social influence process through which emergent coordination (i.e., evolving social order) and change (i.e., new values, attitudes, approaches, behaviors, ideologies, etc.) are constructed and produced." (Uhl-Bien, 2006, p. 668).	Social influence process Coordination and change are constructed and produced
	Relational rent is a "supernormal profit jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through joint idiosyncratic contributions of the specific alliance partners" (Dyer & Singh, 1998, p 662).	Exchange relationship Joint idiosyncratic contributions Supernormal profit
Coordination	"Coordination is the process people use to create, adapt, and re-create organizations" (Quinn & Dutton, 2005, p. 36).	Process used To create, adapt and recreate
	"Coordination is the problem of aligning actions so they are synchronized to achieve this objective." (Kotha et al., 2013, p. 498).	Actions Achieve objectives
	"[T]he process of integrating activities that remain dispersed across subsidiaries" (Martinez & Jarillo, 1991, p. 431).	Process Integration of activities across subsidiaries
Relational Coordination	"[M]anagement of task interdependencies, carried out in the context of relationships with other group members" (Gittell, 2001, p. 471).	Task interdependencies Relationships with group members

Definition		Key Themes
	<p>“[M]utually reinforcing process of interaction between communication and relationships carried out for the purpose of task integration.” (Gittel, 2002b, p. 301).</p>	<p>Interaction between communication and relationships Task integration</p>
	<p>The relational view theory explains how alliances achieve superior competitive advantage by focusing on the dyadic relationship as opposed to individual firms as a unit of measure (Lavie, 2006).</p>	<p>Dyadic relationship Achieve superior competitive advantage</p>

The definitions of relational coordination presented, combine the key themes from the definitions of relational and coordination unpacked above. Relational coordination is presented as a joint relationship which results in task integration towards superior outcomes. Gittell (2002b, p. 300) state that “[t]he theory of relational coordination argues that communication carried out for the purpose of task integration is influenced by the nature of the working relationships that exist between participants in a work process and that those working relationships in turn are influenced by the nature of their communication”.

The relational coordination theory commences by stating that coordination occurs through a web of relationships and communication among individuals in a work environment (Gittell, 2012). Communication is influenced by relationships in a work process and those relationships are influenced by communication (Gittell, 2002b). The theory identifies shared knowledge, shared goals and mutual respect as the foundation of effective coordination, noting that these occur between work roles as opposed to on an individual basis (Gittell, 2012). Shared goals surpass the participant’s functional goals. Shared knowledge allows participants to connect their allocated tasks in the work process, and mutual respect allows participants to overcome the status barriers between the participants (Gittell, 2012). The theory further postulates that relational coordination influences quality and efficiency outcomes (Gittell, 2012). Finally, the theory suggests that formal structures in an organisation are aimed at supporting relational coordination, rather than formal structures being hindrances (Gittell, 2012).

The relational view theory states that “complementary resources and capabilities” (p. 660), “relation-specific assets” (p. 660), “effective governance mechanisms” (p. 660), and “knowledge exchange” (p. 660), may lead to relational rent (Dyer & Singh, 1998). Tsai (2002) argues that units within an organisation contest with each other in various ways and require coordination mechanisms to enable knowledge sharing. Formal and informal coordination mechanisms influence knowledge sharing (Tsai, 2002). Knowledge cannot merely be transferred from organisation to organisation, but it develops from continuous social interface (Hardy et al., 2003). Tsai (2002) supported this notion, arguing that knowledge sharing comprises a social process that requires a collaborative process, which creates trust and cooperation.

The definitions presented by Gittell (2001) and Gittell (2002b) relate to relational coordination within organisations, whereas the relational view theory is more aligned to alliances than PPPs. In this research, relational coordination will be reviewed in the context of working relationships of members in a PPP and the role professionals play in

the outcome of a public-private relationship. The key themes arising from these theories will be reviewed for relevance in this study.

2.5.2 Dyadic relationships

Relational coordination promotes the creation of a mutual agreement within and between organisations (Le Ber & Branzei, 2010). Expanding on this definition, Koschmann et al. (2012) argues that value in PPPs not only unites interested parties, but influences people and matters within the target field. PPPs can be prevented from meeting their social value objectives due to lack of information, deficient trust levels, incorrect assumptions, indistinct expectations, and inability to serve (Järvi, Kähkönen, & Torvinen, 2018). These hindrance factors can be addressed by more active communication. Caldwell et al. (2017) further stress the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract. As PPPs are formed on the basis of communicative patterns, assessment of their value should be based on their communication process (Koschmann et al., 2012). The use of texts such as websites, mission statements, policy documents, and outcome reports are essential for creating a sense of unity, continuity and value within the PPP (Koschmann et al., 2012), including generating innovative solutions to complex social challenges (Jay, 2013; Koschmann et al., 2012). PPPs need to be continually aware of managing individual and joint interests, as this increases the potential for value creation (Koschmann et al., 2012). Koschmann et al. (2012) further recognised the potential of continuous conversations between partners leading to diminishing returns but emphasised too little conversation being a greater hazard.

2.5.3 Conflict and tension resolution

Partners in a PPP face challenges when working together due to the presence of different institutional logics (Saz-Carranza & Longo, 2012) and ways of working. The diversity of partners involved, coupled with their conflicting values, add a layer of complexity to PPPs, resulting in difficulties in sustaining the collaboration and potential disbanding (Klitsie et al., 2018). It is argued that conflicts arising in PPPs usually occur as a result of members' holding onto their differing interpretations of the social problem and how to solve it (Fiol & O'Connor, 2002).

Conflicts also arise due a difference in focus, with public institutions putting emphasis on social impact as an outcome, with economic benefits and costs being secondary (Le Ber & Branzei, 2010). In support of this notion, Klein et al. (2010) stated that a potential

misalignment is that the private sector has the aim of creating value as profit, while the aim of the public organisations is value creation for the society. Caldwell et al. (2017) concur that the different institutional logics between members of a PPP might result in conflict between social value creation for the community and economic value appropriated by private organisations. Even if it is contractually fitting, an explicit emphasis on economic value might create tension with a public partner when changing policy environments need to be accommodated (Caldwell et al., 2017).

In order to overcome their differences, partners should foresee their differences and consciously adjust their value frames, taking the other into account (Le Ber & Branzei, 2010). As Le Ber and Branzei (2010) point out, partners can conquer institutional relational incompatibilities by first foreseeing their differences and then consciously altering the respective value creation frames. The manner in which parties within a PPP relate, beyond contractual obligations allows them to overcome potential tension or conflict, and allows them to realise their set out objectives. PPPs are thus expected to effectively coordinate relationships, in order to negate deficiencies in contractual agreements (Caldwell et al., 2017). Reynaers and van der Wal (2018) stated that researchers have not explored public-private differences within PPPs. It is however crucial for members of a PPP to examine the differences between public and private management as it may affect the collaboration and communication between them (Reynaers & van der Wal, 2018). Reynaers and van der Wal's (2018) study postulated that the views of the members from different sectors in a PPP matter, because they view the culture and processes of the other party with scepticism and negativity. Reynaers and van der Wal (2017) explored Boyne's (2002) study in the context of PPPs and concluded that members in a PPP mostly agreed with the differences between public and private management as stated in Boyne's (2002) study and most were highlighted in a negative manner. The conclusion in Reynaers and van der Wal's (2018) study confirms the view that differences between public and private management are a hindrance to the progress in PPPs. This is supported by Kivleniece and Quélin (2012) who highlighted that tension between members of a PPP as the main limitation to value delivery; they emphasised how greater effort may be required towards managing this tension to achieve social value creation in PPPs. The impeded knowledge transfer due to differences between staff from a public institution and private firm in a PPP can thus have a detrimental effect on a PPP. As a result of these challenges, PPPs that have the potential to solve societal challenges seem to derive minimal value (Koschmann et al., 2012). Breeding a cooperative atmosphere to solving complex social issues calls for

communication methods that manage the members' diversity, differences in approach and tensions that might arise in the PPP (Koschmann et al., 2012).

Challenges in PPPs are usually severe at the commencement when the organisation structure is being negotiated and implemented (Villani et al., 2017). It is highly beneficial for PPP managers to tackle the sectoral differences and shared opinions of these differences before commencing the PPP (Reynaers & van der Wal, 2018). Tackling sectoral differences can be achieved by having the leaders in a PPP invest time into arranging dialogue sessions or focus groups, which aim to get members conversant with each other's working styles, opinions and biases (Reynaers & van der Wal, 2018). Villani et al. (2017) proposed that relational challenges are overcome by connecting and communicating with the respective partners, while encouraging joint learning, which will build trust and facilitate communication between the diverse partners. When partners from different sectors apply effort to one matter, they address it differently, think about it differently, are driven by different goals, and offer varying approaches (Selsky & Parker, 2005). PPPs also allow for the building of organisational capacity through the allocation or merging of resources (Hardy et al., 2003). Building capacity will develop the capability of the PPP to draw from the expertise of the two parties to jointly create value or tackle challenges. As Bovaird (2004) describes in a PPP, a public sector organisation and private firm work together on the basis of a mutual commitment, over and above the contract.

Interpersonal relations make a PPP live (Selsky & Parker, 2010). Inputs to and outputs of interactions among members of PPPs are impacted by the dynamics of trust and power, and these dynamics affect how the PPP culture advances and how open members are to learning and innovation (Selsky & Parker, 2010). A need to coordinate relationships in a PPP is apparent, such that it can successfully adjust to evolving constraints during the tenure of the agreement (Caldwell et al., 2017). However, the amalgamation of different goals and processes between the partners becomes a serious challenge (Schreyögg & Sydow, 2010) on the desired outcome. To add to the complexity, the varying skill sets and resources that partners contribute to the PPP result from institutional differences between them (Villani et al., 2017), and this poses a challenge for combining them, since clear identities are not immediately recognisable (Schreyögg & Sydow, 2010).

Manoeuvring the institutional complexity, can result in unplanned results, which may hamper the PPP from achieving the set out objectives and value creation if mismanaged (Jay, 2013). Members in a PPP can overcome tension and incompatibilities by expecting

dissimilarities and consciously changing their value frames with respect to each other (Le Ber & Branzei, 2010). Le Ber and Branzei (2010) postulated that the process of frame development between members of a PPP is flexible and iterative and once a frame is established it may be used to address new conflicts as they arise. The process of managing differentiation by establishing a frame, creates an understanding of the different positions presented by members and commonalities can be established to allow continued collaboration towards the goal of the PPP (Klitsie et al., 2018).

Value co-destruction “refers to a failed interaction process that has a negative outcome” (Järvi et al., 2018, p. 63). The relationship interaction between resource integration and a multi-level service system can either result in co-creation, co-destruction or no value creation (Makkonen & Olkkonen, 2017). An understanding of the drivers of co-destruction by managers is essential to avoiding them (Järvi et al., 2018; Vafeas, Hughes, & Hilton, 2016). Vafeas et al. (2016) noted the following factors as potential value destructors: lack of trust, insufficient communication, poor coordination, deficient human capital, and power or dependence inequality. Attention should thus be paid to these factors to prevent the lack of social value creation in PPPs.

2.5.4 The role of knowledge and non-core workers in relational coordination

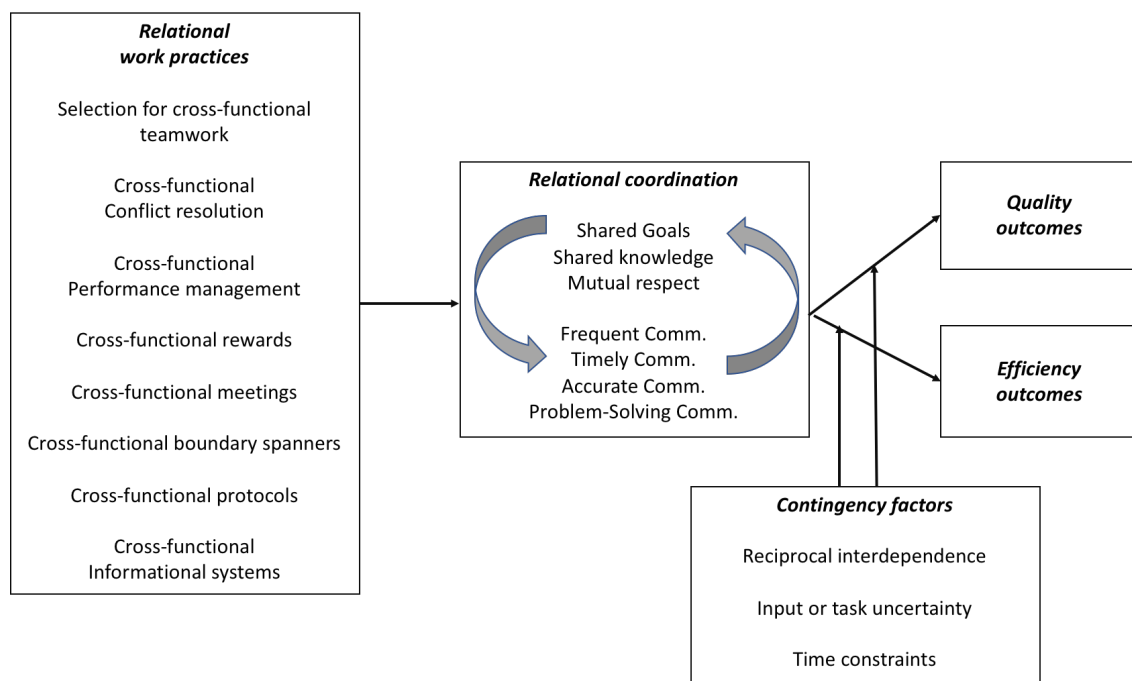
Relational coordination includes all workers who are involved in interrelated tasks in a work process (Gittell, 2012). Gittell (2012) state that boundary spanners are individuals tasked with coordinating the work of other people in the work process. Boundary spanners are represented by the individuals within the PPP, driving the delivery of social value. Their role is to fortify the frequency and timeliness of communication and shared knowledge in relational coordination (Gittell, Seidner, and Wimbush, 2010). Relational coordination results in a more effective coordination of work by employees with each other (Gittell et al., 2010). Relationships in relational coordination are based on ties between roles rather than personal ties and are fostered between interdependent employees regardless the presence of personal ties (Gittell et al., 2010). Developing role-based ties requires “high performance work systems”, making them less susceptible to high staff turnover (Gittell et al., 2010, p. 504). Caldwell et al. (2017) postulated professional embeddedness as the mediator of how relational coordination will influence task performance. The more engaged individuals are, the better the task performance and consequently the social value creation (Caldwell et al., 2017). Successful group performance is expected to greatly benefit from strong group process (relational coordination) in cases of high levels of task interdependency (Gittell, 2001).

Gittell (2012) expanded the network of relational coordination to include not just the operating core workforce (also known as knowledge workers) but also non-core workers to the strategic goals of the organisation. Past studies have concentrated on the operating core workforce, thus excluding non-core workers in peripheral” roles but who have tasks that interrelate with those of the operating core workers (Gittell, 2012). The inclusion of non-core workers improves coordination by understanding the core purpose of the organisation (Gittell, 2012). Non-core workers in PPP represent stakeholders other than the immediate members.

2.5.5 Relational coordination and performance outcomes

Gittell (2002a) depicts relational coordination in a structure/process/outcome model, as shown in Figure 2 below. It should be noted that the model was developed within the context of intra-organisations. The model highlights high-performance work practices, depicted as relational work practices in Figure 2 and their impact on relational coordination, as shown in the frequency, timeliness, accuracy, and problem-solving nature of communication among employees and the extent to which their relationships are characterised by shared goals, shared knowledge, and mutual respect.

Figure 2: Structure/process/outcomes model of relational coordination (Gittell, 2012)

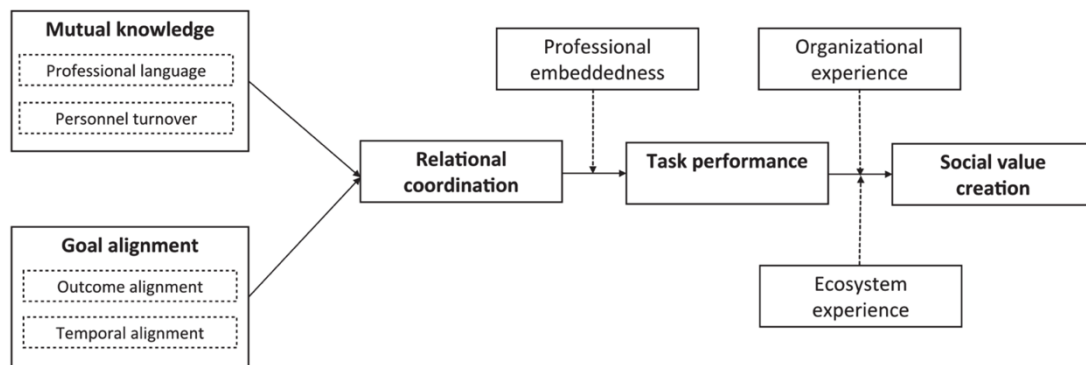


Coordinating mechanisms such as routines (coordinated action through specified tasks), boundary spanners (individuals with the task of coordinating the work of other people), and team meetings (coordination of tasks directly with other participants) represent

structure, while relational coordination is the process of interaction (Gittell, 2002a), influencing quality and efficiency outcomes (Gittell, 2012). Coordinating mechanisms bolster relational coordination among participants in a work environment and conversely, routines work to the extent they are supported by relational coordination (Gittell, 2002a).

Caldwell et al.'s (2017) framework on social value creation in PPPs is presented in Figure 3 below. They argue that relational coordination is fundamental to achieve task performance which then drives social value creation. Their framework further points out that mutual knowledge and goal alignment are crucial for creating relational coordination. The framework further highlights professional embeddedness and relational coordination as drivers of task performance, which together with organisational experience and ecosystem experience drive the creation of social value in PPPs.

Figure 3: Social value creation in public-private partnerships (Caldwell et al., 2017)



A study performed by Brewer and Brewer (2011) argued that individual motivation and performance are impacted by sectoral differences. They further argued that the role of public institutions has a positive outcome on the work motivation and performance of employees, which potentially increases the levels of economic efficiencies (Brewer & Brewer, 2011). However, reforms instituted by the public sector hamper accountability when decision-making and execution of public service delivery is shifted to the private sector (Reynaers & De Graaf, 2014). As a result, Reynaers and De Graaf (2014) proposed that the responsibility of public service delivery remain with public institutions, even if they are not directly providing the services.

The first step to managers in the public-sector learning from those in the private sector is to more distinctly establish the drivers of performance (Boyne, 2002). A PPP is considered successful when organisational knowledge has transferred from one partner to another, especially when new knowledge is created (Hardy et al., 2003). However,

knowledge cannot be easily transferred from one firm to another, but rather new knowledge develops from continuous social interface within the PPP (Hardy et al., 2003). Gittell (2012) concur that shared knowledge allows participants to communicate with each other more effectively, not only by knowing their allocated tasks but also how they relate to those of the other participants. Cramton (2001) agrees that effective communication and performing collaborative work are a consequence of mutual knowledge. When parties make an effort to achieve mutual knowledge, they must share information and acknowledge the information has been received and understood (Cramton, 2001).

Referring to Caldwell et al.'s (2017) framework in Figure 3 above, mutual knowledge and goal alignment are crucial to drive coordinated actions from interdependent actors (Caldwell et al., 2017). Mutual knowledge in PPPs is crucial as it ensures effective communication, which overcomes relational coordination challenges, and enables partners to act as if they can foresee other's actions (Kotha et al., 2013; Puranam et al., 2012). Caldwell et al. (2017) argues that ensuring mutual knowledge and goal alignment in PPPs can achieve more social value creation than relying only on contractual safeguards. Further, where a PPP has a large complement of professionals, a buy-in to the goals of the PPP provides a chance for task performance and social value creation (Caldwell et al., 2017).

To create social value in PPPs, aligning goals between different partners is key factor of relational coordination (Gulati, Puranam, & Tushman, 2012). However, in many cases, partners enter a public-private PPP with different results in mind regarding the product or service to be attained, as a result partners must understand each other's objectives and acquire mutual knowledge to drive social value creation (Caldwell et al., 2017). A risk exists of failing to communicate task-relevant information which has been shared with members of a group, impacting the quality of decisions made (Cramton, 2001), and ultimately the outcome achieved. However, groups that experience communication breakdowns modify their behavior in the future to avoid it from reoccurring (Cramton, 2001).

2.6 CONCLUSION

The literature reviews the interplay of relational coordination and the creation of social value in PPPs. It addresses the theory and practicality of relational coordination between the members of a PPP and how this drives social value creation when optimally utilised.

PPPs are usually formed due to the significant public and social benefits that arise by tapping into the knowledge, competencies and capabilities of the private sector (Kivleniece & Quélin, 2012). PPPs generate solutions to complex problems, such as, “scientific and technological innovation, poverty alleviation, public health, education, and environmental sustainability”, through a combination of institutional knowledge (Jay, 2013, p. 137).

From the view of a private firm, the relationship alignment in a PPP determines most of the financial benefits gained and the public entity will want to ensure political interests are met and public benefits maximised (Kivleniece & Quélin, 2012). As an aftermath of the global recession, PPPs have further evolved through some private equity firms shifting their investment criteria to infrastructure developments, which offer stable financial returns. However, a combination of varying logics in the same organisational arrangement can result in potential tensions and conflict between members (Pache & Santos, 2013). Therefore, the relationship needs to be coordinated such that the PPP can successfully adjust to evolving constraints during the tenure of the agreement (Caldwell et al., 2017). Inter-personal relationships and contracts between the public and private partners drive relational coordination, which is vital for task performance, and consequently social value creation (Caldwell et al., 2017). On this basis, Chapter 3 presents the research questions of this study.

3 CHAPTER 3 – RESEARCH QUESTIONS

The intention of the research is to answer the following research questions, which have been derived from the review of literature presented in Chapter 2. The research questions are designed to delve deeper in exploring relational coordination within PPPs with a private equity firm as a partner, in order to create social value.

3.1 RESEARCH QUESTION 1

Quélin et al. (2017) proposed further research be performed on how private, public and collective capabilities can be collaborated to create value. In addition, Caldwell et al. (2017) stated that the PPPs they investigated explored infrastructure and service delivery sectors and that future research should investigate findings in PPPs with different characteristics. The research will thus explore PPPs with private firms as a partner, to address a gap noted in literature, whereby private equity firms were discussed in the context of infrastructure developments (Gemson & Annamalai, 2015; Vurro et al., 2010) but not in that of PPPs. Researchers have proposed that collaborations create value; however there is still much to be uncovered about the nature and underlying processes of value creation (Le Pennec & Raufflet, 2018).

The highlighted gaps in literature provide the main motivation for the research question: **How are public-private partnerships, which have a private equity firm as a partner, coordinated to create social value?**

The research question aims to delve deeper and explore the structures and processes which have been instituted to ensure all the members of a PPP progress towards the achieving their social value objectives.

3.2 RESEARCH QUESTION 2

Brewer and Brewer (2011) highlighted that sectoral differences impact individual's motivation and performance in a work environment and there is a need for further research which explores the intentions and performance of individuals in a PPP. In addition, Schillebeeckx et al. (2015) point out that the role individuals play in influencing processes and actions in PPPs has been largely unexplored. Caldwell et al.'s (2017) research adopted a western-centric view of professionals and postulated professional

embeddedness as a driver of how relational coordination will influence task performance, yet it is usually disregarded in PPPs.

This provides the basis of the second research question:

What role do individuals play towards the creation of social value within a public-private partnership, which has a private equity firm as a partner?

This research question will explore the role individuals play in guiding the activities, varying skill-sets, different logics and development outcomes in a PPP within a non-western-centric context. The research question aims to further explore whether the individuals within a PPP understand each other's roles and how they interact and build relationships with other members.

4 CHAPTER 4 - RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter discusses the research methodology used in this study to answer the research questions set-out in Chapter 3. The methodology was designed based on the literature review, as well as the review of research methodology text. The study utilised a qualitative and explorative approach to determine how PPPs, which have a private equity firm as partner, are coordinated to create social value, as well as the role individuals play in the creation of social value in a PPP.

4.2 RESEARCH DESIGN

The research strategy employed for this study was a qualitative cross-sectional research design, through one-on-one semi-structured interviews with individuals who have knowledge and experience in PPPs. A qualitative approach was deemed appropriate for this research, as the researcher was seeking depth in the area of study, as researchers noted in the literature review emphasised the need for further exploration in the areas of value creation (Le Pennec & Raufflet, 2018; Quélin et al., 2017) and relational coordination in PPPs in other industries (Caldwell et al., 2017).

Creswell (2007, p. 37) stated that “qualitative research begins with assumptions, a worldview, the possible use of a theoretical lens, and the study of research problems inquiring into the meaning individuals or groups ascribe to a social or human problem”. Expanding on this notion, they state that the research of a problem in a qualitative approach to enquiry involves collecting data in a setting where participants are comfortable, as well as inductive, theme-seeking data analysis. Further, qualitative research is performed where a need for a thorough comprehension of an issue, while also understanding the context in which the participants understand the issue (Creswell, 2007). This research intended to understand what is happening with a problem, seek new insights and view the problem from a different perspective (Saunders, Lewis, & Thornhill, 2009). The qualitative approach took an epistemological position that may be described as an interpretivist, meaning that, the emphasis is on understanding the social world by examining the interpretation of that world by its participants (Bryman & Bell, 2011). As such, the methodology selected for this study was exploratory in nature, as it was flexible and adaptable to change, which is useful should new data or new insights occur during the research process (Saunders et al., 2009).

Interviews allow for conversations that invite “the telling of narrative accounts (i.e., stories) that will inform the research question” (Josselson, 2013, p. 4). The qualitative approach allows for the inductive development of theory (Eisenhardt & Graebner, 2007) and has the ability to answer the questions ‘why?’, ‘what?’ and ‘how?’ (Saunders et al., 2009), as posed by the research questions: The qualitative approach thus allowed the response to the research questions: (i) *How are public-private partnerships, which have a private equity firm as a partner, coordinated to create social value?* and (ii) *What role do individuals play towards the creation of social value within a public-private partnership?*

A qualitative and exploratory approach is preferable in instances where a researcher is generating, and not testing, theory in an unstructured manner (Bryman & Bell, 2011). The theory was developed by recognising patterns among the constructs and the underlying influences across the data collected (Eisenhardt & Graebner, 2007). An important element to building theory, which builds deeper insight, is an analysis of similarities and differences and the explanations for these (Eisenhardt, 1989). Building or generating theory is synonymous with the deductive approach. This research however used both the deductive and inductive approach as it included categorising responses to identify relationships between categories (Saunders et al., 2009). The research study was not limited to the main themes noted from the literature review and the researcher was open to the refining and expanding theory in a different context, through an iterative process of data analysis, recognising additional constructs as they arose.

The study employed a cross-sectional time dimension, as the data collected from participants was conducted at only one period of time (Saunders et al., 2009). The researcher utilised the interview guide to conduct the one-on-one semi-structured interviews (Saunders et al., 2009), in the form of a written document with standardised questions, as presented in Appendix 3. Semi-structured interviews were considered ideal as they allowed the researcher to probe further on responses provided by the participants.

4.3 RESEARCH POPULATION

A population is defined as “the universe of units from which the sample is to be selected” (Bryman & Bell, 2011, p. 176). The research defines PPPs as a tripartite between a public institution, private firm, and private equity firm. To ensure the sampling frame met this definition, the population was represented by all the private equity firms in South

Africa. A limitation was noted, as there was no possibility of assuring a complete and accurate list of all the private equity companies in South Africa. A sampling frame is defined as a "listing of all units in the population from which the sample will be selected" (Bryman & Bell, 2011, p. 176), this is known as a research setting in qualitative analysis. The research setting was determined as private equity firms registered as members of the following private capital associations: Southern African Venture Capital and Private Equity Association (SAVCA), EMPEA, and the African Private Equity and Venture Capital Association (AVCA), who are members of a tripartite PPP and involved in creating social value.

The researcher employed purposive sampling to recruit participants from the setting who had experience of the research phenomenon, being relational coordination in PPPs with private equity firm. It should be noted however that the units of analysis for this research, as detailed in Section 4.5, included individuals from all the members of the tripartite as the study enquires into the experience of people within the PPP setting.

4.4 SAMPLING METHOD

A sample is defined as "the segment of the population that is selected for investigation" (Bryman & Bell, 2011, p. 176). The researcher used purposive sampling to select the participants of the study. Bryman and Bell (2011, p. 442) explain that the objective of purposive sampling is to "sample cases/participants in a strategic way, so that those sampled are relevant to the research questions being posed". The organisations sampled were selected on the following criteria:

1. The researcher contacted the research teams of the identified private capital associations, SAVCA, EMPEA and AVCA to provide lists of private equity firms involved in PPPs in South Africa. The researcher also requested that the lists include information on the objectives of the PPPs, to ascertain applicability. For purposes of this research Utting and Zammit's (2009) definition of a PPP, as stated in section 2.2.1 was utilised. As such, the request to the private capital associations was for private equity firms who are partners in a PPP, described as a tripartite between a public institution, private firm, and private equity firm. The sample was not limited to a particular industry. The three private capital associations contacted were not able to provide the requested list due to lack of information in their databases. However, SAVCA was able to provide an operating PPP, which fell under the defined criteria. The researcher was unable to find alternative lists from publicly available information, though was able to source two more PPPs to add to the setting, that also met the

required selection criteria, from the website of the private equity firm from the first PPP identified;

2. The PPPs selected had progressed past early stage formation into mature stage (active for at least two years), in order to get rich insight into the structures and processes instituted in PPPs to attain social value creation to date; and
3. Besides the prescribed economic returns, the PPPs selected had social value creation objectives. This was ascertained through the review of the objectives of the PPP through publicly available information. In this instance, the researcher made use of case studies by SAVCA and the PPP websites.

Due to the limited number of organisations which fit the set criteria detailed above, the researcher selected the first three PPPs identified from publicly available information as the research setting, as this was sufficient to perform a cross-case analysis of different PPPs, as well of the individual participants.

4.5 UNIT OF ANALYSIS

The unit of analysis for the study was set as individuals who were split equally between the PPPs in the sampling frame. The qualitative data was gathered from individuals within the PPP with knowledge and experience on the phenomenon of relational coordination in PPPs with private equity firms as a partner. The selection process involved contacting the Chief Executive Officer (CEO) of the private firm in the selected PPPs and getting referrals (snowball sampling) of the individuals from within their organisations and those from the public institution, private equity firm or independent parties who he worked with in the PPP in the context of social value creation. The selection process also included the selection of two experts not involved in PPPs with private equity firms as a partner, using purposive sampling. Of the experts, one was involved in PPPs in public institutions and the other was a senior individual in the private equity industry. The interview questions for the experts were amended, where applicable, to suit the views of an external party. The use of experts ensured a depth of data and offered an external perspective towards the research objective. The matrix presented in Table 3 below depicts the number of individuals that were selected as units of analysis according to the selection process indicated. The names of the PPPs were changed to maintain their anonymity.

Table 3: Unit of analysis selection matrix

Number of Interviewees	Public Institution	Private Firm	Private Equity Firm	Independent Party	Subtotal
PPP1	1	3	1	1	6
PPP2	1	2	1	-	4
PPP3	Same as PPP2	2	-	-	2
Subtotal	2	7	2	1	12
Experts	1	-	1	-	2
Total	3	7	3	1	14

4.6 PILOT INTERVIEWS

A pilot interview was conducted before data collection, to provide the opportunity for the refinement of the interview questions. One pilot test was conducted for this study, with an individual involved in PPPs. The selection of the pilot participant was based on convenience and access (Creswell, 2007). This provided a platform to test-run the format of the interview, ensure the questions to be used were clear to the participant and achieved the purpose for which they were intended. The pilot interview also ensured that the respondents were able to answer the questions with ease and avoid complications with data recording (Saunders et al., 2009). The pilot interview allowed the researcher to ensure the interview process was able to fit within the allocated timeframe, ensure the quality of the audio recording and practice the interviewing technique. Feedback was received from the participant on the researcher's questions and conduct during the interview which improved the effectiveness of the data collation during the interviews conducted.

4.7 DATA COLLECTION

The field work began by identifying the senior directors, identified as the CEOs of the private firms within the three PPPs selected in the research setting. The researcher initially contacted the CEOs via email and asked for their willingness to participate in the research study (see sample email in Appendix 1). If the CEO accepted the invitation to participate in the research study, the email further requested they provide the researcher

with the details of other participants according to the criteria outlined in section 4.5. The potential participants were initially contacted via email and if no response was given, follow-up telephone conversations were made. A one-hour interview was scheduled between the months of July and September, at a location which best suited the participant (Josselson, 2013). The researcher however ensured that the venue was conducive for an interview, to ensure the interview was in a quiet environment and that the recordings were good quality and not disrupted (Saunders et al., 2009). Telephonic interviews were conducted for the participants that were located out of Johannesburg and not accessible for face-to-face interviews. The researcher made use of two audio recorders during the interview to ensure data collection was not compromised through damage or loss of a recording.

The researcher made use of an interview guide (see Appendix 3) which had the pre-interview script, as well as the pre-determined, open-ended questions to be used during the interview process. The interview questions were mapped against the research questions from Chapter 3, which were formulated through the use of a consistency matrix, which ensured consistency between the reviewed literature, research questions, data collection and analysis. Table 4 shows the mapping of the interview questions to the research questions in Chapter 3: Research Question 1: How are public-private partnerships, which have a private equity firm as a partner, coordinated to create social value?; and Research Question 2: What role do individuals play towards the creation of social value within a public-private partnership, which has a private equity firm as a partner? The mapping depicts the connectedness of the two research questions, despite their independence to each other.

Table 4: Mapping of research questions to interview questions to public-private partnerships participants

Interview Questions	Research Question 1	Research Question 2
1) Please tell me about the public-private partnership and how it works, who is involved and what it is trying to achieve?	X	X
2) Could you tell me about your involvement in the partnership, how it happened and what it is you do?	X	X
3) In your role, who do you work with, what organisations are they from and what do they do? How do you interact and build relationships with them, what works well and	X	X

Interview Questions	Research Question 1	Research Question 2
what difficulties do you encounter? Please provide some examples.		
4) What processes have been utilised to manage the relationships within the partnership? What works well and what does not? Please provide some examples.	X	X
5) Based on your experience and knowledge, what does social value mean to you? Please provide an example in which you provide detail on what it was about, who was involved, where it was, what happened and why it is memorable?	X	
6a) What are the social value outcomes expected from the partnership and over what time frame?	X	
6b) What processes have been instituted to ensure all the members of the partnership progress towards those outcomes? What processes are used to track this progression?	X	
6c) How do you determine whether the partnership has achieved these outcomes? Please give me an example of a successful initiative.	X	
7) What would you improve in the partnership processes and relationships going forward in order to realise the expected outcomes for the various partners/stakeholders?	X	X

The researcher had a list of specific questions for the semi-structured interview and the participants had flexibility in how to respond (Bryman & Bell, 2011). To eliminate bias, the respondents were all asked the same questions. The questions to experts were however altered as appropriate to ensure relevance as external parties. The researcher used the services of a transcriber, who transcribed the recordings into Microsoft Word. The researcher reviewed the transcriptions to the recordings, making amendments as necessary, to ensure accuracy of the data. This ensured the detailed analysis required from a qualitative research was attained and participant responses were captured as they are, rather than taking notes which may be inaccurate and may result in the loss of important messages (Bryman & Bell, 2011).

At the beginning of the interview, the researcher reassured the participants of the need for the recorder for the accuracy of data capturing. During the interview process, the qualitative researcher was interested not only in what the participants said but also how they say it (Bryman & Bell, 2011), and hence active listening through the use of an electronic device with no note taking.

Data collection continued until no further insights were derived from the analysis in terms of new categories or relationships or in terms of existing categories identified, known as data saturation (Bryman & Bell, 2011; Saunders et al., 2009; Schwandt, 2007). Data saturation is however usually referred to in the context of the grounded theory methodology, which is used to generate, discover or develop a new theory (Creswell, 2007), through a process of induction, deduction and verification (Schwandt, 2007).

This research however is not using grounded theory methodology, but rather aims to refine and extend existing theory. The refinement of theory includes the review of constructs in a different geographical or institutional context to allow other angles or elements to come to light (Crane, Henriques, Husted, & Matten, 2016). The refinement of theory also updates the researcher's understanding of individual or organisational beliefs, practices and attitudes, which form the basis of knowledge logic (Crane et al., 2016). The researcher interviewed all the participants that were available as specified by the unit of analysis matrix set out in section 4.5, though remaining cognisant of reaching data saturation, through no additional codes arising.

4.8 DESCRIPTION OF THE PARTICIPANTS AND CONTEXT

Table 5 below presents a list of the interviewees selected for purposes of this study, their sector, PPP, industry, title, role, location and interview statistics. The names of the participants, PPPs and members were changed to respect their anonymity. Due to the unavailability of a selection of private equity firms involved in PPPs, the PPPs identified had the same private equity firm as a partner, though they had different participants looking after the PPPs identified. The PPPs were from the infrastructure sector, though differing in industry.

The data was collected from the 12 individuals from three different PPPs, different members within the PPPs and different levels in their organisations, to achieve a richness and depth in the data collected. A purposive sampling technique was used to select the PPPs in the study. The researcher contacted the CEOs of the private firms in

the identified PPPs and through snowball sampling, requested access to their team members and contacts from the private equity firm and public institution in the PPP. In addition, two experts, one with experience in the private equity industry and the other in PPPs from a public sector perspective, were selected using purposive sampling technique. Of the 14 interviews conducted, five were face-to-face, three were on video conferencing (WhatsApp, Starleaf and Skype) and six were telephonic. The participants were from Cape Town, Centurion, Johannesburg and Pretoria, South Africa. The face-to-face interviews were conducted at the participant's offices.

Table 5: Details of the research participants from the sample

	Interviewee Code and Title	PPP	PPP Member	Industry	Role	Location	Interview Type	Interview Length (minutes)
1.	Senior Project Manager	PPP1	Public institution	Road transport	Public institution liaison responsible for managing, approving and upgrading road infrastructure.	Pretoria	Telephonic	29
2.	Investment Principal	PPP1	Private equity	Asset management	Responsible for PPP relationship and managing the private equity firm's investment in the PPP.	Cape Town	Video conferencing	35
3.	Chief Executive Officer	PPP1	Private firm	Road infrastructure	Responsible for managing overall stakeholder relationship, having regular meetings with the public institution.	Centurion	Face-to-face	80
4.	Commercial Director	PPP1	Private firm	Road infrastructure	Manages the social initiatives implemented in communities.	Centurion	Face-to-face	90
5.	Commercial Manager	PPP1	Private firm	Road infrastructure	Assists the Commercial Director with managing social initiatives implemented in the communities.	Centurion	Telephonic	33
6.	Independent Engineer	PPP1	Independent	Engineering	Responsible for the audit role between the public and private parties, facilitating the process and	Pretoria	Face-to-face	41

	Interviewee Code and Title	PPP	PPP Member	Industry	Role	Location	Interview Type	Interview Length (minutes)
					advising both parties in terms of their contractual obligations and risks.			
7.	Investment Principal	PPP2	Private equity	Asset management	Responsible for PPP relationship and managing the private equity firm's investment in the PPP.	Cape Town	Telephonic	36
8.	Chief Executive Officer	PPP2	Private firm	Renewable energy	Responsible for overall stakeholder relationship management, having regular meetings with the public institution.	Cape Town	Telephonic	42
9.	Community Manager	PPP2	Private firm	Renewable energy	Manages the social initiatives implemented in communities.	Cape Town	Video conferencing	61
10.	Development Manager	PPP2	Public institution	Renewable energy	Responsible for implementation of economic development plan.	Centurion	Telephonic	35
11.	Asset Director	PPP3	Private firm	Renewable energy	Manages infrastructure for the private firm.	Cape Town	Video conferencing	26
12.	Economic Development Director	PPP3	Private firm	Renewable Energy	Manages the social initiatives implemented in communities.	Cape Town	Telephonic	33

	Interviewee Code and Title	PPP	PPP Member	Industry	Role	Location	Interview Type	Interview Length (minutes)
13.	Chief Executive Officer	Expert	n/a	Private equity association	Runs an industry body which plays the role of advocate for the private equity and venture capital asset class in Southern Africa.	Sandton	Face-to-face	15
14.	Senior Project Advisor	Expert	n/a	Public institution	Advises on different projects within the government, mostly in tourism, telecommunications, transport and office accommodation sectors.	Pretoria	Face-to-face	43
	TOTAL							599

4.9 DATA ANALYSIS

Data analysis entails “preparing and organizing the data for analysis, then reducing the data into themes through a process of coding and condensing the codes, and finally representing the data in figures, tables, or a discussion” (Creswell, 2007, p. 148). The researcher made use of thematic analysis, defined as “a method for identifying, analysing and reporting patterns (themes) within data” (Braun & Clarke, 2008, p. 79). Thematic analysis is a flexible research tool, with the ability to provide comprehensive data (Braun & Clarke, 2008). The researcher performed data analysis according to the six phases of thematic analysis as stated by (Braun & Clarke, 2008), presented in Table 6 below.

Table 6: Six phases of thematic analysis (Braun & Clarke, 2008, p. 87)

Phase		Description of the process
1.	Familiarizing yourself with your data	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2.	Generating initial codes	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3.	Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme.
4.	Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic ‘map’ of the analysis.
5.	Defining and naming themes	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6.	Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Following the process above, descriptive codes were formulated in ATLAS.ti, a computer assisted qualitative data collation and analysis software. After transcribing all interviews, data was closely reviewed for the researcher to get a sense of the information collated

and the general meaning, until the researcher was familiar with the content. The descriptive coding was initially guided by the themes noted in theory, while remaining open to new themes emerging. Using ATLAS.ti, the researcher went through the transcriptions again to ensure the coding was correctly presented. The data was grouped into categories and the categories according to the key themes noted.

Qualitative studies are based on meaning from spoken words and involves the collection non-standardised data which is classified into categories, and analysis is conducted through the use of observation (Bryman & Bell, 2011; Saunders et al., 2009). The researcher also added additional codes to the coding scheme based on outputs from the data analysis which had not emerged from the literature review (Caldwell et al., 2017).

4.10 DATA RELIABILITY AND VALIDITY

Data reliability relates to the repeatability of the research, while data validity relates to the integrity of the conclusions derived from the data collated (Bryman & Bell, 2011). The two concepts are related as, if a measure is not reliable, it is not valid (Bryman & Bell, 2011). To ensure the data collected was valid and rigorous, thematic analysis was used to ensure data analysis followed a logical process from collection to transcription, to analysis to drafting the findings. To address reliability, the researcher personally conducted interviews and transcribed the data. The researcher ensured the recording was of good quality and the transcriptions were accurate by checking to eliminate prominent errors and ensure data accurately reflected the interview data. During the coding process, definitions of the codes were guided by the code book as developed with the assistance of ATLAS.ti. The researcher used a systematic process to collect and analyse the data.

Triangulation refers to the process of validating evidence from multiple sources of data or data collection methods to corroborate a theme or view on a social phenomenon within a study (Bryman & Bell, 2011; Creswell, 2007; Saunders et al., 2009). Examples of triangulation include the use of multiple methods, researchers, measures and perspectives (Patton, 2002). Triangulation for this research study was achieved from interviewing the three PPPs, different members of each PPP, individuals with different roles within the same entity, as well as obtaining an external party view of an expert not involved in the PPPs under review, depicting a diversity of perspectives. It should be noted that although Table 3 depicts PPP3 as having only one member reviewed, the public institution participant interviewed for PPP2 also looks after PPP3. Richardson and

St. Pierre (2005) offer the imagery view of validation as that of a crystal as opposed to that of a triangle, postulating that a perspective visualised depends on the angle from which it is viewed, offering various shapes, symmetries and multi-dimensions. Crystallisation more accurately describes this research study, achieved through the multiple views from the unit of analysis selection process outlined above.

Natural sciences often highlight the need to reduce the influence of researcher's biases and values (Bryman & Bell, 2011). To mitigate the researcher's biases, reflexivity accentuates the importance of self-awareness, political/cultural consciousness, and ownership of one's perspective" (Patton, 2002, p. 64). Reflexivity reminds the researcher to be conscious of origins of one's perspective, "What do I know? How do I know what I know?" (Patton, 2002, p. 495). Cunliffe (2016, p. 741) defined reflexivity as "questioning what we, and others, might be taking for granted — what is being said and not said — and examining the impact this has or might have".

The researcher's prior experience in the private equity industry might be a source of potential observer bias. The researcher's knowledge on the functioning of a PPP in the context of this research is however limited, as the researcher has not had experience in the phenomenon. To limit this bias the researcher used reflexivity which "involves an attempt to recognize your own assumptions or preconceived ideas about the person or narratives that you are about to encounter" (Josselson, 2013, p. 27). The researcher aims to be aware of reflexivity on two levels: self-reflexive on their own beliefs, values or interactions; and critically reflective about the organisations policies, structures and knowledge logics (Cunliffe, 2016). The researcher performed this through being actively aware of their actions, to obtain transparency through the interview and analysis process, and being open minded to perspectives that could arise from the research process.

4.11 LIMITATIONS TO THE RESEARCH

The following limitations were noted in this study:

1. The research was aimed at assessing social value and not overall value creation, thus the view indicated on economic value in this research might be optimistic.
2. As the researcher could only identify PPPs with the same private equity firm as a partner. The results from the study might have been limited.
3. As only three PPPs were reviewed, the number of participants in the study will present only a partial view of PPPs operating with a private equity firm as a

partner. Despite the small research setting, data was collected from diverse perspectives within the PPPs, which offers a depth in data collected.

4. The research only reviewed mature PPPs, not considering PPPs which are in the early stage of formation (less than two years), however insight was gathered on how the PPPs coordinated to achieve their shorter-term social value targets.
5. The research is being conducted over a limited period and further insights could have emerged should the study have been performed over a longer period.
6. The study only reviewed PPPs of a contractual nature, excluding other forms of partnerships.

5 CHAPTER 5 – RESULTS

5.1 INTRODUCTION

This chapter presents the key research findings responding to the research questions formulated in Chapter 3. The key findings are a result of the organising and summarising the data collected through 14 one-on-one, semi-structured interviews: 12 with individuals with knowledge and experience in PPPs with a private equity firm as a member, and two with experts, one who has expertise in PPPs in public institutions and the other who specialised in the private equity industry. The views of the 12 individuals who are participants in PPP, will be compared to the views of experts, for each research question. The results are presented by research question as in Chapter 3, comparing the similarities and differences between the key themes arising from different views from different roles and sectors, according to the descriptive qualitative data collected. The chapter commences with a presentation of the description of the interviewees who participated in the study, followed by a presentation of the results from the interviews.

5.2 CONTEXT OF THE PPPs REVIEWED

Each participant described the PPP they were involved in, how it works, who was involved and what it was trying to achieve. They further described how they got involved and the role they played. Most of the interviewees involved in the PPPs highlighted that the PPPs were set-up, originating from the private firms being awarded a tender by a public institution. An expert from a public institution confirmed this finding, stating that a concession PPP is when a private party is provided an opportunity to operate on state land for their own commercial purpose. The PPPs were equity funded by a private equity firm, who also played a decision-making role in the private firm.

The primary purpose of the three PPPs reviewed was to: build, operate and maintain a 400km of road infrastructure over a 30-year period (PPP1); construct and generate electricity through renewable energy plants (wind and solar farms), feeding into the Eskom grid over a 20-year period (PPP2); and construct and generate electricity through renewable energy wind turbines, feeding into the Eskom grid over a 20-year period (PPP3). In all instances, the infrastructure will be transferred to the government at the end of the stipulated contractual timeframe. Nonetheless, the two CEOs of the private firms interviewed both indicated an appeal to have the projects renewed at the end of

the contract. Interviewees from the three PPPs mentioned that the PPPs have the intention of stimulating economic growth in their respective sectors in South Africa.

Investment Principal, Private equity firm (PPP1): *“The road was there and was conceived to stimulate agricultural, mining and tourism opportunities along the route.”*

A participant from PPP1, spoke of the positive spill over effects noted in the communities along the constructed 400km road.

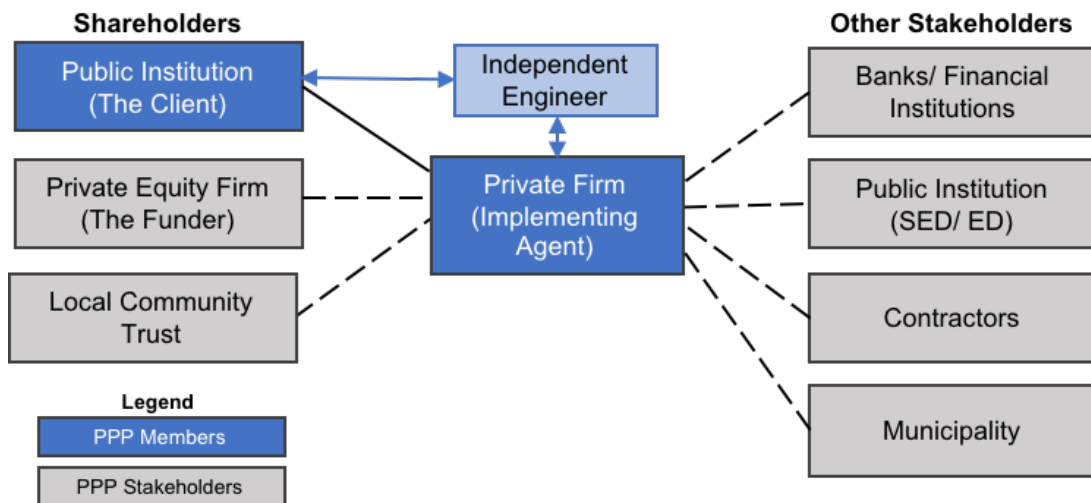
CEO, Private firm (PPP1): *“The decision to put a bypass around the south of Rustenburg resulted in all the development around Rustenburg moving to the south of Rustenburg. If you look at pictures, before and after the road, you will see how communities, residential and industry commerce have congregated around the south along the route.”*

As mandated by the concession contract, the private firms reviewed were obliged to achieve enterprise development (ED) and socio-economic development (SED) objectives in the local communities where they were operating, over the course of the contract. Most interviewees spoke passionately about the social projects run by the private firms and the impact they had made on the communities.

Community Manager, Private firm (PPP2): *“I think that overall, the public-private partnership, I think this is a wonderful, wonderful initiative from government. You are not only bringing in clean, green energy and looking after the environment for future generations, but you are also looking at how you can develop those rural communities who government has not had a chance yet to help. So, I really think it is wonderful. The masterminds behind this programme, I salute them.”*

The interviewees mentioned that apart from the two members of a PPP (public institution and private firm), there are other parties involved in the PPP including: contractors which offer services to the private firm to deliver on the private firm’s contractual obligations; communities which are offered a service by the private firm; and lenders to the private firm including private equity firms and financial institutions. Compared to the other PPPs reviewed, PPP1, for example, was largely outsourced, with separate entities constructing, maintaining, engineering, and running toll operations. Figure 4 below depicts the members of a PPP and other stakeholders which could be engaged in achieving the set-out objectives of the PPP. The stakeholders include financial institutions, contractors, municipalities, communities and governments institutions involved in implementing social initiative.

Figure 4: PPP members and the respective stakeholders



Source: Author's compilation

5.3 AN EXPERT VIEW OF PPPs, WITH PRIVATE EQUITY FIRMS AS A PARTNER

The public institution PPP expert mentioned that funding in PPPs ordinarily comes from banking institutions, so most PPPs had not used provident fund investments as a funding mechanism. The public institution PPP expert viewed the formation of a PPP as a risk transfer exercise from public institutions to private firms, and said funding from institutions such as Public Investment Corporation (PIC) would not constitute private funding, as their funds are sourced from pension funds from civil servants.

Senior Project Advisor, Public institution (Expert): *"We are looking at ways to get them [PIC] involved and maintain the risk profile and transfer the risk to the private party...I think it [investment in government projects] is one of the most secured environments. I don't think we will be bankrupt."*

The discussion with the CEO of the private equity association, as expert in the industry, highlighted that they were not aware of any other private equity firms, with investments in PPPs, other than the one the researcher reviewed.

CEO, Private equity association (Expert): *"It seems like the private equity market has stayed away from PPPs and have invested in private companies directly without any government co-investment."*

The private equity expert attributed this to government not understanding what private equity firms are and how they work, private equity firms not understanding how to go about initiating the participation in a PPP and the onerous policy discussions, paperwork and length of time it takes to finalise a PPP.

CEO, Private equity association (Expert): *“It is about educating each other about why there are so many forms and addendums required and what is the most crucial information versus how the private equity model works and how we can make it work for PPPs in South Africa.”*

The private equity expert mentioned that a government agency recently approached the private equity association for initial discussions on how government and private equity can pursue potential PPP opportunities. The discussion explored possible opportunities that private equity can be involved in, why they are currently not involved, and how to get the conversation started. These initial discussions brought to light that the initial projects ear-marked by the government agency were in the infrastructure sector, more specifically road building and school building or refurbishment.

CEO, Private equity association (Expert): *“Out of that conversation we said we would form a separate task force to talk about how you get more PPPs but do it in such a way that we meet the governance requirements of the government but also the time-frame requirements of private equity considering that they only have a window to invest and realise the investment.”*

The private equity expert spoke of the need for government and private equity to engage and develop a PPP model which considers the needs of both parties, with the economic growth of the country at the pinnacle.

CEO, Private equity association (Expert): *“So if we just put ourselves in each other’s shoes first and understand of the bigger ecosystem and the role everyone fits in and why they do the things they do, will allow us to come up with models that work for everyone.”*

5.4 FINDINGS FOR RESEARCH QUESTION 1

Research Question 1: How are public-private partnerships, which have a private equity firm as a partner, coordinated to create social value?

In addition to seeking understanding of the social value outcomes expected from PPPs, research question 1 aimed to delve deeper and explore the processes which have been instituted to ensure all the members of the PPP progress towards the same social value outcomes.

5.4.1 Role of the private equity firm reviewed

The three PPPs reviewed were funded by the same private equity firm, which had a large focus in the asset management of infrastructure in Africa. One interviewee from a private equity firm mentioned the private equity firm had been involved in the PPPs as a funder for almost 20 years, commencing in investment in toll roads and then later in renewable energy. The interviewee added that the private equity firm played an active role in managing concession contracts, and ensuring the preservation of the funds invested. The participants said that the private equity firm sat on the Board of Directors of the three PPPs, and in two of the interviews it was mentioned they also interacted with the management teams on an ad hoc basis. One of the participants from a private equity firm further added that they accompany the management team in instances where they require approvals from the public partner or in instances where they might have relationships with banks which will assist the private firm.

Investment Principal, Private equity firm (PPP1): *“Our funds have taken a very strategic position in terms of the toll roads, where we have taken up majority positions because that is where we believe we can add value and can direct strategically where the project is going.”*

5.4.2 Contractual Processes

The interviewees mentioned that each of the PPPs had a set of contractual documents including a concession contractual agreement, shareholders agreement, and financing agreement, addressing the primary obligations of service delivery by each of the parties. In all cases, the concession contractual agreement was between the public institution (the client) and the private firm (the implementing agent) and it covered contractual obligations of both parties relating to constructing and maintaining the roads, wind farms and solar farms, respectively. From discussion with the participants, numerous annexures were included in the concession contractual agreement, including the socio-economic annexure, which stated the obligations the private firm had in accomplishing specific socio-economic development objectives over the duration of the contract. The shareholders agreement between the community trust, private equity firm, public

institutions and various other owners stipulated the economic participation of the shareholders. The finance agreement related to the facility agreements with the private firms' funders for their operational requirements.

Two interviewees mentioned that the members of the PPP must understand the contractual obligations of the parties in a PPP and ensure the concession can be audited and controlled in the best manner.

Senior Project Manager, Public institution (PPP1): *"It doesn't mean that any of the parties is not correct, as long as they comply contractually, that is what is expected from them."*

In the case of the PPPs reviewed, the PPPs were formed towards the provision of services mandated by respective public institutions, where both the private firm and public institutions had specified obligations, set out in the contractual documents.

Independent Engineer, Independent firm (PPP1): *"Remember, it is partnership not a government/client-contractor relationship. It's a partnership where one partner is the grantor and the other is the concessionaire. And they are supposed to be equal partners with different roles."*

Independent Engineer, Independent firm (PPP1): *"Because the concession contract in itself is an output-based contract. It's not an input-based contract where the concessionaire is told do this, do that, do that. It's rather the other way around where the concessionaire says these are my outcomes, and this is how I measure it and track my own progress against what the original intent was or what the specification was."*

The participants from the various private firms spoke of the high quality of the PPP contractual documents, drafted by the public institutions, and how the compliance thereof is the back bone of the ease in relationship between the members of the PPP.

CEO, Private firm (PPP1): *"Our project is very much compliance orientated. It's all about contract management and that's why these sit on our desks [points at contractual agreements], we've got a contractual obligation."*

Commercial Director, Private firm (PPP1): *"I think the way the contract is structured is world class and there's probably not four or five countries in the world that have got better legislation and processes in place than that."*

Community Manager, Private firm (PPP2): *“In the contractual documentation, they are very clear about how we should report and engage with them. So, they have created conduits and processes. So, in terms of that relationship, I don’t think we have any challenges with that.”*

However, one interviewee noted, as much as the contracts were of high quality, there were still grey areas arising once implementation commenced or due to the passage of time, making the contracts irrelevant. Another interviewee noted that such grey areas can be addressed through the members of the PPP agreeing on a way forward.

Independent Engineer, Independent firm (PPP1): *“You can have contracts and we have found that these concession contracts while they have been well written are full of holes, in terms of the finer interpretation and what the intent really is.”*

Senior Project Manager, Public institution (PPP1): *“The concession contract is designed such that there are reports that must be delivered monthly or annually. Those reports are evaluated by the Independent Engineer and there are contractual meetings held, and that is how the project is managed, what the expectation is and if there is any deviation from it, that is agreed amongst the parties on how to handle it.”*

Several informants noted that non-compliance or non-performance of contractual obligations resulted in the activation of penalty clauses or in the worst-case scenario, termination of the project. It is thus crucial for the private firm to remain in communication with the public institution should there be matters hindering the fulfilment of the contractual obligations within the stipulated timeframes.

CEO, Private firm (PPP2): *“It’s a very serious commitment that could have pretty catastrophic consequences for the project owners if they don’t do what they promise.”*

Independent Engineer, Independent firm (PPP1): *“We will audit it [the outcomes] and will tell them where they are falling short or over. And there are certain penalties, self-imposed penalties if they fall short or are over.”*

The participants highlighted the need for continuous dialogue between the members of a PPP, to ensure alignment and continued relevance of contractual documents. Continuous dialogue will address any changes to socio-economic development requirements that might occur and avoid working towards outdated outcomes or

requirements. Also, depending on the duration of the contract, the time frame from when the project documentation is drafted to the end of the contract could range from 30 to 40 years. There is thus a need to reassess the contract and potentially design a process aligned to the reassessment. The assessment will also allow for sharpening ambiguous clauses within the contract.

Senior Project Manager, Public institution (PPP1): *“There are always grey areas in contracts and one can always improve on the requirements of the contract and the different objectives. Looking at the interest of the public and business looking at the interest of the public as well as the contractual obligation and expectation from shareholder is.”*

Most participants stated that at bidding stage, the private firm stipulates how they will address socio-economic development objectives and this is considered when the public institution awards the tender. The socio-economic development objectives then form the basis of the socio-economic annexure in the concession contract, which stipulates the obligations the private firm has towards social upliftment through ED and SED in the communities where it operates. For the PPPs reviewed, part of the private firm’s operating license is the annual investment of a percentage of turnover on ED and SED initiatives, named development funding.

Development Manager, Public institution (PPP2): *“All projects that are given the go ahead by the department are required to achieve a certain percentage of local ownership. Local ownership as in South African, as well as community ownership.”*

Asset Director, Private firm (PPP3): *“The contract stipulates that a percentage of turnover that we need to spend on these ED and SED projects, but it is totally up to us what programs we want to support.”*

Due to the stringent requirements of the contractual requirement, all the PPPs reviewed had a dedicated team which manages the spend, the programs rolled out in the communities, community engagement and reporting requirements. The team submits an annual economic development plan to the public institution, which sets out the private firm’s quarterly commitment on criteria such as job creation, spend on SED and spend on women owned vendors. Interviewees from the three PPPs reviewed mentioned that the government did not stipulate particular development targets on the private firm and they would decide the areas they would concentrate on at their discretion. PPP1 stated that when commencing with the concession contract, legislation such as Broad-Based

Black Economic Empowerment (BBBEE) and Preferential Procurement Policy Framework Act (PPPFA) had not come into being, though the targets they set for themselves far surpassed the requirements of the legislation.

Community Manager, Private firm (PPP2): *“I think at the inception of the [Renewable Energy Independent Power Producer Procurement] (REIPPP) programme, government just wanted to get private sector to invest back into the community and develop those communities. But they didn’t strategically align it to their development goals at the time.”*

The private firm from PPP2 however stated that they aligned their ED and SED projects to the NDP, SDGs, as well as their medium-term strategic framework outcomes. This view aligned to input from the public institution in PPP2.

Development Manager, Public institution (PPP2): *“I think what guides us is the NDP, the National Development Programme, that obviously plays a big role. Having said that, it is very high level and obviously focuses on the needs of where the projects are built.”*

5.4.3 Governance processes

5.4.3.1 Reporting and meetings

A key governance process noted from the participants is the rigorous and structured monthly and quarterly reporting requirements by the public institution or in preparation for the board and sub-committee meetings. In all the PPPs reviewed, there were formal annual general meetings, board and sub-committees set-up to review particular facets of the PPP. The sub-committees included technical, socio-economic development, environmental, operations and maintenance, audit and risk, procurement, remuneration and they met every two, three, six or twelve months depending on the areas under discussion. The board meetings were held quarterly, while frequency of the sub-committee meetings differed by PPP. In PPP1, which has been running for 16 years, it was noted that sub-committee meetings were more regular when the PPP commenced, with the frequency decreasing as the PPP progressed. Some of the shareholders, including the private equity firm, appointed member representatives to sit on the board and sub-committees.

Independent Engineer, Independent firm (PPP1): *“In the initial stages we had monthly meetings, then it became two months and currently its quarterly and*

some meetings are only every six months. Because it is a very stable environment, there are not a lot of changes going on. It's a continuous effort. The meetings are based on certain milestones in terms of the reporting requirements in the contracts."

Depending on the PPP, the reports are either reviewed by the Independent Engineer, internal compliance department or third-party specialists. The level of interaction between the private equity firm, private firm and the public institution differed depending on the role the individual played in the PPP.

Asset Director, Private firm (PPP3): "There are very strong monthly reporting obligations from the [Independent Power Producers] (IPP) office. So mostly driven through reports. There isn't a lot of personal interaction, but with shareholders like the private equity firm, there are board meetings that happen three times a year with a lot of feedback and reporting that goes into those board meetings. It is a very structured approach."

An annual report is produced for every discipline, including socio-economic development. The report monitors the plan versus actual, tracking the relevant Key Performance Indicators (KPIs) by project. Measuring the outcomes of the economic development plan is a contractual obligation. Included in the tracking are elements of the economic development scorecard like share ownership by local communities, job creation, number of people employed by local community, and preferential procurement. The Development Manager, Public institution (PPP2) said the main measurement methodology is checking whether the private firm has complied with what they said they would do in the economic development plan, in terms of funds invested and KPIs to be achieved. The participants concurred that outcomes are not difficult to measure, as those can be measured in terms of numbers, such as attendance registers, number of jobs, number of children, and so forth. To track the targeted KPIs on the PPP ED and SED projects on a quarterly basis, the PPPs implemented a monitoring and evaluations tool, also referred to as a social outcomes measurement methodology.

Apart from the measurement of social outcomes through the monitoring and evaluations tool, PPP1 and PPP2 spoke of having commenced quantifying the impact of their investment in ED and SED initiatives. PPP1 mentioned their use of consultants that compute the intrinsic value the community gets from the amount invested in SED projects, using algorithms to determine how successful a project has been in saving injury or fatality along the route, assigning an economic value to an accident.

CEO, Private firm (PPP1): *“If we're spending R5,000 on a project, we want to get five times that in value if not greater, we've got certain progress.”*

Community Manager, Private firm (PPP2): *“It's not always easy to report on that, but I think we have developed a framework of impact reporting now and we are starting to use our tools more and more so that we can say, this was the value of the investment and this is the social impact that has been realised.”*

The Development Manager, Public institution (PPP2) stated that the public institution needs to start looking at extracting greater outcomes and greater impact from the private firms. He added that with the larger projects going forward, there is going to be a shift from measuring outcomes to impact, which is more difficult to measure, as you need to understand the current situation and measure the progress over a longer term than a quarter. Work is underway to establish how impact will be measured over the duration of the projects. Currently, the public institutions request private firms to engage independent service providers to measure the outcomes of the initiatives rolled out in the communities.

5.4.3.2 Audit reviews

The interviews conducted revealed that the public institution calls for an audit review to be performed on the private firm, checking their compliance to the requirements of the concession contracts. The nature of the audits however came in different forms between the PPPs interviewed. In PPP2 and PPP3, an internal compliance department from the public institution reviewed the quarterly reports produced by the private firm, and random audits were performed by third party specialists. For PPP1 however, in addition to the internal audits from the public institution, the PPP engaged an independent party, the Independent Engineer. Their services were owed to both the public institution and private firm equally, performing an auditing role on both parties at regular intervals during the life of the contract, ensuring compliance to the contractual obligations. The role of the Independent Engineer however went far beyond an audit tick box exercise to assist in bridging the gap between the expectations of the private firm and public institution and the development of the relations between them. Their role was to facilitate the process and advise both parties in terms of their contractual obligations and risks, advising the parties accordingly if one party performed in a manner that could put the other at risk. The Independent Engineer is always present when contractual matters are discussed between the two parties, without playing the role of a consultant or project manager.

CEO, Private firm (PPP1): *“Every two months we have an Independent Engineer contracts meeting, where we basically look at our compliance to the concession contracts, so public institution executives, our executives, facilitated by the Independent Engineer, who chairs the meeting.”*

Commercial Director, Private firm (PPP2): *“There is also the role of the Independent Engineer who is jointly paid by us and public institution. He makes sure that we deliver what public institution expects us deliver. But he also makes sure that public institution doesn’t have an undue expectation for us to give more.”*

Independent Engineer, Independent firm (PPP1): *“The first part of my job for a long period of time was to get them both to wear the concessioner acting like a contractor... so, for the government not to act from the perspective of ‘we are the government’, they are equal partners and have got a common objective.”*

5.4.4 Creating social value outcomes

5.4.4.1 The definition of social value

The responses by the participants on their views on social value could be classified in three forms. The first being in light of the impact of the execution of the primary objective of the concession contract, i.e. providing road infrastructure and electricity to society, as well as the positive social impact to the community.

Community Manager, Private firm (PPP1): *“Social value to me is the impact of contribution of project in the form of the roads that we provide to society. And it should be positive and not negative. And in being positive it means you have the road there, you are allowing the economy to work, you are allowing kids to get school, you are allowing people to get to hospital, you are allowing people to socialise and go and visit and watch the World Cup for the weekend and go to the pub.”*

A second view was that social value is the greater impact the project has on the economy of not just South Africa, but neighbouring countries as well.

CEO, Private firm (PPP1): *“I want to say, the communities along the route, but it goes far beyond that, it really goes to the provision of economic value for [the Southern African Development Community] (SADC) and that’s really what it is.”*

The third view was that value beyond economic profit was created through long-term initiatives, which make a sustainable impact in communities, going past the duration of the concession contract term. One interviewee, expanded this to say social value entailed capacity building and leaving a legacy in the communities, where they are independent from any external funding. Three participants added that social value was not about providing community handouts or writing a cheque, but about being involved in the community and taking a long-term view. One participant explained that social value was about bringing a mind shift from expecting a handout from outsiders to igniting entrepreneurial instinct or the ability to look for solutions to challenges by themselves.

CEO, Private firm (PPP2): *“For us, social value is ensuring that those initiatives that we implement benefit the recipients in these various communities, but most of all that those interventions become self-sustaining and have an impact over the long term.”*

In the three definitions provided by the interviewees, the end result was economic growth and social development of one form or another, be it reduced travel time, road safety, improved trade, job creation, or improved education.

Community Manager, Private firm (PPP2): *“The value we bring to communities where previously no infrastructure existed, we are bringing services to communities that never had these things before.”*

5.4.4.2 Implementing social value initiatives

One participant from a private firm stated that community development projects entail identifying needs in communities and, depending on the nature of the gap identified, using the communities to build the infrastructure and meet those needs. These to identification processes result in the community benefitting from the enterprise and skills development, leaving the community empowered. Another interviewee added that this results in the community being accountable, reducing theft or vandalising infrastructure built. Another participant from a private firm stated that projects implemented are an investment in the communities, which creates a thriving economy.

Community Manager, Private firm (PPP2): *“...so we have got 16 years still to invest money into the community. I say invest, I don't say spend, because you need to see a return on your investment, and again it's linked to the projects that we implement.”*

Interviewees from PPP2 and PPP3 mentioned that third party consultants performed an initial needs analysis. It aimed to determine which programs would address the ED and SED gaps noted in the communities in which they were operating and ensure the maximum benefit for the highest number of people. This differed from PPP1, which commenced 16 years ago and has developed an understanding of the needs of the communities and amended their initiatives accordingly over time.

Independent Engineer, Independent firm (PPP1): *“At that stage there was no legal framework or regulatory framework in the country within which it [Economic Development Plan] had to fit but what is important is that the intent was there, for [Small, Medium and Micro-sized Enterprise] (SMME), job creation, economic development should form part of the total offering.”*

Development Manager, Public institution (PPP2): *“If you go into that community and understand the needs that existed in the community, if you listened to the community members, if you listened to the municipality members they will tell you exactly what their problems are and what major problems there are and what they would like to have fixed and the IPPs invariably align with a lot of that.”*

Participants from PPP1 noted that their areas of focus when investing in ED and SED projects have evolved as time has progressed, as the gaps have been addressed or as learnings have been implemented. PPP1 has split its ED and SED projects into four pillars: road safety, health, socio-economic development and environmental, and heritage. Under the safety pillar, the private firm runs the Safe Routes to School project, where they have set-up scholar patrols to assist people to cross the road where there are schools located close to the highway, with communities on the other side of the highway. The private firm also runs school drama programmes at schools. Under the health pillar the private firm runs eye testing and ear screening tests for Grade 1 to 8 students. From the assessments the students are provided with a script and an international funder provides the spectacles.

Investment Principal, Private equity firm (PPP1): *“In 2017, they [private firm community initiative] screened the eyes of 5,938 learners and 762 were seen by optometrists and 147 spectacles were distributed. In terms of hearing, 4,992 were screened and 787 were referred to a doctor and 66 learners had wax removed. 76 learners had otitis media and 8 learners have perforated ear drums. They are actually making a difference.”*

The private firm is involved with initiatives at local or mobile clinics aimed at HIV/ AIDS and cancer tests. As part of their enterprise development initiative at the commencement of the contract, the private firm used to lend money to businesses but many eventually failed. For example, a wild honey enterprise that intended to produce and harvest wild honey, an industry that the private firm was not knowledgeable about and consequently failed to provide the necessary guidance. From this learning, the private firm changed their model to fund businesses that would support their core operations, such as grass cutting. These businesses were successful and were able to repay the loans provided to fund their equipment. The participants highlighted lessons learnt in rolling out SEDs over the period of the contract. The informants within PPP1 noted a big learning regarding enterprise development through SMME funding. The approach that worked well was the funding businesses with the intention that loans would be repaid, providing a market within the private firm's primary operations to enable cash generation, loan repayment and reinvestment in new businesses.

Under environmental and heritage, an example is that the private firm assists non-governmental organisations (NGOs) with running the Magaliesberg Biosphere which is a UN designated a World Heritage Site. Two participants from the private firm in PPP1 highlighted that their projects had been so successful that the community thought it was an NGO instead of a toll road company.

CEO, Private firm (PPP1): *"The strong sense from the communities was that instead of being an infrastructure development project, providing economic access through road infrastructure, we were actually a [Corporate Social Investment] (CSI) provider....they didn't actually know that our main focus, the bigger responsibility was actually the road."*

From performing a needs analysis and consultation with the municipalities, PPP2 established that there was a high Grade 12 failure rate in the community. In order to address this need at the root, PPP2 set up early childhood centres. The programme also addresses the health and safety of the centres, adequate equipment, the qualifications of the pre-school teachers, business operating skills, and the interest the parents have in their children's education. Another spill-over impact for the trained pre-school teachers was that they were now be able to get a stipend from the government, which benefits their families. The aim of the initiative is to uplift the centres so they are sustainable even after the private firm is gone.

In another program, the community had requested assistance with street lights for their RDP settlement, to address crime in the area. The private firm assisted by installing over 100 solar street lights which transformed the community by reducing the crime statistics, extending spaza shop business hours and extending play time for children in the streets. Together with installing the solar lights, they trained local electricians to be able to install and maintain the solar lights. PPP2 also commissioned a consultancy firm to train people from the local community in various skills, such as electricians and builders, and over a three-year period, there were improvements to houses without running water, electric geysers and electrical reticulation. This improved the drive to have skilled work come from the local communities.

Community Manager, Private firm (PPP2): *“In terms of generating additional income, that [early childhood development] (ECD) centre can sell the vegetables to the local community – and have a weekly local market. So, our projects are not only looking at the social benefits, but the entrepreneurial – how do you generate that economic activity... this is our third year doing ECD and we can already see slight positive impacts.”*

PPP3 provides bursaries to children from previously disadvantaged local communities, and these students are then taken in for the PPPs internship programme. In addition, PPP3 works closely with the Department of Education for its ECD programme, literacy programme, and an after-school student support programme. As in PPP2, the ECD programme entails training ECD practitioners and provides education material. The Department coordinates and manages the training of ECD practitioners, while PPP3 pays for the training. PPP3 hire an NGO to assess what needs to be done towards the development of infrastructure and this is discussed with the Department.

PPP3 and the Department of Education also run a literacy programme aimed for Grade 1 to 3, where out of school matriculants are hired as reading coaches, getting paid a monthly stipend. PPP3 also run an after-school support programme for Grade 10 to 12's, where the students get tutors after school via video.

In addition to the education initiatives, PPP3 also runs an enterprise development programme, where they build the capacity of cattle farmers, helping them learn how to farm sustainably but also make money. However, on commencement of the programme, PPP3 also had funds embezzled and equipment stolen, resulting in them employing more stringent control over disbursement and management of the funding to avoid misappropriation of funds.

Economic Development Director, Private firm, PPP3: *“What we found was that they had lots of cattle but they weren’t making money out of it. They didn’t see it as a commercial activity that they could make money from. Even when they decided to sell, they were not able to secure good prices for their livestock because the quality of the livestock was not good and they couldn’t compete. What we did as a company was invested in the genetics ... through artificial insemination ... to change the quality of the livestock. In the process of that, they have learnt the art and the skills of cattle farming. Now it is left with them and that is how you create value ...”*

One interviewee from the public sector brought the point across that ED and SED initiatives implemented have a short-term and long-term impact, with development funds being allocated to short-term initiatives where impact can be seen immediately, according to the immediate needs of the communities. The initiatives were however expected to evolve as the more immediate needs of the communities were being addressed. Another participant from private equity reiterated that the current projects aimed at a maximum impact in the short-term and the next phase will be more strategic medium- to longer-term projects.

Development Manager, Public institution (PPP2): *“...it should not take 20 years to get the small project or initiative sorted out in the community. So therefore, at this stage now 5 years into the programme, we are looking at how we can get the IPP’s to work together to do greater projects with greater impact.”*

5.4.4.3 Dealing with social value challenges

Most of the interviewees noted a key challenge within the communities is a lack of education and understanding regarding the role of government or private sector in social implementing initiatives. The communities had a hand-outs mentality and it was difficult to convince them that the plans implemented were for their benefit. There are cases where there were community protests which jeopardised the operations of the private firm. In rural areas, the protests related to job creation and in urban areas, mainly sub-contracting, especially in cases where skills shortages, forcing the private firms to source the skills required outside the community. Communities also do not understand when the private firm uses external parties to provide services within the communities, where there is a skills shortage or no NGO operating locally to outsource to, instead of using locals. In one example provided by an interviewee, the community protests escalated to

an extent where they had to withdraw their Community Officer off-site, due to escalating threats, until the tension had subsided.

Investment Principal, Private equity firm (PPP2): *“These are really large sums going to these communities and quite high stakes for the people that stand to benefit through their business carrying out the work they want to undertake.”*

Community Manager, Private firm (PPP2): *“Because, we use some of these NGOs to deliver the services that we want to render. So, we don’t physically go there and do our own training, we partner with service providers. As far as possible, we try to keep it local – appoint local service providers. There again a lot of stakeholder engagement is involved, specifically with the community. Because they don’t understand – why are you bringing outsiders?”*

Another challenge highlighted by a participant was the lack of congruency between the initiatives run by one PPP and those run by another PPP in the same community. This results in the projects run not being complementary, resulting in the social value potentially not being maximised.

5.4.4.4 Improving social value initiatives

A participant in the public sector highlighted the funding of the community trust’s equity stake in the private firm to be an area that still requires development. The current model involves using debt from financial institutions to fund the equity stake in community trusts and use dividends allotted to repay the debt. This loan and payment system, however, results in the community realising decent dividends only after about eight years of investment. Alternative funding methods are thus necessary for the community to realise the benefit earlier.

The Community Manager, Private firm (PPP2), stated that the government had put in initiatives to ensure more local ownership in the recent tender rounds of the REIPPP. During initial rounds, due to there being were no black-owned turbine manufacturing companies, equipment was sourced from European countries, which came to set up in the country in preparation for future rounds. With the revised policies, government needs to be cognisant of creating opportunities for the black majority instead of the opportunities being provided to the same individuals, so there is more local asset ownership.

An interviewee from a private equity firm mentioned that it would be beneficial if the SED initiatives could be aligned to the areas highlighted by the UN or World Bank as giving the maximum impact in alleviating poverty in communities in other developing countries.

Two participants from different private firms mentioned the need for the public institution to review the contractual requirement for the private firm to spend its quarterly development fund allocation, even if no viable opportunities for deployment are noted. Penalties accrue to the private firm for non-compliance, even though a quarter may be too short a timeframe to identify worthwhile investment opportunities. One of the private firms mentioned how they received a dispensation from the public institution within a short time frame, when they raised the matter for consideration, though the other PPP had been unsuccessful. Both private firms stated they would want to avoid investing in unviable projects just to be compliant.

CEO, Private firm (PPP2), *“We are trying to help SMME’s become sustainable, we are not trying to help SMME’s live off what is effectively some kind of support or grant funding which when it dries up then they just fall over.”*

Economic Development Director, Private firm (PPP3): *“Does it have to be quarterly? And what can we put in place to make sure that IPPs are not put in a position where we are throwing money to be compliant.”*

5.4.5 A comparison of the view from experts to that of participants in public-private partnerships, with private equity firms as a partner

As a component of contract processes, the public institution expert stated that in addition to contractual agreements, a PPP should draft a contract management manual, which guides the relationship between the private party and government, as well as, how to deal with disputes. Similar to the independent engineer, the public institution expert added the importance of the role of a project officer and contract management team from both parties in ensuring the success of a PPP.

The public institution expert, reiterated the views of the participants by stating that, adhering to the obligations set out in the concession contracts, results in a good relationship between the parties. The public institution expert also supported the role of the regular reporting and meetings in assisting the tracking of progress and highlighting matters that require resolution.

Senior Project Advisor, Public Institution (Expert): *“The only thing that brings people together is the contract and the obligations. In this case, if we stick to the contract and we all do what we are supposed to do, the relationship will be very good.”*

The public institution expert mentioned three key matters of importance to the government in PPPs: risk transfer, value for money and affordability. He added the risk transfer should remain with the private party without the government getting involved on how the operations are run.

Interestingly, the public institution expert mentioned that in the PPPs he has been involved in, the public institutions do not enter into negotiations with the funders, regarding financial structuring. Their involvement comes through when discussing affordability on financial close.

The public institution expert defined social value according to the first definition, as stated in section 5.5.4.1, i.e. they saw it as providing a good quality service to society through the respective projects. The private equity expert defined social value according to the third definition, adding that social value goes beyond the jobs created, but the impact on the lives of people and the community around them.

Senior Project Advisor, Public Institution (Expert): *“Government’s responsibility is simple, provide a service to the people, that is all they need. The social value is providing a quality service that people deserve to get.”*

The public institution expert, in agreement with other participants also highlighted the challenges experienced in communities, were they demand inclusion in the projects run by the PPPs.

Senior Project Advisor, Public Institution (Expert): *“When it comes to the communities, that’s where most of the challenges are, because people have lost patience with government service delivery. So, we have had cases where some members of the community have come to our projects to demand that they be included and if we didn’t agree to that, they would stop the project.”*

5.4.6 Summary of findings for Research Question 1

Presented in Table 7 below is a summary of the key themes uncovered in response to research question 1.

Table 7: Key themes arising from Research Question 1

			The role of private equity	Contractual Processes	Reporting and Meetings	Audit Review	Social Value Outcomes
1.	Senior Project Manager	PPP1, Public		x	x	x	x
2.	Investment Principal	PPP1, Private Equity	x	x	x	x	x
3.	Chief Executive Officer	PPP1, Private Firm	x	x	x	x	x
4.	Commercial Director	PPP1, Private Firm		x	x	x	x
5.	Commercial Manager	PPP1, Private Firm		x	x	x	x
6.	Independent Engineer	PPP1, Independent		x	x	x	x
7.	Investment Principal	PPP2, Private Equity	x	x	x		x
8.	Chief Executive Officer	PPP2, Private Firm		x	x	x	x
9.	Community Manager	PPP2, Private Firm		x	x		x
10.	Development Manager	PPP2, Public		x	x	x	x
11.	Asset Director	PPP3, Private Firm		x	x	x	x
12.	Economic Development Director	PPP3, Private Firm		x	x		x
13.	Chief Executive Officer	Expert, Private Equity	x	x			x
14.	Senior Project Advisor	Expert, Public Institution		x	x	x	x

All the 12 participants working within PPPs with a private equity firm as a partner raised contractual processes, reporting and meetings as processes utilised to create social value within PPPs. Most mentioned the use of either internal or external audit reviews as coordination mechanisms. This demonstrates the similarities in the research question findings. The public institution expert mentioned all the three coordination mechanisms mentioned by the 12 participants.

It emerged from the findings that PPPs had more parties involved in the delivery of the PPP objectives than in the concession agreement that contractually bound the public institution and private firm. The parties include lenders (private equity firms or financial institutions), contractors, the communities, and NGOs, who contribute to the successful execution of the PPP. The concession agreement includes a socio-economic development annexure, which highlights the private firm's SED and ED obligations.

The contractual documents clearly set out the obligations of the contracted parties and how they should report and engage with each other. The private firms have a team that

manages the fulfilment of the socio-economic development annexure. Fulfilling the contractual obligations creates an amicable relationship between the parties. As much as the contractual documents were said to be of high quality, there are grey areas or revisions required, which might arise during the course of the contractual term. The grey areas require the parties to come to an agreement on a way forward, not dictated in the contractual documents. Communication channels also need to be open between the private firm and the public institution to avoid penalty charges in cases where the private firm has been hindered in fulfilling the contractual obligations.

In addition to managing the contractual agreement, the PPP engages in regular board and sub-committee meetings, where the private firm provides feedback. The private equity firm had a representative sitting in these meetings as a shareholder. The private firm produces reports for these meetings, as well as a monthly report, which is reviewed by the public institution. Specific to the ED and SED project reviewing, the private firm is measured against the economic development plan on a quarterly basis. Measurement is based on outcomes reporting to impact reporting, which is more difficult to measure.

The public institution also engages internal or external auditors to review the compliance of the private firm to the concession agreements. One of the PPPs engaged an Independent Engineer, who was present in all the contractual agreement meetings between the public institution and private firm, bridging the expectations gap between the two parties. Apart from the formal corporate governance procedures, the private firms have a team dedicated to engaging with the community and rolling out the ED and SED projects according to needs analysis feedback from the community. Public institutions were noted not to be prescriptive of the projects to be run by the private firm, in alignment to the NDP or SDGs.

The experts supported contractual agreements, reports, meetings and audit reviews as the key processes in the coordination of a PPP. The experts however highlighted additional roles, being the project officer and the contract management team, which play a review role for the successful management of a PPP.

5.5 FINDINGS FOR RESEARCH QUESTION 2

Research Question 2: What role do individuals play towards the creation of social value within a public-private partnership, which has a private equity firm as a partner?

The aim of research question 2 was to explore the role individuals play in guiding the activities, varying skill-sets, different logics, and development outcomes in a PPP. The research question further aimed to explore whether the individuals from different members of a PPP understood each other's roles, how they interact and build relationships with other members within the PPP.

5.5.1 Managing different interests between PPP members

The interviewees within each PPP were clear about the role they played and how they aligned it with that of the other members of the PPP. At a high level, the roles the members of the PPP played were the same across the PPPs reviewed, with the public institution being the client and the private firm being the implementing agent. The other partners in the PPP, such as the Independent Engineer and the private equity firm also had the same understanding of the roles of the members of the PPP.

A challenge noted in one PPP was that shareholders in the private firm have different investment periods on commencement, as their interests were not aligned, resulting in conflict and tension. For example, PPP1 had contractors as shareholders in the initial phases of the PPP, and this proved to be a challenge as they were short-term focused, whilst the other shareholders had a longer view. One participant highlighted that if they were to change one thing about the partnership it would be the alignment of the shareholders with similar interests from the start.

A participant from the public sector highlighted that risk is shared between different role players in a PPP; they have different, sometimes conflicting interests. Another interviewee in the same PPP agreed that difficulties may arise when there are disagreements between the parties of a PPP, due to the private firm having profit-driven objectives and the public institution having service-driven objectives, looking for value for money. Conflicts may also arise due to the different backgrounds of individuals within the PPP, which requires the parties to understand each other over time, in order to overcome.

Independent Engineer, Independent firm (PPP1): *"...you've got government which they always used to being in charge. They are the client. Then you have contractors because they come from a contracting background, they are a bit rough and tumble bunch sometimes, they work with artisans and labourers and those kinds of things and they are quite different kinds of people. And then have people from a financial background and they think differently as well. So, I do*

think that it has a lot to do with understanding each other and knowing each other. It just takes time.”

An interviewee from a private firm in the same PPP as above, reiterated that a good relationship had been built over time, as most people had been involved for a long time. The interviewee added that the friction between stakeholders of the PPP had been addressed as individuals had started understanding each other’s credentials and realising they all wanted the PPP to succeed. An Independent Engineer in the same PPP mentioned that the conflict was solved through one stakeholder not giving in to the threats of the other stakeholder and continuing to act professionally.

Investment Principal, Private equity firm (PPP1): *“Because we have moved along and it’s mostly financial or institution type shareholders sitting around the table, there are less of those conflicts that exist.”*

Another informant mentioned that stakeholder engagement is key to ensuring that all members have the same understanding of the expected outcomes.

Community Manager, Private firm (PPP2): *“The other thing I have learnt in terms of stakeholder engagement – if you say you are going to do something, do it. Don’t make empty promises in communities and it doesn’t happen. What I have also learnt is that you also have to have the courage to say that – I am sorry we are unable to do that.”*

5.5.2 The role played by individuals in PPPs

Most of the interviewees demonstrated a passion for the role they played in the PPP. Two participants mentioned that their role went beyond their contractual obligations to engaging with members from the public institutions and community on a personal basis.

CEO, Private firm (PPP1): *“We have a contractual commitment, but for me, it has changed in the last 10 years to providing sustainable value to the community far beyond our contractual commitment.”*

The interviewees highlighted different aspects of the importance of individuals in the success of a PPP. One interviewee highlighted the importance of the public institution and private firm respecting each other in the PPP.

Independent Engineer, Independent firm (PPP1): *“...I would say that government respects that this is a long-term partnership and they treat the partnership as*

such. There is a measure of respect on both sides. That's important. That they don't impose unfair things to that partnership because these people are doing a damn good job of what they have been given."

Another interviewee from a private equity firm stated that they have been able to build a good relationship with the private firm management team, as they respect the different roles the members play and do not direct or tell the management team what to do; they also trust the judgements made by the private firm management team.

Another area highlighted by two interviewees was the importance of establishing trust between the individuals in the PPP, as this encourages open communication lines which are not only formal but indirect. Staff turnover impacts the level of interaction and trust between the new and old members of the PPP. A further two interviewees mentioned the importance of a low staff turnover in PPPs and the importance of retaining tacit knowledge over time, highlighting a challenge with the short time in office of Ward Councillors in communities.

Independent Engineer, Independent firm (PPP1): "...projects are different because the people are different. The projects are not very different. The people are different and their approach to things are different."

Senior Project Manager, Public institution (PPP1): "Trust is also important, we know the people that are heading up different departments on their side and by knowing the people well, we trust that whatever they take up with you is not with a hidden agenda."

One participant highlighted the importance of including all the respective members when making decisions, as excluding other role players, even subconsciously, might result in mistrust and isolation, which breeds an unhealthy ground for a PPP. The same participant highlighted the importance of strong leadership and moral compass within a private firm, to enable them to stand up against pressure from investors for excessive dividends at the expense of the beneficiaries. One of the participants highlighted the importance of professional integrity in addressing conflict in PPPs. The participant further highlighted the importance of individuals acting as required by their role and not taking things personally. This might however not be present in the initial stages of the PPP.

The Independent Engineer who plays the role of auditor in PPP1, highlighted how he purposefully guards his role, so as to protect his independence by not getting too close

to one party or the other. By maintaining objectivity, he was able to build trust between the members of the PPP.

Independent Engineer, Independent firm (PPP1): *“So I have to protect that independency quite jealously. So that is crucial to the whole role.”*

Independent Engineer, Independent firm (PPP1): *“They trust me in person, to provide them with advice that will be to their benefit. And if the one goes out of line, they trust me to point out that I think they’re not doing right. So, it’s a privileged position for myself and I do think that it’s not a role that you can put someone junior because you need someone with a lot of depth of experience.”*

5.5.3 Stakeholder engagement

The interviewees from the three PPPs highlighted different forms of stakeholder engagement and communication within a PPP. Interviewees from all three PPPs mentioned the use of a stakeholder engagement plan, which addresses how the stakeholders in the PPP should meet and engage.

5.5.3.1 Private firm and public institution engagement

Apart from the formal communication channels set-up in the form of reports and scheduled meetings for the three PPPs, continuous informal communication occurs between the private firm and the public institution. However, the nature of the informal communication differs between the PPPs. Two participants from two private firms stated that they stayed close to the public institution to ensure that they help each other to deliver their respective commitments. One informant further mentioned the importance of engaging the government to ensure the social initiatives implemented by the private firm are in line with the plans of the government.

Community Manager, Private firm (PPP2): *“We know that the resources that are available from government...are limited, so as an IPP, as an asset, we really want to come in and see where we can assist government to continue implementing, or doing what they are supposed to do.”*

Community Manager, Private firm (PPP2): *“...when you engage with stakeholders from government to your community member on the ground, try to understand, your first engagement is to really understand what they need, where they are coming from.”*

One interviewee from the second private firm, stated that he proactively visits the public institution for a face-to-face meeting twice a year, in order to update them of the good outcomes in the project. Regular, positive updates build relationships, so when the project runs into problems, parties can help each other to resolve the challenge. The participant added that the openness allows for aligned thinking between the parties and a shared understanding of the pressures both parties have in the PPP. An interviewee from the third private firm, reiterated that there was an open-door relationship between the two members and the private firm could pick up the phone to consult before rolling out initiatives or when faced with challenges.

Economic Development Director, Private firm (PPP3): *"It is a matter of picking up the phone and have discussions and sometimes before we do initiatives, we will talk to them and say this is what we are thinking of doing and would this be in line with your expectation or the requirements you have of us."*

CEO, Private firm (PPP2): *"Consistent stakeholder engagement, particularly when there isn't a crisis, needs managing. It really is a discipline and you need to be disciplined."*

CEO, Private firm (PPP2): *"The turnaround time from when we met and asked them to receiving a written approval was less than 24 hours, which you know you can't ask for more and that, there is no ways that would have happened if we didn't have a good relationship with those people."*

The three PPP's reviewed mentioned that on an annual basis, the members of the PPPs perform a site visit which promotes relationship building among the partners. As the contracts have been ongoing for a few years, the relationships have been built over time, at different levels of the organisations.

Senior Project Manager, Public (PPP1): *"...it provides a lot of opportunity to discuss the route. The two days travelling together allows people to interact and get to know and understand each other, know who the role players are from the different parties."*

Independent Engineer, Independent firm (PPP1): *"But there is bonding taking place, people get to know each other, and we have done it many times that we can refer back to and say, 'Last time we saw the lion here and I wonder whether we will see it again.'"*

5.5.3.2 Private firm and community engagement

Interviewees across all PPPs mentioned how there is ongoing communication between the community, as a key stakeholder, and the private firm to avoid and minimise any differences between them. Two of the three PPPs have a community office on site and all three have a Community Liaison Officer dedicated to relationship management and providing the point of contact for positive or negative feedback from the community. Most interviewees from the private firm mentioned that they ran regular, sometimes quarterly, community engagement meetings with town residents in their proximity. The meetings provide a platform for the private firm to advise on the project's progress and the next steps and for the community to give feedback on their concerns and new areas of need.

Commercial Manager, Private firm (PPP1): *"What I would then do, would be to engage the members of the community or those members to try and see how we can facilitate. Obviously not giving into their demands, but also see what we can do, because its government's intention for community members to participate."*

One participant from a private firm mentioned that they have a stakeholder engagement strategy in place to ensure dialogue with the intended beneficiaries about what the community requires and what the private firm is able to deliver.

CEO, Private firm (PPP2): *"What I think we found works well is to have a clear stakeholder management plan right down to quite a detailed level and you stick to your plan. We have found it to pay dividends, but the challenge for us is to keep that up."*

One interviewee mentioned the need for a continuous review of the communication strategy during the lifespan of the PPP to ensure ongoing engagement between all parties, as the needs of the community change over time, as does the economic and political climate.

CEO, Private firm (PPP1): *"I'm looking at the past now, we could have done well by continually being more regular, continuous engagement with those along the route."*

PPP2 has also instituted communication mechanisms via social media as requested by the community. One interviewee mentioned how the communities appreciate proactive communication, as they are empowered with information, which reduces unreasonable requests due to lack of information.

Two participants from a private firm of PPP1 mentioned how the community thought it was a non-profit organisation and not a toll road operator, due to their intricate involvement in community affairs.

CEO, Private firm (PPP1): *"... we were obviously doing a good job, but we are not communicating it ... where we are falling short is actually communicating to the communities about what we actually do, who we are."*

5.5.4 A comparison of the view from experts to that of participants in public-private partnerships, with private equity firms as a partner

In support of the findings from the participants, the public institution expert added that the relationship is negatively impacted if the public institution goes into the PPP with the impression they are the boss and the private firm is providing a service. For a successful PPP, the expert from public institutions interviewed reiterated the importance of each member in a PPP respecting each other, sticking to their roles and not getting involved in the role of the other. The private equity association expert supported the importance of the members of a PPP understanding each other's roles towards successful PPPs.

CEO, Private equity association (Expert): *"It's an understanding between the different stakeholders and what it is like walking in their shoes...So if we just put ourselves in each other's shoes first and understand of the bigger ecosystem and the role everyone fits in and why they do the things they do, will allow us to come up with models that work for everyone."*

The expert from the public institution further reiterated that the role of the project officer will assist to defuse the tension arising from different interest between the members.

Senior Project Advisor, Public Institution (Expert): *"They [private firms] are looking to save costs and increase their margins, so if you don't look at them they might not deliver on some of the things they are supposed to."*

5.5.5 Summary of findings for Research Question 2

Table 8 below presents a summary of the key themes uncovered in response to research question 2.

Table 8: Key themes arising from Research Question 2

			Different institutional logics			Role of Individuals			Stakeholder Engagement
			Conflict/Tension	Personal relationships	Openness	Mutual Knowledge	Goal Alignment	Mutual Respect and Trust	
1.	Senior Project Manager	PPP1, Public	x		x	x	x	x	x
2.	Investment Principal	PPP1, Private Equity	x			x	x		x
3.	Chief Executive Officer	PPP1, Private Firm	x	x	x	x	x		x
4.	Commercial Director	PPP1, Private Firm			x	x	x		x
5.	Commercial Manager	PPP1, Private Firm					x		x
6.	Independent Engineer	PPP1, Independent	x	x	x	x	x	x	x
7.	Investment Principal	PPP2, Private Equity	x				x	x	x
8.	Chief Executive Officer	PPP2, Private Firm		x	x	x	x		x
9.	Community Manager	PPP2, Private Firm			x	x	x		x
10.	Development Manager	PPP2, Public			x	x	x		x
11.	Asset Director	PPP3, Private Firm					x		x
12.	Economic Development Director	PPP3, Private Firm			x		x		x
13.	Chief Executive Officer	Expert, Private Equity			x	x	x		x
14.	Senior Project Advisor	Expert, Public Institution	x		x	x	x		x

In responding to the questions some of the participants, mainly from PPP1, mentioned the impact of different institutional logics on the members of the PPP and how the conflict or tension arising can be overcome. However, the different logics and backgrounds between individuals from the PPP members was noted to be a cause for misaligned interests, tension or conflict within the PPP, especially when commencing with the concession contract. The manner in which the individuals reacted towards managing the conflict and building relationships with the PPP stakeholders was highlighted as integral towards achieving the desired outcomes in the PPP.

Individuals within the PPP were clear and aligned on their roles and the roles of the other members within the PPP. However, only a few mentioned the attributes displayed by individuals that encouraged the creation of social value. The participants revealed that professional integrity, understanding each other's credentials, mutual respect and trust, form the basis of open communication even through informal channels. Openness was noted to allow for aligned thinking between the parties and a shared understanding of the pressures both parties have in the PPP.

All the participants however mentioned stakeholder engagement between the private firm, public institution and communities as being paramount in creating social value in a PPP. Proactive communication also reduces unreasonable requests due to lack of information. Another crucial factor to achieving social value is staff retention with the PPP which builds tacit knowledge over time.

The public institution expert reiterated the potential of conflict or tension arising from the stakeholders in a PPP having different interests. The public institution expert further mentioned the requirement to use the project officer and contract management team to ensure the obligations of the contract are met despite the different interests. The public institution expert supported the findings of the role individuals play in a PPP within the context of the contractual agreement, as guided by the agreement.

5.6 CONCLUSION

This chapter presented the findings to the two research questions presented in Chapter 3. The participants highlighted the following formal processes as being drivers for creating social value: contractual processes, prescribed reports and meetings, as well as audit reviews. It was however noted that to compliment the formal channels, informal communication channels are vital, because they develop trust, mutual respect, personal relationships between the members and other stakeholders in the PPP. Conflict or tension within the PPP, due to the different members and stakeholders, was highlighted as potentially having a detrimental effect on the success of the PPP. The positive manner in which the individuals approached the conflict was said to address the challenge. The following chapter, Chapter 6, will discuss the findings in relation to the extant literature.

6 CHAPTER 6 – DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter presents a detailed discussion of the research findings set-out in Chapter 5, in comparison to the literature review in Chapter 2. The findings are presented by research question and are compared and contrasted to the key themes and constructs emerging from the literature reviewed. The findings support and also present new insights which expand the existing body of literature on how relational coordination contributes to creating social value in PPPs with a private equity firm as a partner.

6.2 THE CONTEXT OF PUBLIC-PRIVATE PARTNERSHIPS REVIEWED

The PPPs reviewed had a private firm and public institution as members, with a private equity firm as a partner. The private equity firms played the role of a funder, holding an equity stake in the private firm and also playing a decision-making role in the private firm, by installing board representatives who review prepared reports and hold ad hoc meetings with management. The private firms had a mandate to construct, maintain and run infrastructure operations on behalf of the government over a long-term period, with the objective of handing the infrastructure back to the government after the contractual period. The findings indicated that all PPPs intended to stimulate economic growth in their respective sectors.

As part of the mandate, the private firms within the PPP were obligated to achieve social value through ED and SED objectives. The PPPs aligned to the definitions of a PPP by Utting and Zammit (2009) and Kivleniece and Quélin (2012), as stated in section 2.2.1., as the partnerships were “long-term” (Kivleniece & Quélin, 2012, p. 273) and achieved “a common practical purpose, pool core competencies, and share risks, responsibilities, resources, costs and benefits” (Utting & Zammit, 2009, p. 40) for “the direct provision of a public good or service” (Kivleniece & Quélin, 2012, p. 273).

As depicted in Figure 4 under section 5.3, the findings highlighted the involvement of other parties beyond the members of the PPP, such as a private equity firm, the community and in some cases, an Independent Engineer. in the realisation of the PPP objectives. Though Gittell (2012) discussed relational coordination in the context of intra-organisations, she spoke of the inclusion of non-core, peripheral workers to improve coordination through the understanding of the core organisation. Caldwell et al. (2017)

on the other hand, made no mention of other workers other than those directly involved in the PPP.

A key finding is the potential private equity firms can play in bringing a new dimension to relationships and processes within PPP. Private equity firms play a role as an active investor by being hands-on with their investees, providing input in the form of expertise. This provides new strategies on how to tackle complex socio-economic challenges towards an efficient and quality output, as well as effectively manage invested funds.

As stated in section 5.3, one of the experts interviewed mentioned that the discussion of the participation of private equity firms in PPPs is still in its infancy and she was not aware of any other private equity firm involved in PPPs in South Africa other than that reviewed in this study. This was attributed to public institutions and private equity firms not understanding how the other party works, how to initiate participation in PPPs and the onerous paperwork requirements from the public institutions, as highlighted by Boyne (2002).

The private equity expert highlighted that a government agency had recently approached the private equity association to discuss how they can foster PPP opportunities between them. This finding supports the observations of Villani et al. (2017), who stated that governments have been drawn to use PPPs to access knowledge and capabilities from the private sector, as well as funding. Though literature was noted discussing the involvement of private firms in PPPs and the involvement of private firms in the context of infrastructure development, a new perspective that is underexplored is the involvement of private equity firms as partners in PPPs. Though private firms contribute know-how and execution capabilities into a PPP, private equity firms go further by actively playing a decision making and funding role in the partnership. The research thus intended to refine and extend literature in this regard.

6.3 DISCUSSION OF RESULTS FOR RESEARCH QUESTION 1

Research Question 1: How are public-private partnerships, which have a private equity firm as a partner, coordinated to create social value?

The research question had aimed to identify the structures and processes that were instituted to ensure all members of the respective PPPs progressed towards creating social value. The discussion results to research question 1 are presented based upon the key themes emerging from the data analysis.

6.3.1 Role of the private equity firm reviewed

The private equity firm reviewed in the study, which was a partner in all three PPPs, focussed on investing in infrastructure projects. As discussed in section 6.2, a new perspective was noted regarding the involvement of private equity firms in PPPs, however Gemson and Annamalai (2015) argued that private equity firms have increased in popularity as funders for infrastructure projects, due to the ready availability of capital, as well as the benefits its management provide. The private equity firm reviewed was an active investor, who took a majority stake in projects where they could add value and strategically drive the project. This finding supports Gilligan and Wright (2014) who stated that private equity firms invest in equity stakes in portfolio companies with the aim of generating capital profits upon sale of investment.

The private equity firm reviewed played a role in managing the concession contracts, through board membership and ad hoc meetings with management, to ensure that the funds invested were preserved. This finding further supported Gilligan and Wright (2014) who stated that private equity firms play a decision-making role in the portfolio companies by installing board representatives, voting control over major issues, and full access to company information. As PPPs are different organisations to portfolio companies, the role private equity firms play in PPPs requires further investigation, as undertaken in this study.

6.3.2 Contractual Processes

All the PPPs reviewed had a set of contractual documents between the respective parties in the PPP, including a concession contractual agreement, a shareholder's agreement and a finance agreement. The documents included a concession contractual agreement between the public institution (the client) and the private firm (the implementing agent), which covered the contractual obligations of both parties to provide the services mandated by the PPPs. The concession contractual agreement included numerous annexures, one of which was the socio-economic annexure, which stated the obligations the private firm had to create social value over the duration of the contract. The presence of long-term concession contracts and accompanying agreements to provide services mandated by respective public institutions, is supported by Caldwell et al. (2017). In the findings, it was noted that a PPP was a partnership with two parties in different roles, not a client-contractor relationship and hence the relationship between the parties needed to reflect this.

Gittell's (2012) structure/process/outcome model states that coordinating mechanisms reinforce relational coordination among individuals in a work environment. This was supported in the findings which highlighted the high quality of the PPP contractual documents drafted by the public institutions, and how the compliance thereof is the backbone of the ease in relationship between the members of the PPP. The findings further noted that the contractual documents were prescriptive on how the members of the PPP should report and engage with each other, It was noted that the conduits and processes created resulted in the ease of the relationship between the members of the PPP.

The findings noted that despite the high quality of the contractual documents, areas of uncertainty arose once implementation commenced or with the passage of time; to address such uncertainty, members agreed to a way forward. This supports Caldwell et al. (2017), who noted that PPPs were expected to effectively coordinate relationships, to negate deficiencies in contractual agreements. The findings further noted the need for continued communication between the members of a PPP, so as to resolve matters which arose during the course of the contract which hindered the fulfilment of the contractual obligations within the stipulated timeframes.

Continued communication resulted in timeously addressing areas of non-compliance or non-performance of contractual obligations, which resulted in the activation of penalty clauses or in the worst-case scenario, termination of the project. This finding aligns with Caldwell et al. (2017), who emphasised the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract. The findings further added there is a need for a realignment process of the contract during its tenure, so as to address changes that might have occurred during the long tenure of the contract, to sharpen ambiguous clauses within the contract, or realign interests between the partners.

In addition to the socio-economic annexure, which stipulates the funding to be allocated to social initiatives, the private firms in the study submit an ED plan to the respective public institutions on an annual basis. The ED plan sets out the private firm's quarterly commitment towards proposed initiatives. By creating ED plans in the contract, the researcher closes a gap in literature: Caldwell et al. (2017) specifically discussed the creation of social value in PPPs but did not mention contractual agreements specific to social initiatives. The findings further added that the government was not prescriptive about developing targets to be fulfilled. The private firm is obliged to state its target outcomes, how to measure them, and track progress, without being directed by the government. Interestingly, one of the private firms mentioned they aligned their social

initiatives to the NDP, SDGs, as well as their medium-term strategic framework outcomes. This aligned to business literature from KPMG and International Development Services (2016) which argued that PPPs have increasingly been seen to play an important role in achieving the development impact set out by the SDGs, while concurrently meeting business targets.

Caldwell et al. (2017) postulated that relational coordination, together with contractual agreements, were essential for task performance and, subsequently, creating social value. The findings support literature stating contractual agreements as a coordinating mechanism, supported by relational coordination as a process towards social value creation. The findings however differ from literature suggesting the need to revise the long-term contractual agreements during the tenure of the contract to ensure changes or areas of clarification are taken into account. The findings further differ from literature by stating the implementation of an ED plan in PPP, to ensure the social value initiatives are identified and tracked.

6.3.3 Governance processes

6.3.3.1 Reporting and meetings

As part of the governance process stipulated in the contracts, the private firm is obliged to submit monthly and quarterly reporting requirements to the public institutions or in preparation for regularly held board and sub-committee meetings. The reports were also submitted to the private equity firms for review. The reports submitted to the public institutions were reviewed by their internal team or by contracted third parties. Surprisingly, the findings noted the structured approach of the reporting process, yet offered contrasting views regarding the frequency of personal interaction between the members of the PPP. Caldwell et al. (2017) mentions coordination between the parties to be constant as opposed to sporadic.

It emerged from the findings that a monitoring and evaluations tool is used to measure the social outcomes and social impact achieved from the social initiatives which are provided as feedback in the prepared reports. In addition to the monitoring and evaluations tool, some PPPs use consultants to measure social impact, which is more difficult to quantify than social outcomes. Importantly, it was also highlighted that public institutions are planning a shift from measuring social outcomes to measuring social impact, which will require a longer-term measurement period than a quarter, currently

prescribed. This differs from literature, as the findings present the measurement methodologies employed for inclusion in the prepared reports.

Koschmann et al. (2012) discussed the importance of outcome reports in creating a sense of unity, continuity and value within a PPP. This was supported by the findings as the reports were used to inform the other parties in the PPP of the progress or matters requiring resolution. Apart from the reports produced, meetings encourage communication among the members of a PPP, which according to Gittell (2012) drives relational coordination between individuals in a work process. The findings highlighted that informal and formal meetings occur between the parties, encouraging the ease of relational processes. The finding supports Tsai (2002) who argued that formal and informal coordination mechanisms influence knowledge sharing, which as Hardy et al. (2003) explain, develops from continuous social interface.

Dyer and Singh (1998, p. 660) referred to formal structures as “effective governance mechanisms”, and “knowledge exchange”, and agreed that they lead to relational coordination. The findings highlighted that the contractual agreements, meetings and reports set out, encouraged communication between the stakeholders of the PPP, towards a shared outcome. This supports Gittell (2012) who stated that formal structures in an organisation are designed to support relational coordination, and frequency, timeliness, accuracy, and problem-solving of communication have a bearing on shared goals, shared knowledge and mutual respect.

Though the literature review did not detail the nature and frequency of reporting and meetings, it discusses the manner in which reporting and meetings drive relational coordination and outcomes. Gittell (2002a) mentioned coordinating mechanisms such as routines and team meetings representing structure, while relational coordination is the process of interaction (Gittell, 2002a), influencing quality and efficiency outcomes (Gittell, 2012). Gittell (2002a) further added that coordinating mechanisms strengthen relational coordination among participants in a work environment and conversely, routines are effective to the extent they are supported by relational coordination (Gittell, 2002a). This was evident in the findings, as the coordination mechanisms instituted ensured all the parties were aligned to the initiatives planned or decisions made towards a successful outcome.

6.3.3.2 Audit reviews

The findings highlighted that the public institutions call for audit reviews on the private firms, checking their compliance to the concession contracts. This differs from the

literature reviewed, as there was no mention of audit processes as a coordinating mechanism. The nature of the audits were in the form of an internal compliance department from the public institution who review the quarterly reports and random audits performed by third party specialists. An interesting finding was the use of an Independent Engineer, whose role went far beyond an audit tick box exercise to assisting in bridging the gap between the expectations of the private firm and public institution. The Independent Engineer also helped develop the relations between the two parties, cultivating the understanding of their roles as partners. As detailed in section 5.4.3.2, this finding demonstrated how an independent party could be used beyond checking the aftermath of outcomes, but rather be intertwined in the process of achieving the outcome, while playing a role as mediator and developing the relationship the roles between the parties. The literature reviewed did not provide detail on audit review as a process in relational coordination, however Caldwell et al. (2017) stated that public and private partner contracts in a PPP addressed issues such as audit reviews. The findings are different from literature, providing insight into the varied forms of audits and how they develop relational coordination.

6.3.4 Creating social value outcomes

6.3.4.1 The definition of social value

Portocarrero and Delgado (2010) stated that social value is multidimensional, complex and difficult to define. This complexity is evident in the different views about social value emerging from the findings. The researcher classified three types of views: (i) the impact of the execution of the primary objective of the concession contract, as well as the positive social impact to the community, as a result of the fulfilment of the primary objective; (ii) the greater impact the project has, beyond servicing the community, to impacting the economy of not just South Africa, but neighbouring countries as well; and (iii) the value created beyond profit through long-term initiatives, which make a self-sustainable impact on communities through capacity building, going beyond the duration of the concession contract term. In sum, the three definitions encapsulate the views posed in the literature review that social value creation is a consequence of the fruitful generation of positive societal outcomes (Caldwell et al., 2017; Selsky & Parker, 2010; Social Enterprise Knowledge Network, 2006).

The third definition presented supports the views of Austin and Seitanidi (2012b), Kivleniece and Quelin (2012) and Koschmann et al. (2012) in showing that value creation delivers benefits that go beyond private financial returns and contribute towards social,

environmental or public goals. The findings expanded the third definition by stating that social value was not about giving the community handouts, but being involved in the community with a long-term view in mind. The findings further added that social value was also about bringing a mind-shift in the community from expecting a handout to igniting entrepreneurial instinct or the ability to look for solutions to challenges. This proposes the community as key stakeholder in PPPs in the creation of social value. This alludes to what Koschmann et al (2012), postulated by stating, PPPs have the ability to act and significantly drive people and issues within the complex challenge.

In the three definition classes emerging from the findings, the end result is economic growth and social development by building infrastructure or providing services that previously did not exist, be it reduced travel time, road safety, improved trade, job creation or improved education. The definition of social value by Austin, Gutiérrez, et al. (2006) as stated in section 2.4.2 captures the elements in the third definition as emerging from the findings. In their paper, they explained that social value involves improving the society through the “removal of barriers that hinder social inclusion” (p. 264). According to Austin, Gutiérrez, et al. (2006, p. 264) those who benefit from social value have previously been “temporarily weakened or lacking a voice”; this aspect of the definition was not captured in the findings. The findings also did not capture the last part of Austin, Gutiérrez, et al.'s (2006) definition which states that social value includes the “mitigation of undesirable side effects of economic activity” (p. 264).

Interestingly, the findings did not highlight value creation as the synergistic value, that allows the partners to achieve more than they would have individually (Austin & Seitanidi, 2012a; Quélin et al., 2017). Though the findings did not explicitly state the impact of putting the individual members together, nor how these members interact with each other, on value creation (Koschmann et al., 2012), the findings highlighted the social value that had been created through the initiatives implemented with the other members of the PPP.

The first definition demonstrated that the participants were cognisant of the PPP delivering both economic and social value and were able to frame the social value being met from the delivery of the primary objective of the PPP (Social Enterprise Knowledge Network, 2006). Though the second definition could be argued to represent economic value, reviewing the definition of economic value and social value by Austin, Gutiérrez, et al. (2006) in section 2.4.1 reflects that this is indeed social value as the benefits captured are to the benefit of the greater society, by improving the lives of people with a social outcome. This supports the view that all economic value creation is social value,

as the welfare of the society is improved through the actions of creating economic value (Santos, 2012).

The third definition goes further than the social value definition as presented by Austin, Gutiérrez, et al. (2006), stating there is value beyond profit, which has a long-term impact. All three definitions, depict how economic value and social value fortify each other by realising economic value, while concurrently creating a socially desirable output (Social Enterprise Knowledge Network, 2006). Austin and Seitanidis (2012a) description of how creating social value results in economic value and vice versa is called the value circle, which is evident in the three definitions provided. This is further argued by Portocarrero and Delgado (2010) who stated that social initiatives must be balanced between economic value and social value in order to attain the maximum and sustainable impact, though more evident in the third definition.

6.3.4.2 Implementing social value initiatives

The findings offered a new perspective that implementing social value initiatives entail identifying community needs and, depending on the nature of the gap identified, involving the communities in building the infrastructure to meet those needs. Involving community results in empowering the community by developing skills and enterprise. The findings further highlighted that injecting funds by investing money into the community and not spending money as the PPP expected resulted in a return on investment, linked to the projects implemented.

The findings further highlighted another perspective, not mentioned in literature, that the private firms performed a needs analysis to identify the social gaps in the communities and which initiatives would have the greatest impact to the most people. Depending on the nature of the need, the gap is addressed by developing skills and enterprise, and creating jobs. The government also mandates a certain percentage of local ownership in the private firm to the local community trust. Examples of the initiatives run across the PPPs include, scholar road patrols, eye testing and ear screening tests for Grade 1 to 8 students, mobile clinics for HIV and cancer testing, capacity-building for cattle farmers, funding of small businesses, early childhood development, literacy programmes, school bursaries, internships, and solar street lights installations.

The private firms initially allocated development funds to short-term initiatives where impact could be seen immediately, according to the burning needs of the communities. Initiatives were however expected to evolve to medium- and longer-term initiatives, as the more immediate needs were being addressed. Enterprises from the community were

also uplifted by providing an offtake within the private firm, e.g. grass cutting or with the social initiative, e.g. maintaining solar lights. It emerged from the findings that this would create accountability regarding the infrastructure in communities, reducing vandalism or theft.

Interestingly, emerging from the findings was that the spend on social projects as an investment into the communities which creates a thriving economy. As the government had no specific social projects mandated PPPs, the private firms used the needs analysis to identify the socio-economic development gap in the communities. The oldest of the three PPPs developed an understanding of the needs of the communities and amended their initiatives accordingly over time, as there were no guidelines on how to run the social initiatives. Koschmann et al. (2012) stated the need for partnerships to be continually aware of managing individual and joint interests, to increase value creation (Koschmann et al., 2012). The necessity for awareness was supported by the findings, stating the need of the private firm to continually listen and understand the needs that exist in the community and respond by aligning the social initiatives to these gaps.

Interestingly, arising from the findings was the spill-over effects which then resulted in creating greater social value. For example, developing ECD centers called for the training of ECD teachers to be skilled workers, thereby enabling them to get government stipends, which benefited their families. The ECD centres were also encouraged to generate income by growing and selling vegetables to the market.

The literature reviewed did not provide detail into the nature of the social initiatives run by the PPPs, the findings noted in this paragraph closes a gap noted in literature. The private firms reviewed in this study ran enterprise development projects involving funding local small businesses which failed, resulting in a loss of funds invested. Learning from this experience, private firms altered their model, instead funding businesses with the intention of them repaying the loan. A key finding which offered a new perspective was that private firms provided a market within the private firm's primary operations to enable cash generation, loan repayment and reinvestment into new businesses. Interestingly, if the experiences learnt by one private firm had been shared through a centralised function within public institutions, it would have avoided another private firm from experiencing the same misfortune.

From the social value initiatives highlighted in this section, the four types of value that occur in PPPs, as argued by Austin and Seitanidi (2012a) were supported in the findings: (i) *Associational value* was noted in this study through the value created by the members

through the collaborating relationships with each other. Emerging from the findings was that the relationship goes beyond the members of the PPP to the other stakeholders that participate in executing PPP objectives, represented in Figure 4; (ii) *Transferred resource value*, as noted in the findings, occurred when the commissioned infrastructure is transferred to the public institutions at the end of the concession contract.; (iii) *Interaction value*, refers to the intangible benefits arising from the partners working together, some of which were highlighted in the findings, including “reputation, trust, relational capital, learning, knowledge, joint problem solving, communication, coordination, transparency, accountability, and conflict resolution” (Austin & Seitanidi, 2012a, p. 731); and (iv) *Synergistic value*, is evident from the findings by the partners’ creation of social value, which they would not have achieved independently.

The social value initiatives noted in the findings supported Portocarrero and Delgado's (2010) classification of social value as stated in this paragraph. *Increased income (tangible results)* includes, creating jobs, setting up a vegetable garden at the ECD centre for sale to the market, building capacity of cattle farmers, community trust ownership, and installing solar lights in the community. *Access to goods or services (tangible results)* includes solar light installation, ECD centre development, and training ECD teachers. *Citizenship construction (intangible results)* comprise skills development, enterprise development and community empowerment. *Social capital development (intangible results)*, includes on-going interaction, building synergies, joint projects and fostering the engagement of individual interest into groups.

6.3.4.3 *Dealing with social value challenges*

Though the initiatives run by the communities were aimed at empowering the community, there were challenges noted with implementing the projects. A key challenge noted in the communities was the lack of education and understanding regarding the role of government or private sector in implementing social initiatives. The findings further highlighted, the communities had a hand-outs mentality and it was said to be difficult to convince them that the plans implemented were for their benefit. On the extreme, the community ran protests which jeopardised the core operations and in some instances the tension escalated and the Community Officer had to be withdrawn from the site until it subsided. The findings highlighted that the extremities are driven by the high stakes the locals have to gain if their businesses were awarded contracts, due to large sums of funding invested into the communities. The communities also do not understand when the private firm uses external parties, instead of locals, to provide services within the communities, when there is a skills shortage or no NGO operating locally to which to

outsource. Caldwell et al. (2017) emphasise the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract. A new perspective which goes beyond Caldwell et al. (2017) was noted, stakeholder engagement with the communities is thus crucial to ensure alignment between both parties. This depicts the need for coordination with other stakeholders beyond the members of a PPP in order to attain the value envisioned, even though in some cases there is no contractual obligation with the party.

Selsky and Parker (2010) stated that organisations in different sectors, scarce resources and inconsistent stakeholder requests, result in the addressing social needs as a matter of choice, making it difficult to select the genuine social needs to be addressed. This was evident in the findings as another challenge was the lack of congruency between the initiatives run by one PPP and those run by another PPP in the same community. This is due to a lack of trust between the parties which resulted in them not communicating. The projects run were thus not complementary, resulting in the social value potentially not being maximised.

6.3.4.4 Improving social value initiatives

One area highlighted as requiring improvement was the funding mechanism for the community trust's equity stake in the private firm. In the findings, the equity stake was debt funded, with dividend payments being used to repay the debt. The result is that the community only realises decent dividends after about eight years of investment. Dialogue between the stakeholders within the PPP is crucial for the development of alternate funding methods, which would allow the community to realise the benefit earlier and improve the social value to the communities. The social value created from earlier dividends will fall under Portocarrero and Delgado's (2010) classifications of tangible results – increased income, intangible results – citizenship construction and intangible results – social capital development.

Another area highlighted that needs development in future tender rounds is how to identify beneficiaries to the local ownership targets. A progression was noted, the government has put in initiatives to ensure more local ownership in the recent tender rounds. It emerged from the findings that these opportunities were awarded to the same black elites, without the greater black majority benefiting. The increase in ownership to the black majority will result in social value creation which will also fall under Portocarrero and Delgado's (2010) classifications of tangible results – increased income, intangible results – citizenship construction and intangible results – social capital development.

It was further highlighted that it would be beneficial to align the social initiatives rolled out in communities to the areas stated by the United Nations or World Bank as giving the maximum impact to alleviating poverty in developing country communities. Alignment would ensure the development funding deployed has a maximum impact in the short-term. Implementing this suggestion would address the challenge stated earlier of the lack of congruency of initiatives run by private firms and would potentially increase social value creation under all four of Portocarrero and Delgado's (2010) classifications of tangible results – increased income, tangible results – access to goods or services, intangible results – citizenship construction and intangible results – social capital development.

Another key area of improvement highlighted by the private firms was the contractual requirement by the public institution to invest the development fund into projects on a quarterly basis. The concern noted in the findings was the short timeframe the private firm had to source projects to invest in, potentially resulting in the investment in non-viable projects in order to meet the deadline and avoid penalties. The private firms highlighted that their intention was to assist SMME's become more sustainable by targeting funding. Implementing this initiative will result in more targeted investment, which will increase social value creation under all four of Portocarrero and Delgado's (2010) classifications of tangible results – increased income, tangible results – access to goods or services, intangible results – citizenship construction and intangible results – social capital development.

6.3.5 Conclusive findings for Research Question 1

Table 9 below presents a summary of the theoretical similarities and differences noted for research question 1, on the processes utilised to coordinate social value creation.

Table 9: Key theoretical similarities and differences arising from Research Question 1

Theory		Findings
Similarities		
6.3.2	Caldwell et al.'s (2017) study mentions the presence of long-term contracts in PPPs.	The PPPs are on the back of long-term concession contracts and accompanying agreements to provide services mandated by respective public institutions.

Theory		Findings
6.3.2	Gittell's (2012) structure/process/outcome model stated that coordinating mechanisms reinforce relational coordination among individuals in a work environment.	The compliance with the contractual processes was stated as the backbone of the ease in relationship between the members of the PPP.
6.3.2	Koschmann et al. (2012) discussed the importance of outcome reports in creating a sense of unity, continuity and value within a PPP.	The reports were used to inform the other parties in the PPP of the progress or matters requiring resolution.
6.3.2	Caldwell et al. (2017) emphasised the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract.	Continued communication resulted in the timely addressing of challenges arising during the course of the contract.
6.3.3.1	Tsai (2002) stated that formal and informal coordination mechanisms influence knowledge sharing.	Informal and formal meetings occur between the parties, encouraging the ease of relational processes.
Differences		
6.3.1	Private equity firms have increased in popularity as funders for infrastructure projects (Gemson & Annamalai, 2015).	The involvement of private equity firms as partners in PPPs is underexplored, though discussions between the government and private equity firms are in the early days.
6.3.2	There is a need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract (Caldwell et al., 2017).	A need was highlighted to realign the contract during its tenure, to sharpen ambiguous clauses within the contract, or realign interests between the partners.
6.3.2	Caldwell et al. (2017) discussed the creation of social value in PPPs but did not mention contractual agreements specific to social initiatives.	In addition to the socio-economic annexure in concession contracts, the private firms in the study submitted an annual ED plan which sets out the private firm's quarterly

Theory		Findings
		commitment towards proposed initiatives.
6.3.3.1	Gittell (2012) mentioned the preparation of reports as a coordinating mechanism and Koschmann et al. (2012) discussed the importance of outcome reports in creating a sense of unity, continuity and value within a PPP. In the literature reviewed, there was no detail provided on what was constituted in the reports.	The reports produced included a performance feedback on the social outcomes, and some instances the social impact, achieved by the private firm. The government indicated its intention to shift from measuring social outcomes to measuring social impact.
6.3.3.2	Caldwell et al. (2017) stated that public and private partner contracts in a PPP addressed issues, such as audit reviews. There is however no mention of audit reviews as coordinating mechanisms.	Public institutions call for audit reviews on the private firms, checking their compliance to the concession contracts.
6.3.3.2	There is no mention of third parties playing the dual role of auditor and mediator in literature.	An Independent Engineer was used to play a role beyond that of auditor to that of mediator, assisting in the development of the relationships and management of differences between PPP members.
6.3.4.2	There is no mention of a social needs analysis being performed in literature	The government was not prescriptive of the social initiatives to be instituted by the private firms. The private firms performed a needs analysis to identify the social gaps in the communities and the initiatives to be implemented which have the greatest impact to the most people.

Theory		Findings
6.3.4.2	There is no mention of private firms providing an offtake market for the enterprise development in literature.	A key finding which offered a new perspective was that private firms provided an offtake market, to the funded SMMEs, within the private firm's primary operations to enable cash generation, loan repayment and reinvestment into new businesses.
6.3.4.3	Caldwell et al. (2017) emphasise the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract.	A new perspective which goes beyond Caldwell et al. (2017) was noted, stakeholder engagement with the communities is thus crucial to ensure alignment between the community and private firm.

6.4 DISCUSSION OF RESULTS FOR RESEARCH QUESTION 2

Research Question 2: What role do individuals play towards the creation of social value within a public-private partnership, which has a private equity firm as a partner?

The aim of research question 2 was to explore the role individuals play in guiding the activities, varying skill-sets, different logics and development outcomes in a PPP. The research question further aimed to explore whether the individuals from different members of a PPP understood each other's roles, how they interact and build relationships with other members within the PPP. The discussion of results to research question 2 are presented based upon the key themes emerging from the data analysis.

6.4.1 Managing different interests between PPP members

The members of the PPPs reviewed were clear about the role they played and how it aligned to that of the other PPP members. At a high level, the roles the members played were the same across the PPPs reviewed, with the public institution being the client, the private firm being the implementing agent and private equity firm as a funder. In the findings it was noted there was risk sharing between the different roles the members played in the PPP. The findings further highlighted that differences are a potential cause

for conflict as the different role players had different interests, with private firms being profit-driven and the public institutions having service-driven objectives and looking for value for money. This concurs with Caldwell et al. (2017) who stated that the different institutional logics between members of a PPP might result in conflict between social value creation for the community and economic value appropriated by private organisations. This finding further aligns with additional literature, which stated that conflicts arise due to social impact being a primary focus for public institutions and economic benefits being secondary (Le Ber & Branzei, 2010), whereas economic benefits are the main aim for private firms (Klein et al., 2010).

Boyne (2002) concluded there was no support for the proposition that management from public institutions and private institutions were dissimilar, which was contrary to the views of other researchers in his study. The findings in this study differed to the views of Boyne (2002), but aligned to those of Reynaers and van der Wal (2018) and Saz-Carranza and Longo (2012), highlighting that further conflicts may also arise due to the different backgrounds of individuals working together in a PPP. This supports literature which stated that the diversity of members and their conflicting values result in difficulties in sustaining a PPP (Klitsie et al., 2018; Schreyögg & Sydow, 2010). The differences arise due to the partners holding onto their different views on a social problem and how to solve it (Fiol & O'Connor, 2002).

Another challenge noted in one PPP was the misalignment of interests due to different investment periods between the shareholders in the private firm on commencement of the PPP, resulting in conflict or tension. The findings highlighted that one thing that could be changed about the partnership would be the alignment of the shareholders with similar interests from the start. The literature reviewed did not have a discussion on the partners in a PPP with different expectations of investment time periods. The findings did not progress to note the impact of the tension to be the main limitation of value delivery in social value creation in PPPs (Jay, 2013; Kivleniece and Quélin, 2012).

Reynaers and van der Wal (2018) noted it to be beneficial for the partners to address the different institutional logics at the commencement of the PPP. In support, the findings revealed that the tension between the stakeholders had been solved by the parties understanding each other's credentials and acknowledging that they wanted the PPP to succeed. Tensions can be resolved by the leaders organising dialogue sessions which allow individuals to learn each other's working styles, views and preconceptions (Reynaers & van der Wal, 2018), reshape their views of each other (Le Ber & Branzei, 2010), which will build trust and facilitate communication (Villani et al., 2017). The tension

was further addressed by the stakeholders acting professionally and not giving into threats of the other stakeholders. As postulated by Le Ber and Branzei (2010), the findings highlighted that in order to overcome the differences, members need to understand each other. Caldwell et al. (2017) argue that understanding is reached by the coordination process. The findings highlighted that a good relationship had been built between the parties over time. The findings further highlighted the importance of the engagement with the public institution to ensure alignment of the social initiatives with the plans of the government.

6.4.2 The role played by individuals in PPPs

The findings highlighted numerous attributes that encourage a successful PPP. The individuals interviewed demonstrated a passion for the role they played in their respective PPPs. It was noted that as the client, it was crucial for the government to respect the private firm and not impose unfair requests on them. Further, a good relationship had been built with the members of the PPP, as they respected each other's roles, did not tell the other what to do, and trusted each other's judgement, which aligns with Velotti et al. (2012) who argued that partners have equal rights and aim to accomplish shared objectives.

The findings highlighted the importance of openness between all members, to ensure the expected outcomes align. Tsai (2002) stated knowledge-sharing is a social process that requires a collaborative process, which creates trust and cooperation. This was supported by the findings in this study, noting, open communication between the members to be essential for establishing trust. Caldwell et al.'s (2017) framework further argued that mutual knowledge and goal alignment are crucial for creating relational coordination, which results in creating more social value, than merely relying on contractual safeguards. Cramton (2001) and Gittel (2012) add that shared knowledge allows collaborative work, where participants communicate with each other more effectively by them not only knowing their allocated tasks but how they relate to those of the other participants.

Further literature points out that mutual knowledge in PPPs is crucial as it ensures effective communication, which overcomes relational coordination challenges, and enables partners to act as if they can foresee other's actions (Kotha et al., 2013; Puranam et al., 2012). Gittel's (2012) theory on relational coordination expands this notion by identifying shared knowledge, shared goals and mutual respect as the foundation of effective coordination, noting that these occur between work roles as

opposed to on an individual basis. The findings emerging from this study differed from this view, stating that having the individuals know each other develops trust, as the individuals will trust the other party and not suspect hidden agendas.

PPPs can fail to meet their social value objectives due to insufficient communication, lack of information, deficient trust levels, incorrect assumptions, indistinct expectations, and inability to serve (Järvi et al., 2018; Vafeas et al., 2016). In agreement, it emerged from the findings that it is important to include all members in decision-making, as failure to do so could result in mistrust and isolation which breeds an unhealthy environment in a PPP. Strong leadership and a moral compass for the private firm were also highlighted, as this would enable them to stand against the shareholders if they requested excessive dividends, at the expense of the beneficiaries. Professional integrity was also highlighted as essential to addressing conflict in PPPs, acting as required by the roles of the respective members and not taking things personally. Importantly it was further stated that these may not be present in the initial stages of the PPP.

The Independent Engineer stated the importance of him remaining independent, as this had built trust between him and the members. The Independent Engineer also stated that the PPP members trusted him as a person to provide objective advice to their benefit. In support, the findings highlighted that the role of individuals went beyond their contractual obligations to engaging with the individual, within the members and stakeholders of the PPP, on a personal basis. This agrees to Gittell and Douglass (2012) who stated that interpersonal relationships give rise to loyalty, trust and a connection between the members. This however contradicts an earlier view from Gittell et al. (2010) who stated that relationships in relational coordination are based on ties between roles as opposed to personal ties and are fostered between interdependent employees regardless the presence of personal ties. An example would be how the annual site visits between some of the stakeholders of the PPP, discussed in section 6.4.3.1 were said to build the personal relationships which fostered trust between the individuals in the PPP. Gittell et al. (2010) further stated that the development of role-based ties requires “high performance work systems” (p. 504), making them less susceptible to high staff turnover (Gittell et al., 2010), as the ties are based on roles rather than the person. This contradicts the findings from the research, which highlighted low staff turnover to be crucial as it would assist in the retention of tacit knowledge over time.

According to the findings, the PPPs are relational forms according to the features highlighted by Gittell and Douglass (2012): firstly, the partnerships are joint relationships and there are high volumes of information through formal and informal meetings and

reports, as well as communication between the partners; secondly, the relationships are informal and are not defined through the formal structures and; lastly, as discussed in the findings the relationships are developed personally through shared experiences. Gittell (2012) further stated that relational coordination includes all workers who are involved in interrelated tasks in a work process.

6.4.3 Stakeholder engagement

The findings revealed that there were different forms of stakeholder engagement and communication within a PPP, including a stakeholder engagement plan. Stakeholder engagement is developed through interpersonal relationships (Gittell & Douglass, 2012). Caldwell et al. (2017) stated that individuals who are more engaged influence better the task performance and consequently, improved social value creation. Gittell (2012) expanded the theory on relational coordination to include core-workers (knowledge workers) from the members of the PPP, as well as non-core, peripheral workers, but also included in the delivery of the organisation's strategic goals. Though Gittell's (2012) theory was in the context of an organisation, she states it can be extended to multi-organisations, making it applicable to PPPs. The theory was evident in the findings, as individuals involved in the PPP were noted to go beyond the members of the PPP. Gittell (2012) further stated that the inclusion of non-core workers improves coordination by creating understanding of the core purpose of the organisation.

According to Gittell's (2012) structure/process/outcomes model of relational coordination, the coordinating mechanisms represent the structure, while relational coordination is the process of interaction (Gittell, 2002a), influencing quality and efficiency outcomes (Gittell, 2012). The structures implemented, when followed, were noted to ease the relationship between the individuals in a work environment (Gittell, 2002a, 2012). In cases where there are areas of uncertainty within the contracts, effective coordination of relationships negates the areas of deficiency (Caldwell et al., 2017). The reports and meetings encourage unity and communication (Koschmann et al., 2012), which drives relational coordination between individuals in a work process (Dyer & Singh, 1998; Gittell, 2012). Continued communication was emphasised as key in addressing tensions or resolving matters that arose during the course of the contract. The frequency, timeliness, accuracy and problem-solving of communication was noted to influence shared goals, shared knowledge, and mutual respect (Gittell, 2012) in PPPs. In sum, relational coordination together with contractual agreements are essential for task performance and subsequently the creation of social value (Caldwell et al., 2017).

6.4.3.1 Private firm and public institution engagement

The private firms and public institutions in the PPPs reviewed used formal and informal communication channels. The formal channels were in the form of reports and scheduled meetings and the informal channels were ad hoc with differing formats. As PPPs are considered mechanisms to tackle complex social and development challenges, which the organisations have failed to address individually (Borys & Jemison, 1989; Dentoni et al., 2016; Koschmann et al., 2012; Selsky & Parker, 2005), the private firms stated they regularly engaged with the public institutions to ensure the social initiatives they implemented were in line with the plans of the government. Such engagement allows the sharing of resources, skills, know-how, networks and competencies between the members (Brinkerhoff & Brinkerhoff, 2011; Cravens et al., 2000). The members demonstrated collective agency through their ability to interact and communicate to obtain outcomes greater than they could individually (Koschmann et al., 2012).

The private firms also proactively set up face-to-face project update meetings with the public institution, even when all was running smoothly and not waiting for a problem to arise. This finding aligns to the theory of relational coordination by Gittell (2002b) which argues that communication which occurs towards a set task is influenced by the nature of the working relationships and consequently, the working relationships are influenced by the nature of the communication. The findings also highlighted that the openness allows for aligned thinking and shared understanding of the pressures between the two members. This allows for the private-firm to have the ability to contact the public institution, either telephonically or face-to-face in the event they face challenges or need to discuss initiatives before they are implemented. In addition, the private firms also organised annual site visits, in some instances over a couple of days, which resulted in bonding and built relationships between the individuals from different parties. Caldwell et al. (2017) does not mention the building of relationships outside the tackling of tasks in a work environment. However, the impact of the annual visit aligns with Gittell and Douglass (2012) who stated that personal relationships are built from shared experiences between individuals and they increase “participant engagement, bonding, loyalty, and trust, enabling emotional as well as cognitive connection” (pg. 711). As supported by the findings in this paragraph, the value of PPPs can be assessed on the basis of their communication process (Koschmann et al., 2012). With poor communication the value potential from the PPP, through the generation of innovative solutions to complex social challenges (Jay, 2013; Koschmann et al., 2012), will be diminished.

6.4.3.2 Private firm and community engagement

The findings also highlighted the ongoing communication that occurs between the private firm and community, to avoid tensions between the two parties. As discussed in section 6.4.1, this aligned with Reynaers and van der Wal (2018), who stated that tensions can be resolved by individuals learning each other's working styles, views and preconceptions through dialogue sessions. Two of the PPPs had set up community offices on site and appointed a Community Liaison Officer dedicated to relationship management between the private firm and the local community. Private firms also ran regular community engagement meetings, which provided a platform for the private firm to advise on the progress of the project and the next steps, as well as for the community to give feedback on their concerns and new areas of need. The community offices and community engagement meetings encourage consistent communication between the private firm and community, aligning to the theory of relational coordination by Gittell (2002b) which states that communication is impacted by the nature of the working relationships and consequently, the working relationships are impacted by the nature of the communication, driving the desired output.

It was also stated that the stakeholder engagement strategy ensured dialogue with the intended beneficiaries of what the private firm is able to deliver on the needs of the community. Though difficult to keep up with, the stakeholder engagement strategy was said to pay dividends when adhered to. The continuous review and amendment of the stakeholder engagement strategy was stated as important given changes that might happen in the community, economy or political climate. The findings highlighted that proactive communication is vital for communities as it reduces unreasonable requests due to lack of information. The literature reviewed did not provide detail into the relations between the community and the private firm and these findings present an extension to literature.

6.4.4 Conclusive findings for Research Question 2

Table 10 below presents a summary of the theoretical similarities and differences noted for research question 2, on the role individuals play in coordinating social value creation.

Table 10: Key theoretical similarities and differences arising from Research Question 2

Theory		Findings
Similarities		
6.4.1	Conflicts arise due to social impact being a primary focus for public institutions and economic benefits being secondary (Le Ber & Branzei, 2010).	Conflict may arise as a result of the different role players who have different interests, with private firms being profit-driven and the public institutions being service-driven.
6.4.1	The diversity of members and their conflicting values result in difficulties in sustaining a PPP (Klitsie et al., 2018; Reynaers & van der Wal, 2018; Saz-Carranza & Longo, 2012; Schreyögg & Sydow, 2010).	Conflicts may arise from the different backgrounds of individuals working together in a PPP.
6.4.1	Tensions can be resolved by the leaders organising dialogue sessions which allow individuals to learn each other's working styles, views and preconceptions (Reynaers & van der Wal, 2018) allowing them to reshape their views of each other (Le Ber & Branzei, 2010).	Tension between the stakeholders can be solved by the parties understanding each other's credentials and acknowledging that they want the PPP to succeed.
6.4.2	Velotti et al. (2012) stated that partners have equal rights and aim to accomplish shared objectives.	A good relationship is built between the members of a PPP, by them respecting each other's roles, not telling the other what to do, and trusting each other's judgement.
6.4.2	PPPs can fail to meet their social value objectives due to insufficient communication, lack of information, deficient trust levels, incorrect assumptions, indistinct expectations, and inability to serve (Järvi et al., 2018; Vafeas et al., 2016).	It is important to include all members in decision-making, as failure to do so could result in mistrust and isolation which breeds an unhealthy environment in a PPP.

	Theory	Findings
6.4.2	Gittell and Douglass (2012) stated that interpersonal relationships give rise to loyalty, trust and a connection between individuals. This however contradicts an earlier view from Gittell et al. (2010) who stated that relationships in relational coordination are based on ties between roles rather than personal ties and are fostered between interdependent employees regardless the presence of personal ties.	The role of individuals was noted to go beyond their contractual obligations to engaging with the individual, within the members and stakeholders of the PPP, on a personal basis, which agrees to Gittell and Douglass (2012).
6.4.2	Tsai (2002) stated that knowledge-sharing is a social process that requires a collaborative process, which creates trust and cooperation.	Open communication between the members is essential for establishing trust in a PPP
6.4.3	Gittell's (2012) relational coordination theory was drafted in the context of an organisation, though it was stated it can be extended to multi-organisations.	Individuals involved in the PPP were noted to go beyond the members of the PPP to other stakeholders.
6.4.3.1	Gittell and Douglass (2012) stated that personal relationships are built from shared experiences between individuals as they increase “participant engagement, bonding, loyalty, and trust, enabling emotional as well as cognitive connection” (pg. 711).	The private firms organised annual site visits which resulted in bonding and built relationships between the individuals from different parties.
6.4.3.2	Reynaers and van der Wal (2018), stated that tensions can be resolved by individuals learning each other’s working styles, views and	Ongoing communication which occurs between the private firm and community, avoids tensions between the two parties.

Theory		Findings
	preconceptions through dialogue sessions.	
Differences		
6.4.2	Shared knowledge, shared goals and mutual respect are the foundation of effective coordination and they occur between work roles as opposed to on an individual basis (Gittel, 2012).	In addition to shared knowledge, shared goals and mutual respect, having individuals know each other personally develops trust between them and not suspect hidden agendas.
6.4.3.2	There is no mention of the use of a stakeholder engagement strategy in literature.	It noted that a stakeholder engagement strategy was utilised to ensure dialogue with the intended beneficiaries of what the private firm is able to deliver on the needs of the community

6.5 CONCLUSION

Table 11 below present the differences noted in the study which represent extensions and refinements to literature, regarding relational coordination in PPPs with private equity firms as partners.

Table 11: Extensions and refinements to Literature

Category		Extension
Involvement of other stakeholders in a PPP other than the members		
1.	Private equity firm involvement in PPPs	Literature noted the involvement of private firms in PPPs (Caldwell et al., 2017) and the involvement of private equity firms in the context of infrastructure development (Gemson & Annamalai, 2015), however, the involvement of private equity firms as partners in PPPs has been left largely underexplored. The results indicate that the role of private equity firms as active investors in PPPs is still in its infancy and there have been discussions currently underway to investigate opportunities for collaboration between the private equity and public sector

Category		Extension
2.	Dual role played by third parties as auditors and mediators	There is no mention of third parties playing the dual role of auditor and mediator in literature. However, the findings noted an Independent Engineer being used to play the role of auditor, as well as mediator during the course of the contract, assisting in the development of the relationships and management of differences between PPP members
3.	Community stakeholder engagement	Caldwell et al. (2017) emphasised the need for coordination between the members of a PPP in order to successfully tackle constraints that arise during the term of the contract. The findings however offer an extension to this literature by noting that stakeholder engagement with the communities is vital to ensure alignment between the community and the private firm
Coordinating mechanisms		
4.	Realignment of contractual agreement	Caldwell et al. (2017) noted coordination to be vital in order to tackle constraints that arise during the term of the contract. The findings noted the need to revise and realign the concession contract during its tenure, to sharpen ambiguous clauses or realign interests between the partners
5.	Performance feedback on social outcomes and social impact	Gittell (2012) mentions the preparation of reports as a coordinating mechanism, though not providing detail on what is constituted in the reports. The reports produced include performance feedback on the social outcomes, and some instances the social impact, achieved by the private firm. The government indicated its intention to shift from measuring social outcomes to measuring social impact
6.	Audit reviews as a coordination mechanism	Literature did not provide audit reviews as coordination mechanism. Caldwell et al. (2017) however mentioned PPP contracts to address issues such as audit reviews. Audit reviews however emerged as a coordination mechanism, with public institutions using them to check the private firm's compliance to the concession contract obligations
7.	Social needs analysis	There is no mention of a social needs analysis being performed in literature. It was noted in the findings that the government was not prescriptive of the social initiatives to be instituted by

Category		Extension
		the private firms. The private firms perform a needs analysis to identify the social gaps in the communities and the initiatives to be implemented which have the greatest impact to the most people in the quickest time
8.	Offtake market provided by private firm	There is no mention of the private firm providing a market for the enterprise development in literature. It emerged from the results that after the private firm lost funds invested in small business, the private firms provided a market within the private firm's primary operations to drive sustainable and enable cash generation, loan repayment and reinvestment into new businesses
9.	Contractual agreements specific to social initiatives.	Literature does not mention the use of contractual agreements specific to social initiatives. It was noted that in addition to the socio-economic annexure in the concession contract, private firms in the study submit an annual ED plan which sets out the private firm's quarterly commitment towards proposed initiatives.
Role played by individuals		
10.	Development of personal relationships in relational coordination	Gittell (2012) stated that the foundation of effective coordination occurs between work roles as opposed to on an individual basis. The findings however highlighted that having individuals know each other personally develops trust, as the individuals will trust the other party and not suspect hidden agendas
11.	Stakeholder engagement strategy in relational coordination	There is no mention of the use of a stakeholder engagement strategy in literature. The findings noted that the private firms use a stakeholder engagement strategy to ensure dialogue with the intended beneficiaries

The following chapter presents the conclusions and recommendations to this research paper.

7 CHAPTER 7 – CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This research investigated the coordination of relationships and the role individuals play in ensuring all the members of a PPP, which has a private equity firm as a partner, progress towards creating social value. As stated in Chapter 1, there has been a greater appeal for the public sector to work with the private sector to tackle complex social and developmental challenges, as identified by the SDGs and NDP. To achieve these goals, governments have increasingly used PPPs to draw investment and know-how from the private sector (Egler & Frazao, 2016). Funding from the private sector will assist in closing the infrastructure funding gap, which has arisen due to reduced public funding (Egler & Frazao, 2016; McKinsey Center for Business and Environment, 2016).

Private equity firms have increasingly realised the importance of aligning their investment strategy to the SDGs, which will assist in bridging the infrastructure funding gap. As partners, organisations can achieve more than they would have as individuals (Austin, 2010), thus creating value (Le Pennec & Raufflet, 2018). Kivleniece and Quelin (2012) highlighted tension between the public sector and private firm as the main limitation to value delivery in PPPs. The different objectives between the public institutions and private firms of attaining social and economic outcomes respectively can result in a build-up of tension, which can be detrimental to the success of a PPP. In order to resolve and progress past the conflict or tension, the study advanced insight into how PPPs, with a private equity firm as a partner, can be coordinated to create social value. The research further explored the contribution individuals play in guiding the activities, varying skill-sets and development outcomes of a PPP relationship.

The conclusions from this research are presented in this chapter by highlighting the new insights, a proposed framework, recommendations to private and public institutions, limitations of the study and suggestions for future research.

7.2 NEW INSIGHTS

The structure of the PPPs included a public institution (the client) and a private firm (implementing agent) as joint members. The government contracted private firms to construct, maintain and run infrastructure operations on their behalf over a long-term

period, with the objective of taking over the infrastructure after the contracted period. The main shareholders in the private firms were the private equity firm, which played a value-adding decision-making role, and the local community trust which was actively engaged in the project and social initiatives. Other stakeholders included financial institutions, other public institutions on social initiatives, contractors and municipalities, as presented diagrammatically in Figure 4. Figure 4 presents an extension to literature, depicting that relationships in PPPs surpass those solely between the members, to include private equity firms, the communities and in some instances a mediating independent party, referred to as an Independent Engineer in this study.

PPPs with private equity firms as a partner were noted to be uncommon, attributable to the government not understanding what private equity funding is and private equity firms not knowing how to initiate participation or avoiding the onerous policy discussions and paperwork, as well as the length of time it takes to finalise a PPP. The government has however commenced discussion on how to pursue potential PPP opportunities with private equity, starting off with the infrastructure sector. It was noted to be paramount for government and private equity to develop a PPP model that takes the interests of both parties into account with an overall objective of fuelling economic growth in the country.

7.2.1 Coordination of public-private partnerships, which have a private equity firm as a partner, to create social value

The PPPs instituted contractual processes, prescribed reporting, scheduled meetings and audit reviews, as formalised coordinating mechanisms between the stakeholders. New insights highlighted that included in the contractual processes are documents prescribing the targeted social outcomes, being the socio-economic annexure to the concession contract, which stated the obligations the private firm had to create social value over the duration of the contract, as well as an annual ED plan, which set out more specific detail on the private firm's quarterly commitment to social initiatives.

In addition to the use of coordination between PPP stakeholders to manage contract deficiencies, new insights alluded it to be useful to consider the revision and realignment of the contracts during the long-term tenure. This will result in the sharpening of ambiguous clauses noted as the contract progressed, the realignment of interests between partners or market changes as the contract progressed.

The reports produced include performance feedback on the social outcomes, and some instances the social impact, achieved by the private firm. It was highlighted that social

impact is more difficult to measure, however the government has indicated its motive to shift from measuring social outcomes to measuring social impact, which require a longer measurement period.

Audit reviews emerged as an additional coordination mechanism, with public institutions using their internal teams or third parties to assess the private firm's compliance to the concession contract obligations. Another form of audit review noted was the use of an Independent Engineer to play the role of auditor, as well as mediator during the course of the contract. The Independent Engineer was accountable to both the public institution and private firm equally, ensuring compliance to the contractual obligations of both parties at regular intervals during the life of the contract. The Independent Engineer helped bridge the gap between the expectations of the private firm and public institution, developing the relations between the two parties, managing differences and cultivating the understanding of their roles as partners. The use of audit reviews as a coordination mechanism and an Independent Engineer as a mediator builds on existing theory.

The communities were also noted to be a fundamental stakeholder in the PPP. As stipulated by the government, the local community trust held a stake in the private firm. The private firm constantly engaged the community regarding the primary operations, as well as to identify the social needs gap in the community. The study noted the frequent and timely engagement with communities to be vital to ensure alignment and avoid tensions and conflicts developing, which may interrupt primary operations. The study further highlighted the private firms using a needs analysis to identify the social gaps in the communities. The needs analysis was used to guide the initiatives to be implemented in the communities, which had the greatest impact to the most people in the quickest time. The study also highlighted that the government was not prescriptive of the social initiatives to be instituted by the private firms and only one of the PPPs mentioned they aligned their social initiatives to the SDGs or NDP. This demonstrates there is untapped potential of using PPPs in a more targeted way in social value creation.

Another new insight emerging from the study was that private firms progressed from injecting funds into businesses which eventually failed, to providing loans to small businesses which they were able to provide an offtake in their primary operations. This drove sustainability of the small businesses and enabled cash generation which serviced the loan repayment and reinvestment into new businesses.

The study highlighted how economic value and social value fortify each other, by realising economic value and concurrently creating a socially desirable output. All

economic value creation was noted to be social value, as the welfare of the society is improved through the actions of creating economic value (Santos, 2012). The examples in which social value was realised in this study include: building infrastructure or providing services that previously did not exist, reducing travel time, road safety, improving trade, creating jobs, building enterprise capacity, and improving education.

7.2.2 The role individuals play towards the creation of social value within a public-private partnership, which has a private equity firm as a partner

It emerged from the study that there was risk-sharing between the different roles the members played in the PPP. The different interests between the different role players is a potential cause of conflict or tension, with the private firm and private equity firm being profit driven and the public institution being service driven (Caldwell et al., 2017; Klein et al., 2010; Le Ber & Branzei, 2010). Further conflict was also noted to arise as a result of the different backgrounds and institutional logics from which the individuals originated (Reynaers & van der Wal, 2018; Saz-Carranza & Longo, 2012). The conflicting values due to the diversity of members results in difficulties in sustaining a PPP (Klitsie et al., 2018; Schreyögg & Sydow, 2010). The study revealed that the tension between the stakeholders had been solved by them understanding each other's credentials and acknowledging they wanted the PPP to succeed, through the process of coordination.

The study showed that the PPPs institute a stakeholder engagement strategy which ensured dialogue with the intended beneficiaries, presenting an extension in literature. Proactive communication was noted to be vital between private firms and communities as it reduces unreasonable requests from communities due to lack of information. The literature reviewed did not provide detail into the relations between the community and the private firm, so the results from this study build on the literature.

Further emerging from this study was that individuals viewed their role beyond their contractual obligations to engaging with other individuals within the PPP on a personal basis. Having individuals know each other developed trust between the parties and established ease with each other's motives.

The study noted it to be important for individuals of one institution to respect the roles of the other members and trust their judgement, aligning to Velotti et al. (2012) who stated that partners have equal rights and aim to accomplish shared objectives. The proactiveness of the individuals to share knowledge through a collaborative process, creates trust

and cooperation (Tsai, 2002). In addition to the managing the contractual obligations, mutual knowledge and goal alignment are crucial for creating relational coordination, which creates social value (Caldwell et al., 2017).

7.3 A PROPOSED FRAMEWORK

Gittell's (2012) structure/process/outcomes model of relational coordination as depicted in Figure 2 and Caldwell et al.'s (2017) social value creation in PPPs as shown in Figure 3 were noted to be the main frameworks supporting this study. Both, however, do not fully encapsulate the new insights emerging on relational coordination in PPPs.

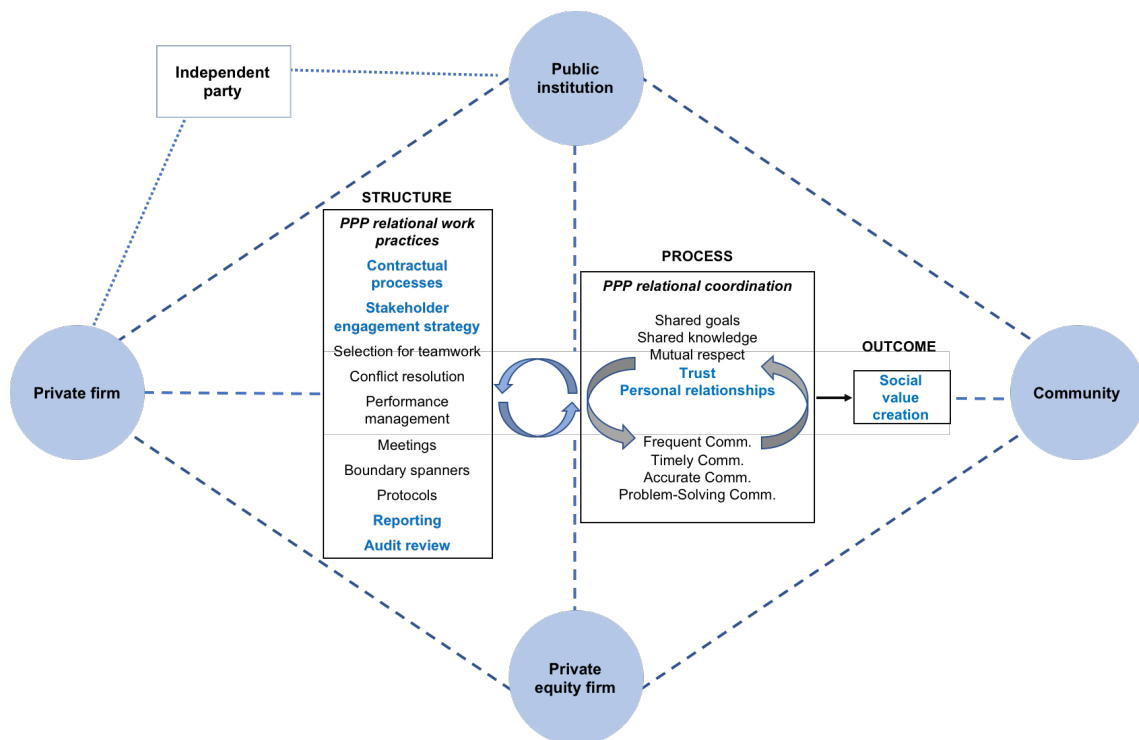
Gittell's (2012) structure/process/outcomes model relates to inter-organisational structures, though it was mentioned it could be extended to multi-organisations. Gittell's (2012) structure/process/outcome model emerged from the insights of the study. There were additional insights which emanated, resulting in the extension of the study. Under the structure, contractual processes, meetings and reports were noted in the study insights, however in addition, independent party and inhouse audit reviews emerged as a new insight. Additionally, another insight arising was the use of an independent party to play a mediator and audit role as the contract progressed which contributed to the relational coordination. The study also supported the shared goals, shared knowledge and mutual respect as key components to relational coordination process. In addition, the research also noted the development of personal relationships and trust as essential components to the relational coordination process. As in Gittell's (2012) model, the insights noted frequency, timeliness, accuracy and problem-solving of communication was noted to be vital in relational coordination processes. A key new insight revealed was the cyclical relationship between the structure and process for the generation relational coordination which results in the generation of social value creation.

There were differences noted when comparing the insights from the research to Caldwell et al.'s (2017) framework. It was noted that the Caldwell et al.'s (2017) framework did not include the coordination mechanisms noted in the study. Caldwell et al.'s (2017) framework noted shared goals and mutual knowledge driving of relational coordination. Caldwell et al.'s (2017) framework mentioned professional embeddedness, organisational experience and ecosystem experience as driving social value creation, which the researcher argues constitutes mutual knowledge in relational coordination processes. Caldwell et al.'s (2017) framework however does not mention mutual respect, trust and personal relationships, as noted in the study. Though Caldwell et al.'s (2017)

framework mentioned how vital communication was to relational coordination, the framework did not provide details of the nature of the communication. In sum, Caldwell et al.'s (2017) framework does not fully capture the insights emerging from this study.

The new insights revealed that relationships in PPPs with a private equity firm as a partner, surpass those solely between the public institution and private firm, to include the private equity firm, the community and in some instances a mediating independent party. As the insights revealed in this study largely supported Gittell's (2012) model, the researcher extended the model, taking into account the new insights that emerged in relation to PPPs with private equity firms as partners. Figure 5 below presents the proposed structure/process/outcomes framework of relational coordination in PPPs.

Figure 5: Structure/process/outcomes framework of relational coordination in PPPs



Source: Author's amendment to Gittell's (2012) structure/process/outcomes model of relational coordination

The proposed framework presents the interrelationship between public institution, private firm, private equity firm and community in a PPP, with a private equity firm as a partner, as the blue dotted lines. The use of an independent party as a mediator and auditor between the public institution and private firm during the course of a concession contract is also presented. For the creation of social value, relational coordination occurs concurrently between these parties and this is presented by Gittell's (2012) model, which

was amended to reflect the new insights arising from the study, represented in blue. The cross-functional practices in Gittell's (2012) model were amended with those identified for PPPs. New insights revealed the stakeholder engagement plan to be crucial in guiding and managing dialogue between the stakeholders. Cross-functional rewards and cross-functional informational systems were not identified in the study and were thus not included in the proposed framework. The proposed framework also reflects the cyclical relationship between the structure and the process in order to deliver social value creation.

7.4 RECOMMENDATIONS TO PUBLIC AND PRIVATE INSTITUTIONS

As PPPs with private equity firms as partners are still in their infancy, the study provides insights from the study into what public institutions, private firms, private equity firms and other stakeholders need to be cognisant of to create social value. The following are the additional insights gathered for business and public practitioners:

1. The potential of PPPs, with private equity firms as a partner, to achieve economic and social goals concurrently has been largely left untapped. As more private firms are looking to address the SDGs in their course of business, PPPs are a good opportunity to tackle complex social challenges while achieving an economic return.
2. Though there are challenges in establishing PPPs, the ability to institute the coordination mechanisms and relational coordination processes allows partners to resolve conflicts or tensions that might occur. Using an independent party as a mediator, who has technical and soft skills, can be useful to help in developing the relationship between the members during the course of the contract.
3. The government should consider revising the performance tracking mechanism and penalty clauses of the social initiatives from quarterly, to a period which allows flexibility in case the private firms do not identify viable projects to invest in within the stipulated time frame. This would avoid the private firms making rushed investments in order to meet the deadline and penalties, and ensure the sustainability of small business by targeting investment funding.
4. Consideration should be given to extending concession contracts in order to realise the value from the experience gained by all parties, both on the primary operation and in the local communities. An extension will also allow the private

equity firm to reinvestment capital into the operation, which will result in greater social value being achieved.

5. Apart from managing the contractual agreements, consistent and proactive stakeholder engagement is crucial for relational coordination. Trust and personal relationships between the private firm and the communities, allows for the maximising of social value, by ensuring minimum disruption to primary operations and maximum social impact through the initiatives rolled out. Engagement between the private firm and the public institution allows challenges arising during the course of the PPP to be addressed, as well as targeted social initiatives which are in line with the plans of the government.
6. The funding mechanisms for the communities' equity stake may be reconsidered. Currently, the stake of many community organisations is debt funded and proceeds from the dividends allotted are used to repay the debt before the full benefit can be realised to the communities, which can take up to eight years. The members of the PPP should consider a different funding mechanism which will allow the communities to benefit earlier.
7. The government should consider playing a role in the determination of the social initiatives which could to be instituted by the private firms, aligning them to the SDGs or NDP. This would fortify the untapped potential of the PPPs creating social value. In addition, the government should also consider how the greater black majority can benefit from the instituted local ownership specification in future tenders, which will ensure the black majority are empowered and uplifted, thereby amplifying the impact on social value creation.

7.5 LIMITATIONS OF THE RESEARCH

The following limitations were noted in this study:

1. The research was aimed at assessing social value and not overall value creation, thus the view indicated on economic value in this research might be optimistic.
2. As the researcher could only identify PPPs with the same private equity firm as a partner. The results from the study might have been limited.
3. As only three PPPs were reviewed, the number of participants in the study will present only a partial view of PPPs operating with a private equity firm as a

partner. Despite the small research setting, data was collected from diverse perspectives within the PPPs, which provides depth in data collected.

4. The research only reviewed mature PPPs, not considering PPPs which are in the early stage of formation (less than two years), however insight was gathered on how the PPPs coordinated to achieve their shorter-term social value targets.
5. The research was conducted over a limited period and further insights could have emerged should the study have been performed over a longer period.
6. The study only reviewed PPPs of a contractual nature, excluding other forms of partnerships.

7.6 SUGGESTIONS FOR FUTURE RESEARCH

Given the limited research in the area of PPPs with private equity firms as partner, the following recommendations are made for future research:

1. Research how PPPs are aligning their social initiatives to the SGDs or NDP to ensure joint solutions to the complex social challenges these frameworks aim to tackle.
2. Explore the differences between management in public and private firms in PPPs, and their ability to effectively collaborate and communicate, towards a shared outcome.
3. Research the use of relational coordination to achieve economic value creation in PPPs with private equity firms as partners.
4. Utilise quantitative methods to test the proposed framework in PPPs in other sectors and other countries.
5. The research is performed on mature PPPs; further research could be performed in PPPs in the initial stages to assess whether the results are similar.
6. As much as social value was the outcome of this study, exploration is required into the nature and dynamics of social value creation in PPPs with private equity firms as partners.

7. Research whether the traditional role of private equity firms in portfolio companies is the same as that in PPPs.

7.7 CONCLUSION

Public institutions have identified the opportunity for using private firms' expertise and funding to solve complex social development challenges, such as developing infrastructure, enterprise and skills, and creating jobs. In parallel, private equity firms have developed an inclination towards socially responsible investing. PPPs provide a platform in which the public institutions and private equity firms can jointly tackle the challenges, which the organisations would have failed as individuals. The study revealed relational coordination in PPPs with private equity firms as partners, to occur not only between the public institutions and private firms but also between the private equity firms and community towards achieving social value creation. The study also revealed audit reviews, as well as the use of an independent party as a mediator as coordination mechanisms which fostered the development of relational coordination. Additionally, the development of trust and personal relationships between individuals in PPPs, with private equity firms as a partner, were noted to further develop relational coordination between the PPP members and stakeholders. Relational coordination was highlighted to resolve the tensions and conflicts potentially arising in PPPs as a result of the differences between the members and stakeholders. This will result in the members successfully achieving the social value sort after in PPPs with private equity firms as partners.

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APPENDIX 1: INVITATION TO PARTICIPATE IN A RESEARCH STUDY

Dear XXXXX

I hope I find you well.

I am an MBA student at the Gordon Institute of Business Science and am in the process of completing the research component of my degree. My study is titled “Relational coordination towards social value creation in public-private partnerships”. The research aims to explore how social value creation can be realised through effective utilisation of social and work relationships between the members of a public-private partnership. The proposed study has the objective of providing an in-depth analysis of the social and work relationships within partnerships between public institutions, private firms and civil society organisations towards yielding social value creation. The research further aims to explore the contribution professionals play in guiding the activities, varying skill-sets and development outcomes of a public-private relationship in a South African context. The study has been selected to advance insight into how successful alignment and congruency between relationships can be attained between public institutions, private equity firms and private businesses, as this could be a useful vehicle in transforming the sought-after growth in the NDP.

I will be reviewing [name of PPP]. I would greatly appreciate it if you could participate in the research from your perspective at [name of partner], as I believe you have the expertise and experience to contribute key insights to my study. The interview will be semi-structured in nature and will take approximately one hour to complete. I have included a copy of a consent form you will be required to sign before the interview for your perusal. All the data and quotations used will be made anonymous.

Please indicate your willingness to take part in the research. May you please let me know when it would be convenient for you to meet. I am available to respond to any questions you might have.

I look forward to hearing from you.

Thank you and best regards,

Janice Sambaza

APPENDIX 2: INTERVIEW CONSENT FORM

Research Topic: Relational coordination towards social value creation in public-private partnerships

Researcher: Janice Sambaza, MBA Student at the Gordon Institute of Business Science, University of Pretoria

I am conducting research into the creation of social value through effective utilisation of relationships between the members of a public-private partnership. The interview is expected to last approximately one hour. The insights and data collected from the interview will contribute towards an in-depth understanding of the social and work relationships within partnerships between public institutions, private firms and civil society organisations towards yielding social value creation. The insights will further assist in the exploration of the contribution professionals play in guiding the activities, varying skill-sets and development outcomes of a public-private relationship in a South African context.

Your participation is voluntary, and you can withdraw at any time without penalty. The interview will be recorded using an audio recording device. All the data and quotations used will be made anonymous.

Should you have any concerns or questions please contact my supervisor or I on the details provided below.

Janice Sambaza
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072 742 5296

Dr Jill Bogie
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083 675 1360

Participant's name

Signature

Date

Researcher's name

Signature

Date

APPENDIX 3: INTERVIEW QUESTIONNAIRE

Name:

Organisation:

Job Title:

Date:

Start time:

End time:

Thank you for taking your time to meet with me today. I value your time and input into my research.

My study is titled “Relational coordination towards social value creation in public-private partnerships”. The research aims to explore how social value creation can be realised through effective utilisation of social and work relationships between the members of a public-private partnership.

The nature of the research is exploratory and the insights to my research questions will be through conversation. In responding to the questions, I am interested in your experiences and examples. All data will be reported without identifiers and you will remain anonymous.

Before we continue, may you please sign the consent form, and may you please confirm that you are happy with me recording the interview using an audio recording device. I will be using two, with the second as a back-up.

Interview Questions to public-private partnerships participants

Introduction

- 1) Please tell me about the public-private partnership [state name] and how it works, who is involved and what it is trying to achieve?
- 2) Could you tell me about your involvement in the partnership, how it happened and what it is you do?

Body

- 3) In your role, who do you work with, what organisations are they from and what do they do? How do you interact and build relationships with them, what works well and what difficulties do you encounter? Please provide some examples.
- 4) What processes have been utilised to manage the relationships within the partnership? What works well and what does not? Please provide some examples.
- 5) Based on your experience and knowledge, what does social value mean to you? Please provide an example in which you provide detail on what it was about, who was involved, where it was, what happened and why it is memorable?
- 6a) What are the social value outcomes expected from the partnership [state name] and over what time frame?
- 6b) What processes have been instituted to ensure all the members of the partnership progress towards those outcomes? What processes are used to track this progression?
- 6c) How do you determine whether the partnership has achieved these outcomes? Please give me an example of a successful initiative.

Conclusion

- 7) What would you improve in the partnership processes and relationships going forward in order to realise the expected outcomes for the various partners/stakeholders?

Interview Questions to experts

Introduction

1) Please tell me about your experience with public-private partnerships involving private-equity firms, how they work, who is involved and what they are trying to achieve? Please provide some examples.

Body

2) From your experience in your role, how do members in public-private partnerships interact and build relationships, what works well and what difficulties do they encounter? Please provide some examples.

3) From your experience in your role, what processes have been utilised to manage the relationships within PPPs? What works well and what does not? Please provide some examples.

4) Based on your experience and knowledge, what does social value mean to you? Please provide an example in which you provide detail on what it is about, who was involved, where it was, what happened and why it is memorable?

5) From your experience, what social value outcomes are expected from PPPs and over what time frame?

Conclusion

6) What would you view as crucial in PPP processes and relationships in order for them to realise the expected outcomes for the various partners/stakeholders?

APPENDIX 4: ETHICAL CLEARANCE LETTER

**Gordon
Institute
of Business
Science**
University
of Pretoria

02 August 2018

Sambaza Janice

Dear Janice

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee