

**Phasing the negotiations of housing public-private partnerships in
Municipal housing projects**

By

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Submitted in partial fulfilment of the requirements for the degree

of Doctor of Business Administration

at the Gordon Institute of Business Science,

University of Pretoria,

South Africa

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05 July 2018

ABSTRACT

Even though much has been written about negotiations in general, research into the negotiation of housing public-private partnerships (HPPPs) is still relatively sparse. The nature of partnership negotiation processes has never been fully defined.

Essentially, scholars disagree on how partnership negotiations are phased. In this regard, few studies have focused on phasing of HPPPs negotiations – which are characterised by long-term relationships – or on the impact of macro-level contextual and conditional factors. Furthermore, little is known about the number of phases that comprise an HPPP negotiation process in an Afrocentric context, or what may trigger their beginning and end.

There is also a dearth of literature concerning the influence of partners' resource endowment and resource contribution on the process of negotiating partners' roles and responsibilities, pace of phasing negotiations, and on resolving a project's resource constraints. Similarly, little is known about the influence of partnership structure on the phasing of negotiations. Lastly, and whether there is a shift in the balance of power during negotiations once partners have shared resources.

Previously, some researchers have accentuated the importance of the negotiation process, while others have placed greater emphasis on overall negotiation outcomes. Furthermore, some described negotiation as an activity, while others have defined it as a process with distinct activities in each phase.

Based on five case studies, this qualitative research uses both organisational collaboration and negotiation theories to analyse the elements outlined above.

The research shows that an HPPP negotiation process consists of *five phases*: a finding that significantly challenges existing research, which has never recognised so many.

The phases identified in this study are:

- (i) Partnership conception and initiation phase;
- (ii) Partnership negotiation phase;
- (iii) Partnership cementing phase;

- (iv) Partnership implementation phase; and
- (v) Partnership conclusion or extension phase.

The study further shows that these phases differ in terms of negotiation span, duration, intensity and outcomes per phase, in line with negotiation content and skills required.

It further shows that although partners recognise that resources are synonymous with power, parties truly benefit once their resources are equally leveraged. This result in sound relationships characterised by equitable recognition of each partners' resource contribution, characterised by shared risks and benefits.

Furthermore, negotiations are more effective in smaller forums; these structures are more focused, which significantly improves decision-making turnaround times.

Lastly, the study also shows that there are power dynamics between negotiating partners. Power does not reside with one partner, but constantly shifts over time. Implying that power balance should be viewed in a holistic and longitudinal manner over the lifespan of the partnerships, rather than on snapshots, which distorts the overall power balance over the life cycle of partnership negotiations

The identification of these five key phases has also enabled the development of a Housing Public-Private Partnership Negotiation Lifespan Wheel and a proposal for the development of a Housing Public-Private Partnership Negotiation Framework.

Key words: Housing public-private partnerships, negotiation process, power balance, resource capacity and contribution, Gauteng.

DECLARATION

I declare that this thesis is my own work. It is submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other university.

I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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PLAGIARISM DECLARATION

1. I understand what plagiarism is and am aware of the University's policy in this regard.
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ACKNOWLEDGEMENT

First and foremost, I offer deepest gratitude to the Lord who gave me courage, strength, wisdom and perseverance. I am also grateful to all who stood by me on the winding, solitary road to “doctorateness”.

My supervisors, Dr Robin Woolley and Prof Helena Barnard, always found time to provide detailed feedback in spite of their hectic schedules. I thank them from the bottom of my heart. To the researchers who guided my thinking: it was a pleasure to stand on the shoulders of giants.

The doctoral team (Viv, Lerushka, Mamello and Ryan) kept us on course. The master classes on researching and analysing data were eye-opening.

Special thanks to: the Research Quality Committee, especially Albert and Johan, for their marvellous feedback; Caren Scheepers and my coaching group for being my lighthouse; Gwen Ansell, who helped me to express my “voice”; my peers (especially the class of 2013); and those who reviewed my work: Sam Dawa, Kizito Wandera, and Anastacia Mamabolo.

I also pay tribute to the partnership negotiators who sacrificed precious time to participate in the interviews. Without their valuable insights, this study would not have been possible.

I will forever be grateful to Margot von Beck, Mary-Anne Makgoka and Fiona Sangana for their sterling editorial work and encouragement, and to the professional transcribers: Itumeleng Dhlamini and Mary-Anne Makgoka.

Special thanks to my beautiful wife, Mmono: my pillar of strength and greatest motivator. Your concern for my progress kept me going. You cared for our lovely, hectic three kids and created space for me.

Thanks to the Salane family and our extended families who nurtured me: particularly my mother Misaveni *née* Risenga who kept the fires burning after my father Jullis Hasani Salane departed. I wish he was here to see the fruits. May his soul rest in eternal peace.

Thanks also to Ahmed Vawda (from the Presidency) for his encouragement; the City of Tshwane for giving me study leave; my colleagues; and especially my head of

department, Amolemo Mothoagae for her support.

Finally, special thanks to my friends Enoch, Piet and Russel, Rev. Dr Gift Baloyi, Dr Jonas (Bandi) Maluleke, and Dr Rebecca Motlatla-Mabaso, as well as Patrick Xikolokolo Chauke and Floyd Chauke who are on the same journey as I am, and Tommy Mdaka for the reviews, critical inputs and illustrations.

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CHAPTER 1

1. INTRODUCTION TO THE RESEARCH PROBLEM

1.1. INTRODUCTION AND BACKGROUND

This study seeks to understand the process of negotiating housing public-private partnerships (HPPPs) in resource-constrained municipal housing projects, especially the phasing.

Gaining clarity of the negotiation process is essential in several ways:

- i) It offers a sound and systemic approach that negotiating partners should follow to reach favourable and value adding agreements;
- ii) It suggests a pre-determined step-by-step path that negotiating partners should follow to jointly succeed; and lastly,
- iii) In a transparent way, it states the do's and don'ts to be observed during negotiations.

The study outlines the number of phases that emerge when partners negotiate HPPPs in contexts such as South Africa. It is based on the findings of five case studies in Gauteng, South Africa. It identifies the distinguishing features of each phase, in terms of activities, content, skills requirements and outcomes, as well as what triggers their beginning and end.

The influence on negotiated outcomes of contextual and conditional factors, such as partners' resource endowment, partnership structure and power balance, is also examined. With this in mind, the study explores the nature of negotiations once the project is underway, by establishing whether sharing of resources influences the balance of power to any degree.

This chapter argues that the process of negotiating housing public-private partnerships is worthy of scholarly attention, especially given the challenges most governments face when handling such negotiations.

Some researchers posit that the public sector lacks "PPP experience and expertise" (Zhang, 2005, p.3), and therefore fails dismally to negotiate deals that promote a win-win situation. Moreover, the sector tends to be too weak to negotiate partnerships

(Wettenhall, 2003).

However, there is also a realisation that partnerships, in themselves, cannot answer government's need for development funding (Bryson, Crosby & Stone, 2015). To expect otherwise is to condemn such partnerships to failure. Thus, governments must be empowered to negotiate *better* partnership deals.

Given this reality, there is a need for scholars to shift their attention from current paradigms and to identify favourable conditions which will enable the public and private sectors to phase HPPP negotiations and thereby ensure delivery of the most needed infrastructure and services (Sengupta, 2006b; Pryce & Sprigings, 2009; Lizarralde, 2011).

Thus, this research seeks to gain a better understanding of the processes partners follow – especially phasing – when negotiating housing public-private partnerships in municipal housing projects.

Despite increasing scholarly interest in negotiations elsewhere (notably America and Europe), there is a dearth of research on negotiation processes in Africa. Hofstede (1986) has shown that context influences observed characteristics: thus it is suggested that exploration of negotiations in a different context might offer valuable and insightful perspectives, and reveal what is uniquely African. Although Hofstede has been criticised heavily for using representative samples, this study, similar to Eringa et al's (2015) validation study, support the country difference approach; they established that South African results differed completely with the other countries (Netherlands, Germany, China and Qatar).

Contrary to Western culture, Hofstede's characterisations are based on strong social capital, strong ties and strong networks. Moreover, negotiation theory highlights the pivotal role that *culture* plays in negotiations.

Therefore this study seeks to:

- (i) Understand the phenomenon of negotiation in an African context, which is characterised more by cooperation than competition;
- (ii) Explore negotiations in a South African context, where the principles of collectivism and loyalty are ranked highly, as opposed to the Western culture of individualism (Hofstede, 1986);
- (iii) Show how negotiation structures could be best set up in a context where

hierarchy is observed and centralisation of decision is encouraged.

The chapter begins with a brief background and rationale, before outlining the gaps the study seeks to address in current HPPP negotiation research. The chapter also summarises the theoretical, practical and methodological contribution made by the study, and describes how the thesis will be structured.

1.2. BACKGROUND TO THE RESEARCH QUESTION

Literature shows that governments across the world are increasingly seeking and promoting partnerships with the private sector to fund infrastructure projects which, in the past, were traditionally provided by the public sector alone (English & Guthrie, 2003; Hodge & Greve, 2009; Sarmiento & Renneboog, 2016). This trend includes housing (Sengupta, 2006a; Ibem, 2011; Vangen, Hayes & Cornforth, 2015).

However, it requires due diligence and concerted negotiation to bring the public and private sectors together. By nature, the two sectors are worlds apart (Maskin & Tirole, 2008). The public sector tends to have a strong bias towards promoting public access (Brown, Potoski & Van Slyke, 2006), whereas the private sector promotes private profits (Cousins, 2002; Trangkanont & Charoenngam, 2014).

Although existing literature shows that negotiations are central to driving agreements amongst partners in areas like the sharing of resources, there has been little research into the process of negotiating HPPPs: especially the number and nature of the phases involved. Thus, there is a need to understand fully what factors characterise these phases, as well as the phenomena that trigger their beginning and end.

Current negotiation studies have focused on procurement through contracts (Ahadzi & Bowles, 2004), but have given little or no attention to *how* partnerships are negotiated, or the phases of such processes. This omission has potentially worrying consequences. It is crucial to understand how partners negotiate their roles and responsibilities when entering a partnership, because this can make or break delivery capacity.

The complexity of HPPP negotiation may explain the paucity of studies in this area. When analysing such negotiation processes it is critical to identify the various observable phases; the influence of partners' resource contributions on the pace of negotiations; influence of structural arrangements on allocations of roles and responsibilities and ultimately the pace of negotiations; and the influence of assumed

power dynamics which partners must recognise, and with which they must grapple.

Thus, the five central pillars of this study will show how:

- (i) dynamics observable when partners negotiate partnerships influence the negotiation process, paying special attention to the pace of phasing;
- (ii) contextual and conditional factors influence the pace of the negotiation process, especially the way the negotiated outcomes per phase are handled;
- (iii) partners' resource capacity and contribution influence the negotiation process, especially the way partners negotiate their roles and responsibilities per phase;
- (iv) the negotiated partnership structure(s) may fast track the resolution of identified resource constraints; and
- (v) the balance of power in such partnerships shifts once the project is underway and the parties have shared resources.

It is important to note that this study does not ask *why* there are shortages of resources in the public sector: it is more concerned with *how* partners resource partnerships, *how* resources influence the way they phase their negotiation processes, and thereby resolve project resource constraints.

The study focuses on housing because this is still a neglected area of research. While there is growing scholarly interest in the construction industry (Ahwireng-Obeng & Mokgohlwa, 2002), little effort has been made to understand negotiation processes of HPPPs: hence theoretical developments in this area remain fragmented.

As mentioned, HPPPs are complex undertakings compared to other types of PPPs. The complex relationship among the numerous variables central to the study are explained in detail in the Conceptual Model (see Figure 3.1).

Research further shows that the dominant conceptualisation of negotiation processes in the construction sector is centred on the partners' role determination thesis, risk sharing (Liu, Zhao & Wang, 2010), and partnership characteristics: that is, the nature and type of the partnership (Wettenhall, 2003; Abdul-Aziz & Kassim, 2011).

Although these factors equally apply to other partnership negotiations, it should be recognised that HPPPs have certain unique characteristics. For example, the public sector frequently insists that cross-subsidisation of social housing components is included in HPPP negotiations: a request that usually suppresses the private sector's

income revenue generation streams (Sengupta, 2006a).

As Abdullahi and Aziz established in their comparative study (2011), HPPPs are more successful when there is such cross-subsidisation. Moreover, HPPPs require parties to negotiate with substantial due diligence. This is because housing partnerships occur where there are severe resource constraints, influenced by government's limited resources and the private sector's reluctance to participate in a non-lucrative enterprise.

Housing projects are also problematic because they do not only require the sourcing of finance for construction, but the negotiation of subsidies and other instruments to enable basic infrastructure and provide the social amenities that make a settlement humane and habitable.

Other significant differences between generic PPPs and HPPPs are on the element of ownership, community participation and financial arrangements.

Ownership of houses is not the same as ownership of roads, schools, hospitals, clinics, harbours or airports. In such cases, after the stipulated time has elapsed, ownership either reverts to government or is held by the private developer. In a housing project however, the contractor and individual households/owners take partial or full ownership of the properties at the end of the contracted period.

Community participation is most driven by *ownership interest*, other than in other sectors, where the product is regarded as "a common good"; for everyone's use.

HPPPs also differ from other partnerships in terms of repayments. Common partnership negotiations centre on a user-payer structure, but in housing projects, negotiations should achieve a sustainable balance between *state subsidies*, private company contribution and user-pay principles. End-users pay towards permanent ownership, unlike in other sectors like roads, schools, hospitals and clinics, where use is temporary, and for convenience.

Over and above this, unlike in other sectors, in housing partnerships, governments insist on a *social component* whereby units for poor households are provided for free, or through some form of cross-subsidisation (Abdul-Aziz & Kassim, 2011). In some instances, government requires that the private sector provide at least 30% low-cost units within their housing schemes (Idris & Ho, 2008). Over and above that, Sengupta (2006b) observed that some governments insisted on certain contributory arrangements, as observed when the City of West Bengal, attempted to revive the

housing market through deregulation of finance and legislative formats.

Thus, unlike partnerships which promote disparity by limiting access through user-pay principles, HPPPs *enable access* through integrated mixed housing developments.

Furthermore, low-income housing developments require heavy government subsidies, in order to attract the private sector, which regards housing as less lucrative than projects with a financially-sound income stream from end-users which will benefit them and their investors.

Over and above that, Gentry and Fernandez (1997) observed that introduction of partnerships in South Africa is accompanied by government's request to include a skills transfer and training component, a phenomenon not widely considered in other parts of the world.

It is therefore important to consider how the negotiation processes manifest themselves in such unique and complex contexts, because this may give rise to *different forms* of negotiation processes, especially the number of phases.

Lastly, previous studies have acknowledged that power balance is inherent to any partnership. Basically, whenever two or more parties work together, power dynamics must be considered.

This research highlights the *shifting nature* of power in HPPP negotiations. At times, the public sector will possess and contribute more resources; in other instances, the private sector will assume more power.

The study will expose the influence of resource capacity (and associated power dynamics) in partnership negotiations: how these elements determine the way the process is phased. It will also examine whether sharing of resources shifts the power dynamic, once the project is underway. Thus, new insights into partnership negotiations will be shared.

1.3. PROBLEM STATEMENT

Literature shows that, irrespective of the type of partnership structure chosen, partnership negotiation processes always generate challenges when partners have to negotiate their roles and responsibilities (Sengupta, 2006a; Abdul-Aziz & Kassim, 2011).

These challenges may include the partners' differing interests and orientations, as well as unequal power balance (Miraftab, 2004; Pérez & Cambra-Fierro, 2015). Miraftab (2004) further observed that well-resourced partners usually assume the higher decision-making authority in partnership projects, when compared to the less-resourced partners. Also, the project's unique context, negotiated content, project scope and source of project funding (Worrall, Collinge & Bill, 1998) will have a bearing on the process of negotiating appropriate partnership structures. This, in turn, directly and indirectly affects the way the negotiations are phased.

Although interest in the use of public-private partnerships to deliver public goods has grown in the last decade (Khanom 2010), current debate on the housing public-private partnership negotiation process offers little clarity on the phasing of partnership negotiations, and their integral elements.

Most studies have focused primarily on partnership structures that promote collaborative governance (Bovaird, 2004, 2006; Payne, 2000; Sengupta & Tipple, 2007; Abdul-Aziz & Kassim, 2011) at the expense of any detailed analysis of the number of phases, or the elements and determinants of partnership negotiation.

Literature is silent on how the phasing of negotiations is influenced by partners' resource capacity and contributions, and how that in turn is influenced by the way both public and private sectors are structured in a partnership. However, research has shown that due to lack of expertise, governments have not been able to negotiate favourable terms, which eventually increases overall project costs (Abdul-Aziz & Kassim, 2011).

This proves that the handling of partnership negotiations and the sharing of resources leave much to be desired.

Past studies have also highlighted the importance of partnership and governance structures that enhance efficiencies (Brinkerhoff, 2002; Brinkerhoff & Brinkerhoff, 2011). Basically, literature on HPPPs has largely focused on structuring finances to address risks linked to uncertainty in funding (Klijn & Teisman, 2003); the importance of sharing risks (Shen, Platten & Deng, 2006; Hodge & Greve, 2007); and transferring risks (Abdul-Aziz & Kassim, 2011).

Therefore, there is a need to build on previous studies (which established that a partnership should be characterised by a sound and capable structure) and focus on *how* such a structure should be negotiated to deliver the requisite synergistic gains

(Huxham & Vangen, 2003). Even though existing research has clarified the process of negotiating public-private partnership structures, it has failed to explain how partners should work together to resolve resource constraints.

Moreover, although researchers have elevated the importance of primacy in joint decision-making within partnerships (Teisman & Klijn, 2002), little has been said about consultations for legitimacy (Ng, Wong & Wong, 2013). It is merely assumed that partnership structures should, in one way or another, foster relations for efficient decision-making processes that allow partners to work towards value creation (Nisar, 2007; Kivleniece & Quelin, 2012).

Studies have also not satisfactorily explored the influence of power shifts that occur once relationships are defined and resources are shared during the implementation stages of the partnership. Therefore, there is also a need to analyse how power dynamics between partners influence the negotiation process after initial negotiations are concluded, relationships are defined, and resources are shared.

It follows that special attention must be paid to the relationships between these constructs, and the way in which resource constraints are addressed in HPPP projects during the life cycle of the partnership. This would build on Wolfe and McGinn's recommendation (2005) that future research should investigate how the process of negotiation varies across parties in equal and unequal power relationships.

Furthermore, little research has so far been done on how partners phase their negotiation process; how they approach the sharing of roles and responsibilities; and how they manage their partnership structure in order to resolve resource constraints.

This study therefore argues that:

- Contextual and conditional factors have a bearing on the phasing of the negotiation process.
- Partners' resource endowment influences the pace of negotiating partnerships.
- Long-term partnerships are more likely to produce more phases than partnerships that are short-term in nature.
- Given the dynamic nature of negotiations, it is crucial to understand how unique contextual dynamics (the African context, in this case) may influence distinct phases through cultural complexity, which has a bearing on activities, content focus, and skills requirements.

This view is supported by Dechev (2015) who argues that “implementation of PPPs in different countries has national specificities” (p.229). It may therefore be inferred that a negotiation process unfolding in a Western context would follow different phases to those in an African or Asian context.

So, negotiations may be influenced by a partner’s resource endowment and resource contribution level; partnership governance structure; and/or power balance factors. It is also proposed that a partner’s resource strength (relative to the other partners), and the limitations of resource availability, (or project resource constraints) will influence how partners *phase* their negotiations.

Given these variables, it follows that each process of resolving resource constraints is unique. Thus, negotiators should take into account:

- The requirements for each phase;
- The depth of content;
- Their partner’s negotiation knowledge, experience, skills and ability to negotiate a sound partnership: regardless of whoever is better endowed with the requisite resources.

It also follows that the move to deliver housing and related infrastructure through public-private partnerships should be understood within the wider South African context, with all its unique permutations.

Significantly therefore, the case studies that form the basis of this thesis highlight the first housing projects in South Africa to be implemented through partnerships without the benefit of a local best-practice model.

Hofstede’s (1986) cultural dimensions framework suggests that South Africans are more likely to adopt a cooperative negotiation style when negotiating, compared to the competitive strategies adopted by Americans, Europeans and Chinese negotiators, and reflected in extant literature.

This study will engage with such frameworks in order to understand how the partnership negotiation process is handled in the South African landscape, which is characterised by such complex contextual factors, including resource endowment, structuring and power balance. By so doing, it seeks to counter the dearth of local academic literature on housing public-private partnership negotiations in South Africa.

1.4. PURPOSE STATEMENT

The context of this study is the partnership negotiation process in five housing HPPPs in Gauteng, South Africa. To understand how the negotiation process manifested itself in the five case studies, the research was guided by the following sub-questions:

- **Research question 1:** What were the phases that emerged when partners negotiated housing public-private partnerships in the five case studies, and what triggered their start and end?
- **Research question 2:** What was the influence of project context and conditional factors on the phasing of housing public-partnership partnership negotiations?
- **Research question 3:** During housing public-partnership partnership negotiations, how did partners' resource capacity, and partners' resource contribution influence the way partners negotiated, to resolve the project's resource constraints in each phase?
- **Research question 4:** How did the partnership structure/model adopted influence the way partners negotiated to share roles and responsibilities to resolve the project's resource constraints in each phase?
- **Research question 5:** What was the power balance among partners across the life cycle of the partnership?

1.5. CONTRIBUTION OF THE STUDY

The aim of this qualitative study was to understand the process of negotiating housing public-private partnerships in resource-constrained municipal housing projects, by determining how such negotiations are phased.

The study showed that in environments characterised by close ties and high levels of cooperation from negotiation partners, negotiation efforts seek to build long-term relationships. In such environments, the negotiation process happens in *five phases*. This is a significant departure from the two, three and four stages/phases as postulated or outlined by O'Looney (1992), Fisher, Ury and Paton (1979), Zartman (1975), Murtoaro and Kujala (2007), and Ahadzi and Bowles (2004) respectively.

This thesis also argues for a significant shift in the way scholars and practitioners look at negotiation phases, by including the influence of contextual and conditional factors, as well as partners' capacity: resources and requisite skill sets in influencing the negotiation content and associated negotiation activities.

The study further contributes to current knowledge by highlighting the unique factors that characterise these phases, with regards to what triggers the start and ending of each.

In addition it points out that each negotiation phase is characterised by a different negotiation span, negotiation duration, and negotiation intensity, and argues that negotiators should recognise and appreciate these factors.

It also shows that the pace, span and intensity of negotiating housing public-private partnerships vary considerably per phase.

Over and above this, the study reveals that renegotiations are common in HPPPs due to the complexity and long-term nature of such partnerships. This has a bearing on the phasing approach because it means that activities can overrun and span several phases.

Furthermore, the study contributes to practice by demonstrating that there is less need for a suitable structure during the initial phases, and greater need in the middle phase. Thus, negotiators should not overly concern themselves about perfecting partnership structure initially, but should focus on the third phase when the partnership is cemented.

Another contribution concerns the number of stakeholders. The study proves that negotiations are more effective in smaller forums because these structures are more focused which significantly improves decision-making turnaround times.

Lastly, the study extends the boundaries of existing knowledge by showing that the long-term nature of partnerships encourages partners to build trust rather than seek short-term gains. Thus, the power balance between partners tends to stay constant throughout the partnership because parties fear to "rock the boat". They recognise that by doing so they could jeopardise established trust, which might, in turn, limit the possibility of repeat business.

Moreover, although partners recognise that resources are synonymous with power, the long-term nature of the relationship (coupled with a desire to maintain cordial relations

for the sake of future business) deters them from *exploiting* such power. They discover that the balance of power will shift, depending on what resources each partner holds, and how they share such resources at any given time.

Finally, these findings have led to the development of a **Housing Public-Private Partnership Negotiation Lifespan Wheel** and for the development of a **Housing Public-Private Partnership Negotiation Framework** which will give policy makers, housing practitioners and scholars a practical understanding of the partnership negotiation process, by depicting the five phases of a housing public-private partnership negotiation process.

1.6. DEFINITIONS OF KEY TERMINOLOGY

The table below sets out key terminology used in this study.

Table 1.1: Definition of key terminology

Terminology	Definition used for the purpose of this study	Source of Definition
Collaboration	Process of joint decision-making among key stakeholders on a problem domain in search of solutions.	Gray (1989, p.11)
Negotiations	A process by which two or more parties try to resolve perceived incompatible goals.	Carnevale & Pruitt, (1992, p.532)
Partnership	Form of organisation of common economic activity of physical and legal persons on the basis of agreement about regulation of part in common costs, distribution of profit, division of property.	Mazur (2017, p.90)
Public-private partnership	Cooperation between public and private actors in which they jointly develop products and services, and share risks, costs, and resources connected with these products.	Van Ham & Koppenjan (2001, p.598)
Stakeholder	Any group or individual who can affect or is affected by the achievement of an organisation's objectives.	Freeman (1984: p.86)

An additional definition has been developed for the purposes of this study.

Housing public-private partnership (HPPP) is defined here as:

A long-term collaboration between public and private parties involving the sharing of resources, risks and rewards, within a responsible and performance-defined

environment to provide housing and housing related infrastructure and/or services based upon relative skills, capabilities, competencies or other circumstances of a partner to achieve a combination of public and private housing goals.

1.7. THESIS STRUCTURE

The thesis is divided into four sections, comprising seven chapters:

- (i) The three initial chapters contextualise the study by: clarifying the research problem; providing background about housing public-private partnerships in South Africa; and situating these HPPPs within a body of knowledge focusing on negotiations.
- (ii) A subsequent chapter (Four) describes the study's guiding questions and propositions, as well as the research design and methodology which inform this research.
- (iii) The third section of the study (Chapters Five and Six) includes a detailed and critical analysis of the interviews and secondary data. It presents findings from the five research questions and reflects on the critical insights emerging from this data.
- (iv) The final section (Chapter Seven) discusses and concludes the findings of the study, and reflects on how these contribute to current theory and practice. It also identifies the limitations of the study, and further points to areas for future research. It culminates in a presentation of the Housing Public-Private Partnership Negotiation Lifespan Wheel and proposal for the development of a Housing Public-Private Partnership Negotiation Framework.

CHAPTER 2

2. BACKGROUND TO HOUSING PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA

2.1. INTRODUCTION

Resource dependency theory lauds partnerships because they promote resource sharing (English & Guthrie, 2003; Sengupta, 2006a; Ibem, 2011); risk sharing and transfer (Abdul-Aziz & Kassim, 2011); and exchange and mutuality (Parung & Bitici, 2006). In short, partnerships are important because governments alone cannot provide adequate public infrastructure and services without the assistance of the private sector (English & Guthrie, 2003).

This chapter therefore presents literature that shows how partnerships are used by governments throughout the world to leverage private sector resources in order to deliver public goods. It also presents counter arguments from some researchers who have observed that partnerships have limitations. Houghton (2011) notes, for instance, that such limitations occur in situations where “greater power is held by the private sector” (p.91).

2.2. NATURE AND ANTECEDENTS TO ORGANISATIONAL PARTNERSHIPS

Researchers have outlined many forms of public-private partnerships (Sengupta & Tipple, 2007 & 2011; Ibem, 2010; Abdul-Aziz & Kassim, 2011). They show that partnership structures broadly assume a cascading format, in which, at its most extreme, either the public or private sector assumes more responsibilities in terms of resourcing, funding and skills capacitation for a specific period.

Such studies indicate that in instances where the public sector assumes more roles and responsibilities, (for example, a service contract model), the private sector accordingly assumes fewer roles (Brown et al., 2006), and vice versa. Equally, in cases where there are *various types* of partnerships (Kwak, Chih, & Ibbs, 2009), such partnerships assume different shapes, forms and sizes, informed by the purpose they are supposed to serve.

Despite such diversity in structure and approach, researchers unanimously agree that

partnerships fall into three broad categories, as highlighted in Figure 2.1 (Brown et al., 2006; Doh & Guay, 2006; Joyner, 2007; Nisar, 2007; Brinkerhoff & Brinkerhoff, 2011). Moreover, HPPP structures operate on a continuum, ranging from those with higher public-sector involvement to those where the private sector plays a greater role (Joyner, 2007; Brinkerhoff & Brinkerhoff, 2011). This continuum is set out in Figure 2.1, and then analysed further.

Public-sector driven projects, such as service contracts, are characterised by high government subsidies and incentives (Brown et al., 2006); while private-sector driven projects, such as concessions and turnkey models (Nisar, 2007; Trangkanont & Charoenngam, 2014), are characterised by substantial private capital investment (Jamali, 2004) with fundamental support from government subsidies and incentives. Conversely, strong private-sector involvement is characterised by user charges and fees (Morallos & Amekudzi, 2008).

The middle ground represents “true partnership” where all parties jointly share resources, risks and rewards (Joyner, 2007; Brinkerhoff & Brinkerhoff, 2011; Qu & Loosemore, 2013).

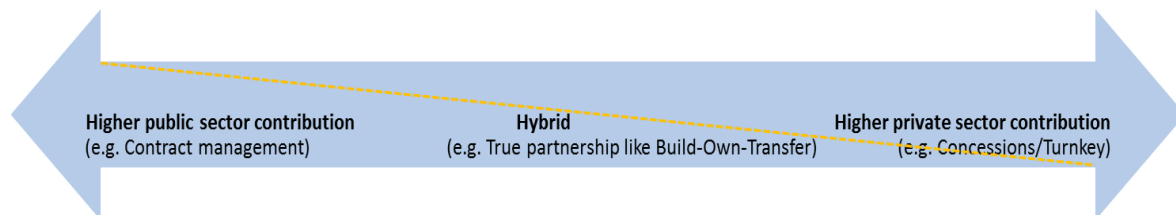


Figure 2.1: Continuum showing HPPP models reflecting the degree of partners' contribution.

Source: Adapted from Brown et al., (2006); Joyner, (2007); Nisar, (2007).

Furthermore, extant literature shows that partnerships should be structured so as to promote efficiency (Abdul-Aziz & Kassim, 2011). This is supported by Huxham and Vangen's assertion (2000) that it is easier to reach consensus in a tight structure than a loose one. They define tight structures as having tightly controlled membership, with a small, well-defined number of core members, and a set of working groups that report to a committee to gain agreement on the tasks to be implemented.

In addition to the advantages of exchange, sharing, and mutuality (Parung & Bitici, 2006), recent studies on the antecedents of partnership negotiations have highlighted

the importance of risk sharing (Abdul-Aziz & Kassim, 2011) and/or risk transfer (Sengupta & Tipple, 2007; Chowdhury, Chen & Tiong, 2011). This is important because as much as the public sector wants to implement large scale projects, it always tries to minimise the related risk. This is also true of the private sector (Ahadzi & Bowles, 2004). Such studies foreground the importance of partners' efforts to maximise their inputs (Bourne & Walker, 2005) because this allows the managers to predict stakeholder behaviour on certain project decisions, which, in turn, enables them to plan appropriately. This view is supported by Koppenjan (2005) and Khanom (2010) who argue for the development of clear partnership processes to lower the risks associated with the sometimes turbulent activities during partnership formations.

Although partnerships are hailed for their attractiveness, some researchers warn that they are not a panacea to government's needs for development funding (Bryston, Crosby & Stone, 2015). Grewis and Lewis (2005) were concerned about the value for money benefits. Over and above that, Coulson (2005) observed that that some partnership investments have negative side-effect on the quality of delivery, because, at times borrowing by the private sector has been *more costly* than projects funded by the state.

2.3. HISTORY OF DELIVERING STATE HOUSING THROUGH PUBLIC-PRIVATE PARTNERSHIP IN SOUTH AFRICA

Although the scale of public-private partnerships in South Africa is still limited and not universally adopted, the phenomenon is widely practised in housing infrastructure provisioning (Abdul-Aziz & Kassim, 2011; Fombad, 2014).

Indeed, the PPP phenomenon is attracting growing interest from academic researchers and policy makers alike (Pessoa, 2008): both locally (Fombad, 2014) and globally (Bovaird, 2004; Ke, Wang, Chan & Cheung, 2009; Dewulf, Kadefors & Volker, 2012). Such scholars are keen to understand the role of partnerships in housing delivery. According to Bovaird (2004) "their growth has sometimes been dramatic" (p.200).

This is partly explained by PPPs' potential to enhance accountability and supplement declining government funding (Fombad, 2014). Government also sees partnerships as an alternative and affordable option to attract investments (Lomax, 1996). PPPs fund projects at lower costs (Thia & Ross, 2012); spur innovation (Bloomfield, 2006); and

enhance value for money (Grimsey & Lewis, 2005).

However, although partnerships have been hailed by some as a solution to public sector infrastructure development problems (Thia & Ross, 2012), they have also been disparaged by others for failing to achieve set objectives (Bryson, Crosby & Stone, 2015).

The implementation of PPP projects at both provincial and national level in South Africa finds expression in the National Treasury Guidelines of 2004, and the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements policy: commonly known as “Breaking New Ground” (BNG). Notably, there are no PPP guidelines for municipalities, other than a proviso in the NT PPP Guidelines that municipalities should follow the Municipal Systems Act.

The National Treasury Guidelines were introduced in 2004 to promote uniformity, while BNG was introduced in the same year to discourage apartheid-like developments and encourage non-racial and integrated societies, by implementing sustainable human settlements developments and developing quality houses (Department of Human Settlements, 2004).

These policies sought to strike a balance between ownership and rental options: a dramatic shift from low-income housing delivery based on subsidies, towards an integrated approach embracing different tenure options and sustainable human settlements.

In line with such policies, the government provides annual grants for the subsidy of housing and service infrastructure to metropolitan municipalities through the Urban Settlements Development Grant (USDG), while provincial governments provide Human Settlements Development Grants (HSDG) and Municipal Infrastructure Grants (MIG) to big and small municipalities respectively for top-structures.

The year 1994 marked a turning point in the history of South Africa: the transition from apartheid rule to a democratic dispensation. Housing partnerships were galvanised through the ANC-led government’s mission to drive a transformative agenda of social justice, empowerment and spatial redistribution (Pottie, 2003) through provision of low-cost subsidised housing to qualifying beneficiaries. This strategy aimed to counter the effect of low employment, which had led to high dependency rates on the state by the poor for their housing.

However, government's ambitious socialist drive to close the housing backlog by delivering one million houses in five years placed tremendous economic pressure on its budget. This resulted in lack of resources, and ultimately limited the ability of government to provide adequate services.

Moreover, the transition to democracy encouraged large numbers of poor people to move to urban areas, which further exacerbated the housing crisis (Posel & Marx, 2013). This led to the formation and sporadic mushrooming of temporary shanty informal settlements, backyard shacks, overcrowded townships, as well as densely populated and deteriorating inner cities.

Huchzermeyer (2004) explains that poor households resorted to cheap alternative accommodation in urban areas due to a lack of housing, while Pillay and Naudé (2006) posit that high levels of urbanisation and unemployment resulted in high home loans defaults, which prompted government to intervene by providing low cost and subsidised housing.

Such challenges generated a paradigm shift in government housing procurement and delivery practices, and a move from internalisation to externalisation, through recognition of the need to support market approaches to housing delivery. Basically, this shift demonstrates the public sector's appreciation of the potential role the market can play in supplementing – and even replacing – its own role. Efforts have also been enhanced to foster the development of mutual relationships among stakeholders (Erridge & Greer, 2002).

This represents a considerable change in stakeholder roles and responsibilities, and has spawned numerous, diverse HPPP projects, reflecting an array of different partnership arrangements.

Although the PPP legal and regulatory frameworks are well advanced in South Africa, she is still relatively lagging to developing countries such as the United Kingdom, which introduced Private Finance Initiatives (PFIs) since the early 90s. Similarly, implementation of projects through PPPs is comparatively low.

Several social housing projects in South Africa are implemented through public-private partnerships. For example, the N2 Gateway Project in Cape Town, the Thembelihle Social Housing Projects implemented by the City of Tshwane in partnership with Yeast Social Housing, Southernwood in East London, and both the Walmer and Fairview Link

Social Housing in the Nelson Mandela Metropolitan Municipality.

These examples show that social housing is the most attractive tenure utilised in partnerships. The same can be said about other social housing projects world-wide such as the ones implemented by the Dade County, Florida, to provide individual owned social housing.

2.4. RESEARCH SETTING

Houghton (2011) observed that South Africa continues to undergo transition – politically, socially, economically and spatially – as the country attempts to undo past inequalities created by apartheid. Such inequalities are evidenced by high rates of unemployment, and are characterised by persistent high numbers of marginalised poor communities (Goebel, 2007), as well as an insufficient supply of adequate housing in suitable locations (Turok & Borel-Saladin, 2016).

Thus, South Africa's efforts to redress past imbalances have resulted in rapid urbanisation and a need for collaborations and partnerships between the public and private sectors: crucial drivers that hold the promise of reversing ever-growing problems.

Although housing is a pressing challenge throughout South Africa, it is most apparent in urban areas such as Johannesburg and Tshwane in Gauteng; Durban in KwaZulu Natal; and Cape Town in the Western Cape. Moreover, at the time of the 2011 census (Statistics South Africa, 2012), 1.9 million households lived in informal settlements (excluding backyard dwellings), with the majority in the relatively small Gauteng Province.

Although the housing challenges are huge in South Africa, Ferguson (2008) posit that this phenomenon is experienced world wide, indicating that one-sixth of the world's population – one billion people – live in urban slums in emerging countries.

Gauteng's large population stems from inward migration. It is the largest urban economy in Africa, with strong opportunities for employment, social networking and quality education. Indeed, it contributes 34% to the country's gross domestic product (GDP). The province also reflects South Africa's true character because it is so racially diverse. For these reasons, it is known as the country's economic and commercial heartland (Rogerson, 2011; Götz & Schäffler, 2015) and therefore provides a perfect context for

research on housing.

According to Landman and Napier (2010), low-cost government housing projects have usually been situated on the outskirts of urban areas, due to the lack of suitable land elsewhere. Most vacant land closer to the centres is privately-owned and expensive to acquire; most government land is in far-flung areas without basic services such as electricity, water and sewerage.

Gauteng's landscape is highly-fragmented, and government land is also not connected to public transport modes, so this means higher transport costs for job seekers.

Such realities have thwarted government's efforts to address the apartheid legacy of separate developments, and have merely perpetuated the status quo.

The 2011 Census Survey (Statistics South Africa, 2012) shows that 3 306 697 people live in informal settlements, with 712 956 households in Gauteng residing in backyard shacks. At least 125 748 and 112 167 households live in backyard shacks in the City of Johannesburg and the City of Tshwane respectively.

Government's inability to provide sufficient low-income housing is a major concern for some scholars (Landman & Napier, 2010; Hunter & Posel, 2013). They caution that although the poor regard informal settlements as an easy solution to the housing crisis, such settlements are actually a ticking time bomb, whose imminent explosion may be devastating. Informal settlements are typically uncondusive to healthy living and socio-economic development, but they sprawl because the poor continue to struggle to afford available housing stock (Napier, 1993; Aigbavboa, 2015). Thus, the housing challenge deserves urgent attention from both public and private sectors.

CHAPTER 3

3. LITERATURE REVIEW: NEGOTIATING PUBLIC-PRIVATE PARTNERSHIP

3.1. INTRODUCTION TO THE PROCESS OF NEGOTIATING HOUSING PUBLIC-PRIVATE PARTNERSHIPS

This chapter explores extant literature pertaining to the process of negotiating public-private partnerships, with special focus on the negotiations of housing public-private partnerships (HPPPs). It also examines the approaches and theoretical perspectives related to overall negotiation processes, particularly the phasing process.

Although literature on negotiations is extensive, research in the new field of HPPPs is relatively sparse: thus the concept of housing partnership negotiations phasing remains poorly understood.

The chapter will therefore attempt to deepen knowledge of how HPPPs are negotiated, especially in terms of phasing. In so doing it will reflect on the contextual and conditional factors that either promote or hinder partnership negotiations; address key challenges; and describe the optimal environment for negotiations.

This will include analysis of:

- (i) Phasing of housing public-private partnership negotiations;
- (ii) Influence of contextual and conditional factors;
- (iii) Influence of partners' resource endowment and contribution;
- (iv) Influence of partnership structure on negotiations; and
- (v) Importance of power balance in the negotiation process.

A fuller understanding of the phases of partnership negotiation processes will also reveal the logical steps required to ensure such partnerships resolve societal challenges by:

- (i) Reflecting on the project's contextual and conditional dynamics;
- (ii) Determining what influences a partner's position and interest in the process (Greer & Jehn, 2007; Pérez & Cambra-Fierro, 2015);
- (iii) Clarifying the roles played by each stakeholder to proactively derive maximum value from a particular partnership (Olander, 2007);

- (iv) Outlining the power dynamics at play.

Finally, the chapter will present a summary of current debates and questions.

3.2. PARTNERSHIP NEGOTIATIONS AS A DOMAIN

This study draws on two theories from other fields (organisational theory, and negotiation theory) to explain how parties work together through partnerships, collaborations and cooperation.

The two theories draws from two different worlds. It is anticipated that combining lessons from these two different worlds will not only enhance the study of the phenomenon, but will also bring new theoretical perspectives and learning.

Researchers on housing commonly employ such diverse, alternative theoretical lenses to explore the relatively new area of HPPPs (Potgieter & Smit, 2009).

Joint decision-making, central to organisational collaboration theory, is considered the hallmark of modern organisation collaboration (Edelenbos and Klijn, 2007), whereas negotiations is considered a requisite tool for a modern day manager.

3.2.1. ORGANISATIONAL COLLABORATION THEORY

Huxham and Vangen's organisational collaborative advantage theory (1996) forms the basis of this study. The theory, drawn from Gray's seminal work on organisational collaboration (1985), seeks to explain the advantages of partners pooling resources from different organisations to achieve what would not be possible alone (Klijn & Teisman, 2003; El-Diraby, 2012).

However, it is important to recognise that synergy is not achieved simply by bringing two partners together. Efforts must also be made to negotiate "nuisances" before such synergy is attainable (Lowndes & Sullivan, 2004, p.60).

Moreover, although benefits indeed accrue when organisations collaborate, Huxham (2003) warns us that collaboration may also result in undesirable states or "collaborative inertia" (p.420).

3.2.2. NEGOTIATION THEORY

The negotiation theory was chosen because it offers a decision and process analysis lens, through which to examine joint agreements driven through negotiations between

two or more parties (Small, Gelfand, Babcock & Gettman, 2007).

The negotiation theory is premised on rationality assumption. It posits that each partner rationally seeks ways to maximise opportunities during negotiations (Neale & Bazerman, 1985). Practically, partners share tangible facts, which they use to pursue each and reach rational decisions. He argues that each partner use shared and available information for cost-benefit analysis. However, this rationality view has limitations. For instance, emotions sometimes clouds decisions.

Lande (2017) cogently observed that negotiation theory is value laden. Thus, its value laden characteristics make it appropriate for use in different cultural settings and dimensions such as South Africa.

Carnevale and Pruitt (1992) define negotiations as a process by which two or more parties try to resolve perceived incompatible goals. Negotiations are thus critical in exploring options that may bring solutions to common challenges. Zartman (1974) further emphasises the notion that negotiations involve at least two parties.

To summarise: negotiations become viable when mutual dependences are promoted to resolve resource tensions for the sake of common or organisational interests. Practically, negotiations involve an exchange and acceptance of offers by two or more parties.

Thus, parties directly exchange information, bargain, and coerce each other: a process which involves rejection or acceptance, before eventually leading to agreement (Sebenius, 1992; Greer & Jehn, 2007; Olson, Parayitam & Bao, 2007; Van der Vegt & Bunderson, 2005).

The phenomenon of negotiating partnerships is further clarified by Huxham and Vangen (2000a), who posit that organisations enter into negotiations to define relational terms that will generate “collaborative advantage” (p. 800). In line with Sebenius’ assertion (1992), negotiation thus involves efforts to identify favourable conditions for deriving value from each partner’s participation in a relationship.

Negotiation theories are classified into three broad categories: prescriptive, descriptive and normative (Schelling, 1960; Raiffa, 1982). These schools of thought differ in their conceptual, empirical and experimental approaches, as well as their theoretical and methodological perspectives (Zartman, 1989). Because negotiation theories emanate from different disciplines it is important to recognise their functional, conceptual and

theoretical differences.

However, there is broad agreement that parties join a negotiation table because they assume that their own purposes will be satisfied favourably (Schelling, 1960). Researchers further recognise that there has been a dramatic increase in negotiation studies in recent years (Crump, 2010), and that this new knowledge is significantly developing negotiation theories.

For the purpose of analysis, some scholars depict negotiations as existing outside time. Others argue that, in practice, such processes are fluid and time bound (Murtoaro & Kujala, 2007). It is actually through social decision making theories that choices on the dynamic nature of a negotiation process can be understood (Sanfey, 2007). Others, like Zartman (1975) describe the theory of negotiation as a set of interrelated casual statements.

The activity/process dichotomy demonstrates the richness in negotiation analysis. This study therefore eclectically embraces concepts from a range of diverse views, in order to apply theory to practice and to identify practical value (Sebenius, 1992).

Zartman's theory of negotiation describes "a set of interrelated casual statements which explain how and which outcomes are chosen" (1975, p.32). Other studies highlight the underlying assumption of negotiations: that although parties have different interests, they mutually benefit from cooperation when reaching agreements (Zartman, 1988).

Recent research demonstrates that parties indeed *believe* each partner's interest and/or purpose will be better addressed by entering into negotiations with the other (Greer & Jehn, 2007). Emphasis is therefore placed on the importance of common interests, while trust becomes important when partners start working together (Klijn & Teisman, 2000).

These theoretical perspectives further show that parties strive to induce cooperative behaviour through different strategies – including threat and non-cooperative behaviour – in order to reach an equilibrium and achieve long-term gains, even though the possibility of withdrawal remains. However, it is important to acknowledge the observable limitations of such negotiation theories. They are greatly influenced by the cultures within which they operate, and these, by and large, are influenced by Western culture.

Hofstede's cultural dimensions study (1986) characterised Western culture (for

example, that of the United States of America) as individualistic, frugal, and having weak ties. In contrast, it was suggested that African culture is characterised by strong social capital, strong ties and strong networks. Hofstede concluded that it would therefore be counter-productive to impose a Western model elsewhere in the world, without making an effort to customise it. This approach is strengthened by Bjola's (2015) assertion that "contextual characteristics...need to be properly acknowledged if a credible theory of negotiation...is to be advanced" (p.325).

This view was supported by Duncanson, Major-Donaldson and Weekes (2016), whose research established that African Americans do not hold the same cultural values as those of mainstream American society. They established that African Americans are more collectivist, more sensitive to uncertainty avoidance, and more aware of power disparity. Such insights may be useful when considering negotiations, especially in relation to approach.

Existing negotiation theory literature shows that negotiators employ various models. These include: distributive negotiation; competitive negotiation; an adversarial or positional model that is short-term focused; and an integrative one which supports long-term partnerships (McKersie, 1997).

It is essential for negotiators to understand these dynamics in order to prepare for the process adequately because such factors influence whether or not a partner will collaborate in a negotiation. Arguably, once partners exchange or transact resources, the balance of power will shift and this will ultimately lead to a rationalised and balanced power dynamic.

3.3. NEGOTIATION APPROACHES AND PHASES

Current debates among researchers seek to clarify if negotiation processes impact on negotiation outcomes (Fleck, Volkema & Pereira, 2016), or whether the two elements are so different that they should be treated separately (Weingart, Olekalns & Smith, 2004). One school of thought promotes the importance of *process* (Volkema, & Leme, 2002); the other emphasises *negotiation outcomes* (Saorín-Iborra, 2008).

The former argues that negotiation processes, regardless of complexity, should lead to desired results. The latter school links outcomes to information exchange, and acknowledges the pressures that result from time constraints. However, this study

places *equal value* on the importance of the negotiation process, as well as the overall negotiation outcomes.

The following sub-section reviews negotiation process literature in terms of approaches, phases, dynamics and outcomes.

3.3.1. APPROACHES

Negotiation researchers categorise negotiation theories according to two dominant analytic approaches: distributive and integrative (Raiffa, 1982; Neale & Bazerman, 1985; Sebenius, 2009). These two approaches may be linked, and viewed in a continuum: ranging from cooperative problem-solving principles to competitive ones. A summary is provided in Table 3.1 below.

Table 3-1: Summary of negotiation approaches

Approach	Descriptive Principles	Assumption	Shortcomings	Key Contributors
Integrative	Problem-solving approach	Parties openly share information on objectives and search for alternatives to meet favourable outcomes for both parties. Promotes win-win.	Parties unwilling to share information.	Pruitt & Lewis (1975)
	Compromising	Parties seek to establish the middle ground between the parties' initial positions. Shared gains.	Parties may compromise genuine gains.	Tinsley & Pilluta (1998)
Distributive	Competitive	Party uses power to derive more benefits and force other party to concede.	Fewer information exchange tactics used. Relationship weakens. Goodwill of minority lost.	Liu & Wilson (2011)
	Coercive	Party relies on legal framework and incentives to gain compliance.	Mistrust develops and sour relations.	Frazier & Summers (1984)

Source: Researcher's analysis of literature

Although literature treats these distributive and integrative approaches as separate concepts for ease of explanation, Sebenius (2009) points out that they are actually “analytically and practically inseparable” (p.458). However, it is critical to mention that the approaches differ in their prioritisation of the dynamic nature of negotiations; attention to events of relative power and weighted interactions; and decision-making processes.

Researchers further distinguish between interest-based or relational-oriented approaches which relate to the integrative approach, and positional-based approaches, which relate to the distributive approach (Neale & Bazerman, 1985).

Seminal works on negotiations by Von Neumann and Morgenstern (1944), Schelling (1960), Fisher (1964), and Raiffa (1982) point to the decision parties make upon entering negotiations, to follow either the distributive or integrative bargaining approach. Such decisions shape their subsequent position vis à vis the other party, and how they negotiate according to their best interest. It has been demonstrated that, under the distributive approach, parties focus on a position that *drives the party's interest*; while

the integrative approach encourages focus on *interests that drive a party's position*.

However, such studies also show that parties should go *beyond positions* and deal with the true *underlying interests*, even though it is sometimes difficult for them to define these interests on their own. It is therefore helpful to understand the approaches followed by housing public-private partnership negotiators: and to examine, how they determine which to choose, and how they reflect on the outcomes of each process.

Distributive approach

The distributive approach frames negotiations as zero-sum transactions: essentially competitive, or win-lose. A partner who uses this approach would try by all means to drive negotiations through to completion at the expense of the opponent. Such negotiations are grounded in the principle of the power base as a bargaining point. So negotiators will go all out to secure a larger slice of the pie at the expense of the other partner. Thus, they will use their power base to influence every negotiated aspect in each phase of the negotiation process in their favour. The consequent disadvantage of this approach is that negotiations tend to be protracted, which adversely leads to cost overruns. Furthermore, negotiations can stall if one partner feels they do not have a fair share of the negotiation pact. This can generate rebuttals and retaliations in future negotiations, and produce conditions that do not promote long-term relationships.

Integrative approach

Proponents of this approach recognise the need to look beyond value alone when they negotiate. They strive to *multiply gains* for everyone involved in the process by enlarging and sharing the pie (Neale & Bazerman, 1985). This approach promotes cooperation, joint problem-solving efforts, and joint decision-making processes in pursuit of a win-win scenario with mutual gain efforts. It is argued that when negotiators follow such an approach, they tend to be more sensitive to their opponent's social needs; ultimately this can lead to a more stable relationship.

Table 3-2: Summary of key differences between distributive and integrative approaches

Aspect	Distributive Approach	Integrative Approach
<i>Key outlook</i>	Fewer issues	Multiple considerations
<i>Position</i>	Parties clearly state position at the beginning of negotiations	Parties' interest is in defining joint outcomes
<i>Interest</i>	Position defines the interest and power of the party on an issue	Interest defines the position of the party on an issue
<i>Information</i>	Serves as a source of power base and is held confidentially	Serves as a source of discussion and is shared among negotiating parties
<i>Relations</i>	Parties negotiate using a hard-line approach with individually vested interests	Parties negotiate using a soft-line approach with common vested interests
<i>Outcomes</i>	Focus on short-term gains	Focus on long-term gains

Source: Researcher's analysis of existing literature

Current debate on approaches

Negotiation theory has shifted in recent years (Korobkin, 2013), and the process is now viewed "in 3-D" (p. 52). Thus, negotiations are less frequently framed in terms of conventional win-win, win-lose, or lose-lose dynamics, and now focus more on creativity and value-claiming. This shift challenges the common assumption that the moves in a negotiation game are fully determined at the outset. This also represents a departure from earlier negotiation analytic approaches which were based on a dyadic perspective. Essentially therefore, the field of negotiation theory is gradually moving from straightforward dyadic analysis to multivariate and multilateral analysis, characterised by different assumptions, and reflective of information payoff structure (Bedard, 2017).

3.3.2. NEGOTIATION PHASES

Although some theorists view negotiations as an activity (Firth, 1995), others frame it as a process with distinct activities per phase (Zartman, 2008). This divergence of views reflects the proponents' underlying assumptions about negotiations.

This study aligns itself with the proponents of process, on the basis that negotiation is not a once-off event, but involves a number of activities which allow negotiators to

consider different options in order to arrive at meaningful outcomes, or agreements. Process therefore involves the flow and patterns of negotiations (Murtoaro & Kujala, 2007). Thus, a negotiation process can be viewed in terms of how negotiation-related activities are streamlined, as evidenced in a series of phases with defined activities and outcomes.

Zartman (1989) posits that it is challenging to phase a negotiation process because the lack of sharp boundaries allows negotiation teams to move back and forth between phases. However, phasing is important because it gives structure: it assists negotiation teams to transit from general principles to the details of an agreement.

Furthermore, such sequencing allows negotiating teams to move back and forth between the identified phases as and when events require them to shift, even if this means revisiting an earlier phase. Thus, phases serve as an operational roadmap for the negotiating teams.

The table and subsequent discussion below summarise the various negotiation models and their phases, as well as the similarities and differences in underlying assumptions, and the contextual influences of country and culture diversity.

Table 3-3: Summary of negotiation phases

Theory	Phases	Key Proponents/Contributors	Principle	Context	Assumption	Contribution
Behavioural Analysis Model	Two	O’Looney (1992:21)	Integrative	America (Georgia)	Western culture, characterised by individualistic, frugal, and weak ties. Parties negotiate based on interests rather than positions.	Need for accountability and flexibility during negotiations.
Incremental	Three	Zartman (1975:71)	Integrative	American with vast international, and Africa-specific conflict resolution experience.	His world view is influenced by his exposure to African conflicts.	Negotiations are incremental, marked by turning phases. Characterised by concessions as a result of trust.
Principled Negotiation Process Model	Three	Fisher, Ury & Paton (1979:23)	Integrative	America (Harvard)	Western culture, characterised by individualistic, frugal, and weak ties. Parties negotiate	Partner’s interest key. Consideration of alternatives when negotiating.

					based on interests rather than positions.	Actions of rational being.
Negotiation Analysis Approach	Three	Murtoaro & Kujala, (2007:723)	Distributive	Europe (Finland)	Eurocentric, characterised by individualistic, frugal, and weak ties. Opponents have to be prompted to make a move in response to an offer.	Party determines negotiation's attractiveness based on self-interest behaviour to maximise benefits.
PPP procurement negotiation model	Four	Ahadzi & Bowles (2004:974)	Integrative	United Kingdom	Eurocentric, characterised by individualistic, frugal, and weak ties. Opponents have to be prompted to make a move in response to an offer.	Parties have to work together to jointly create value. Partnerships should promote efficiency and value for money. Promotes multi-criteria analysis. Long-term view. Certainty.
Proposed Housing Public-Private Partnership model	Five	This study's findings	Integrative	South Africa	Afrocentric culture, characterised by strong social capital, strong ties, strong networks and ubuntu.	Resource sharing. Cooperation.

Fisher et al.'s contribution (1979) is the development of the Principled Negotiation Process Model, which is framed according to integrative negotiation principles is based on "interest rather than bargaining position" (Hopmann, 1995, p. 27). The model highlights the importance of the first phase: when partners identify and prioritise the negotiation issues. The crux of the second phase is when partners distinguish issues of interest from position issues, allowing them to develop areas of mutual benefit. In the third phase, partners sift through possible alternatives in order to reach mutual agreement on the best route to be followed. The fourth phase allows partners to use objective criteria to evaluate possible solutions.

It is crucial to recognise the significance of Fisher et al.'s contribution to this debate in the context of negotiation alternatives. They argue that such alternatives may, on the one hand, be clear and simple to comprehend, but can also be difficult to achieve and costly to fulfil, because they are contingent and complex. This sometimes leads to the rejection of offers (Sebenius, 1992).

Sebenius further states that alternatives are not static, but change over time in response to the reception and consideration of new information, differing interpretations,

competing moves, or emergence of better opportunities. The second stage of this process contains the core of the negotiations. At this point, negotiation objectives are set and decisions are taken on whether to follow the integrative or distributive approach. The third and final stages are concerned with sealing the agreements. The main thrust of these stages is to evaluate proposed solutions according to the objective criteria, as they relate to efficiency and fairness.

Over and above this, Fisher et al. (1979) highlight the importance of focus in each of the phases. They argue for a need to separate the people from the problem: to focus on interests rather than positions, and develop objective criteria towards and during negotiations. Although challenging, these are critical points which negotiators should heed. For instance, Fisher et al. argue that the best negotiators build trust through actions and open communication. They further suggest that negotiators should observe and appreciate the values and cultural backgrounds of others so that they can take advantage of such factors to ensure progress, and avoid hindering the negotiation process.

O'Looney's negotiation phases (1994) build on the early works of Fisher, Ury and Paton (1979), whose methodology pioneered an approach to a better understanding of the negotiation process. O'Looney's phases simplify the negotiation process, and mirror them in behavioural and integrative approaches. For instance, partnerships are seen to follow two distinct phases: the "honeymoon" phase and the success/ failure phase (p.21).

O'Looney notes that the "honeymoon" phase is characterised by a higher degree of flexibility, because partners are not yet sure whether "the partnership will work" or not, and - even if it does – they are unsure "how it will work" (p.21). However, a worrying aspect of this phase is that partners tend to be less committed to accountability because they are just "giving it a try" (p.21).

O'Looney argues that the second phase is the most challenging because it has to provide a framework for the partnership. This may necessitate a change in approach because the final stages of a negotiation "tend to be unexpected and therefore more difficult to prepare for, or address" (p.21).

Moreover the final phase has to take into account regulations, which usually require more focus and this can give rise to resistance and conflict as partners struggle to define

their roles and responsibilities.

O'Looney further cautions that due diligence is required during this phase because negativities may eventually "sap the entrepreneurial spirit of the organisation" (p.21) It should be noted that, unlike other scholars, O'Looney does not identify the specific activities that take place during each phase.

Another model is the Negotiation Analysis Approach (NAA), which is based on a three-phase structure. The NAA uses rational decision-making analysis approaches (Murtoaro & Kujala, 2007) to determine how negotiating parties strive to meet their interests by maximising benefits. The model posits that each party evaluates the attractiveness of agreements based on its evaluation criteria, which informs their agreement or rejection option. Thus, each party joins the negotiation table with some predetermined plan to which they will agree. This is known as the "Best Alternative to Negotiated Agreements" (BATNA), and can be regarded as the best option which a partner can pursue unilaterally away from the negotiation table (Ehtamo, Kettunen & Hämäläinen, 2001).

According to the NAA model, the first stage in the negotiation process determines the key issues and interests of the parties, and aims to reach a Zone of Possible Agreement (ZOPA). To do so, parties have to decide if the agreements meet their expectations. They also have to review their counterpart's assessment of the negotiation outcomes, and determine if it is in accordance with their own alternatives.

This approach differs from others because central to the first phase, (which is called pre-negotiation), is the determination of issues to be negotiated, as well as the interests of each partner. Options are then developed to determine the BATNA, a concept familiarised by Fisher et al. (1979), and the Zone of Possible Agreement (ZOPA).

The second phase is where the "real" negotiations happen. It focuses on developing a negotiation strategy and project objectives. The final phase is concerned with obtaining agreements. During this phase, partners evaluate possible solutions based on agreed criteria. The negotiated solution is then documented.

Zartman (1975) also contributed significantly to the understanding of phases. He posits that negotiations move in three stages, which broadly involve a process of concessions that partners finalise before they move to another stage (Zartman, 1978). Although he uses the term "stages, his explanation is similar to other scholars' descriptions of

negotiation phases. His theory essentially shows how parties gradually move towards each other and eventually converge in thinking: a process which is reflected through concessions during negotiations.

Zartman also asserts that parties use these phases to study each other, signal their intentions, and influence or prompt their opponents to make a move in response to offers. He portrays these phases in an incremental fashion, characterised by concessions and counter concessions, which gradually narrow the gap between the two negotiating parties until a single point of convergence (agreement) is reached (1975). Contrary to this view, Putman (1990) sees negotiation phases in an evolutionary fashion, accommodating both the integrative and distributive approach.

He further argues that a negotiation process should be conceived in terms of referents, formulas, and an understanding of elements that are irreconcilable with an incremental view. Interestingly, the incremental approach is characterised by “turning points”, which in one way or another, increase the momentum towards agreement(s).

Thus, the concept of a turning point is useful because it highlights changes in focus: transitions from one phase to another.

Zartman posits that the first such turning point in a negotiation would occur when partners *commit* to working together, even before they reach any formal agreement that they will do so. The second turning point would occur at the moment when partners reach an agreement on a problem-solving framework and begin to craft appropriate solutions. At this juncture, the nature of discussion shifts significantly to how best partners will work together.

An example of a third turning point is when each partner decides that the contemplated benefits will indeed outweigh the likely costs.

Although the turning point concept seems appealing, it is sometimes missed, as some negotiations may be reframed (Druckman, Husbands & Johnson, 1991) due to their transaction cost (Cramton, 1991).

Zartman’s contribution was further developed through his subsequent collaborative work with Berman. They identified three negotiation phases with different negotiation foci: a diagnostic phase, a formula phase, and a details phase (Zartman & Berman, 1982).

The diagnostic phase can also be called the pre-negotiation phase, because it is when parties evaluate the issue at hand, determine the need for negotiations, and signal a willingness to negotiate. In this phase parties test each other's commitment, and work through broad principles without agreements. In the formula phase, parties begin to develop negotiation frameworks and principles for agreements. They begin to develop trust – but only if information is shared openly. In the final details phase an agreement is developed, and signed on substantially negotiated issues.

Establishing trust is key to partnership-building because it is seen as a sound base from which organisations can negotiate (O'Flynn, 2009). O'Flynn further posits that organisations work best together when they know that their vision will be achieved. Essentially therefore, trust is regarded as the cornerstone of sound negotiated agreements. In instances where organisations trust each other they are also able to resolve conflicts with ease (Cousins, 2002).

Borrowing from other fields, Ahadzi and Bowles (2004) offer a different perspective on the phasing process, based on their PPP procurement negotiation model.

Their model is based on a multicriteria analysis to promote efficiency, and fast track the procurement process: a unique characteristic of PPPs. They demonstrate that such processes comprise: a planning and feasibility phase; a bidding and negotiation phase; construction phase; and an operation phase which also possibly includes transfer and/or renegotiation (Ahadzi & Bowles, 2004).

The planning and feasibility phase deals with how the public sector invites the private sector to negotiate or tender for work. In this phase, contracts are drafted detailing output specifications, and meetings are held to clarify those specifications.

Their second phase (bidding/negotiation) involves three activities: tender evaluation, clarification and first-stage negotiation meetings. Subsequent detailed meetings are also held during this phase to negotiate the contract details and sign contracts with the preferred bidder.

The construction phase focuses on performance in terms of the contract, while the final phase focuses on how the private sector operates the constructed facility. It also includes transfers to the public sector after the prescribed period, and renegotiations where there is a need for scope extension.

From this overview, it can be seen that scholars agree that negotiations occur in phases.

So, does this apply to housing public-private partnerships (HPPPs), and if so, what triggers their starting and ending, and how many phases are observed?

The following proposition is thus advanced:

Proposition 1: The number of phases observed when negotiating housing public-private partnerships differs according to national contextual factors.

3.3.3. PARTNERSHIP INITIATION

Spekman, Kamauff, and Myhr (1998) suggest that initiation of partnerships is not limited to any party. This means that partnerships can be initiated by either the public or the private sector, and for any justifiable reason. In fact, extant literature shows that organisations conceptualise partnerships for numerous reasons. Savage, Bunn, Gray, Xiao, Wang, Wilson, and Williams (2013) observed that the most compelling drive is to achieve goals that a partner could otherwise not accomplish alone. However, literature shows that for such goals to be worthwhile, partnerships should be conceived to address large-scale issues facing society (Trist, 1983). That essentially means that societal challenges and identified business opportunities serve as a push and pull factor for both the public and private sector to initiate partnerships.

3.4. FACTORS THAT HAVE A BEARING ON PARTNERSHIP NEGOTIATIONS

It should be appreciated that several factors have a bearing on the negotiations of partnerships, thus making the process complex and dynamic. The following sub-section discusses some of these factors: especially the determinants of phases.

3.4.1. CONTEXTUAL AND CONDITIONAL FACTORS

Although universal applicability is sometimes appreciated, reference and focus on contextual factors is most welcome to reflect on geo-political specifics that fosters and hinders development. Critical contextual and conditional factors to pay attention to are, among others; policy prescription, political will, skills availability and capability, economic performance, power relations, urbanisation trends, community and historical developments, socio-economic drivers, land availability, and project scale (Ahwireng-Obeng and Mokgohlwa, 2002; Van Ham and Koppenjan, 2001; Bovaird, 2004; Abdul-

Aziz and Kassim, 2011). The way some of these factors affect partnerships is reflected. Researchers have frequently raised concerns about the depth of partnership negotiation experiences and skills, in both the public sector and the construction industry (Zhang, 2005). It has been observed that the construction sector lacks depth in critical negotiation skills because “negotiations in an infrastructure PPP are challenging for the reason that partnerships are deeply embedded in difficulties arising from unequal power relations, adversarial interests and complex processes” (Ahwireng-Obeng & Mokgohlwa, 2002, p.29).

Lack of partnership negotiation experience has the potential to undermine negotiation efforts, and limits an organisation’s efforts to progress. Partnerships are challenging to structure; negotiators require a multitude of skills to handle such complex negotiation processes. Moreover, as Abdul-Aziz (2001) observed, government also lacks high-quality financial expertise: a necessary skill for assessing the financial viability of a project, and determining the requisite financial contributions in a partnership.

In addition, Rutten, Dorée and Halman (2009) describe the skills base of the construction industry as highly fragmented. This view implies that few organisations possess the required skills to negotiate. They further argue that skills within the industry are thinly dispersed among many different organisations, which means that people tasked with handling negotiations find it difficult to efficiently steer the process, and to “drive innovations” in the sector (Rutten et al., 2009, p.286).

Li, Akintoye, Edwards, and Hardcastle (2005) have raised concerns about the impact of delays caused by lengthy negotiations and high participation costs. They also claim that organisations within the construction sector usually have poor organisational cooperation. It stands to reason that this would make it difficult to collaborate.

However, other studies show that despite all these shortcomings, the desire to pool funding drives organisations to collaborate (Ward, Blenkinsopp & McCauley-Smith, 2010). Taking from Fisher (1983), it is therefore crucial that organisation sharpen their employees’ negotiation skills as “a skilled negotiator is better able to influence the decision of others than is an unskilled negotiator” (p. 153). This implies that, organisations must essentially learn to negotiate in order to leverage financial gains. Indeed, in instances where negotiations have lost direction, partners have been able to renegotiate partnership terms to correct initial assumptions (Cruz & Marques, 2013) or

address costs escalations resulting from delays (Sarmiento & Renneboog, 2016). Ho (2006) warns that at times, renegotiations are sometimes due to opportunistic bidding behaviour.

Based on these insights, it is proposed that:

Proposition 2: Contextual and conditional factors significantly influence negotiation activities in each particular project.

3.4.2. PARTNERS' RESOURCE CAPACITY AND CONTRIBUTION

Research shows that partners' resource capacity and resource contribution affect the power dynamics in partner relationships. Researchers postulate that relationships tend to be skewed in favour of the dominant partner: often the public sector (Vangen & Winchester, 2014).

Indeed, most decisions made in a partnership arrangement tend to be biased towards the stronger partner, and such partners not only dominate the relationship (Nishtar, 2004) but usually benefit at the expense of the public (Tang, Shen & Cheng, 2010). Furthermore, Koppenjan (2005) has established that, in instances where partners have fewer resources to contribute, their ability to negotiate and define partnership content is correspondingly limited.

This notion is reinforced by Hearne and Kenna (2014), who analysed the regeneration of social housing in Ireland from a human rights perspective. Their research showed that projects displayed uneven power relations and bias in the area of decision-making which favoured major stakeholders.

Such findings undermine the tenets of the integrative approach, which highlights the willingness of parties to build lasting relationships and legacies through equitable sharing of resources: especially in housing partnerships which are long-term in nature.

Indeed the related debate about whether the public or private sector possesses superior capacity to deliver housing for the poor, still requires further investigation. Some researchers favour the public sector (Sengupta, 2006a). Others argue that the private sector should take the lead because of its inherent capacity (Jamali, 2004); its ability to drive efficiencies (Li, Akintoye, Edwards & Hardcastle, 2005; Chan, Lam, Chan, Cheung & Ke, 2009; Lizarralde, 2011), and minimise construction costs (Vining & Boardman,

2010). Thus, the establishment of partnerships cannot be seen in isolation from disparities in resource endowment, and capabilities within public and private bodies.

The following sub-section reviews literature that focuses on the desirability of negotiating among partners: especially the sharing of responsibilities.

Public-sector leading housing delivery

One school of thought posits that it is desirable for the public sector to assume significant financial inputs and operating risks in partnerships: especially in the area of service and management contracts. In such situations, governments have overall control in decision-making, and retain ownership and control of all facilities, capital assets and properties. Hubbard, Delay and Devas (1999) established that government entities with financial muscle prefer such arrangements because it allows them to drive efficiencies through economies of scale, and heightened competition (Bing et al., 2005; Chan et al., 2009; Lizarralde, 2011).

Boase (2000) uses the term “consultative” to describe situations in which municipalities engage with the private sector for the sole purpose of deriving expert advice on housing planning, development, funding and management, or related issues. However, some researchers question such arrangements. For instance, Joassart-Marcelli and Musso (2005) argue that they remove government from its core functions, and thus render it less accountable to its citizenry.

This view also implies that due diligence should be exercised in such cases because of the deep concerns about potential trade-offs and the impact on effectiveness, efficiency, equity and accountability (Joassart-Marcelli & Musso, 2005).

Private sector leading housing delivery

At the other end of the continuum described above, the private sector assumes more roles and responsibilities: for example, in concessions and turnkey models (Nisar, 2007; Trangkanont & Charoenngam, 2014).

In such scenarios, municipalities rely on the private sector to assume overall financial responsibility by making substantial capital investments in the project for commercial purposes (Jamali, 2004; Bing et al., 2005); utilising their technical capacity to construct affordable housing projects; taking appropriate risks; and deploying decision-making

processes. In some instances, maintenance and property management services are also included.

Trangkanont and Charoenngam (2014) reflect that municipalities favour such approaches because they receive a complete product and only incur cost at the end of the project. Furthermore, Ibem (2011) provides examples, including a bridging finance approach, whereby the private sector constructs housing infrastructure and recoups its investment immediately after the project has been completed.

However, some researchers challenge this model. For instance, Zhang & Chen (2013) suggest that the private sector may be motivated to save costs and maximise profit at the expense of quality services: a scenario which would almost certainly undermine core objectives.

Moreover, Payne (2000) established that the major constraints experienced by HPPPs emanate from the fact that the private sector is most likely to derive lower profit margins, and deal with higher risks associated with developments of housing for low-income households. Thus, it is advisable that municipalities ensure that the regulatory frameworks governing planning standards are appropriate and administrative procedures are not too cumbersome. Otherwise, the healthy development of HPPPs could be jeopardised.

Public and private sectors partnering

Researchers suggest that the ideal scenario is where public and private sectors collaborate to jointly and proportionately contribute finances (Grimsey & Lewis, 2005) and share resources and capabilities, in a manner that allocates risks to the party best able to manage them (Yongjian, Xinping & Shouqing 2008), at the least cost (Ke et al., 2009), in order to achieve a common public goal (Ibem, 2011).

Researchers refer to this state in the middle of the continuum as a "true partnership" (Joyner, 2007; Brinkerhoff & Brinkerhoff, 2011).

In order to achieve such parity, a common vision is deemed essential (Buse & Harmer, 2007). Power (Abdul-Aziz & Kassim, 2011) and decision-making (Teisman & Klijn; 2002; Edelenbos & Klijn, 2007; Pessoa, 2008) should also be shared equally.

It has also been recommended that a special structure be developed to ensure success in this regard (Mouraviev & Kakabadse, 2012; Hodkinson, 2011; Fombad, 2014). For

example, such a mechanism could enable a private investor to contribute resources to build a municipal housing infrastructure. The investor could operate the facility in order to recoup investment funds over a medium to long-term basis: either through the user-fee-based model, or annuity-based model,

This section of the review shows that while extant literature has explored the influence of conditional and contextual factors in housing negotiations, there is still a need to answer the following question: How do partners' resource capacity, and partners' resource contribution influence the pace of negotiations, and the way in which partners negotiate to share roles and responsibilities per phase?

In response, the following proposition is advanced:

Proposition 3: The negotiation of each partner's roles and responsibilities, and pace of negotiation is influenced by each partner's resource capacity and willingness to contribute resources that will resolve the project's resource constraints and organisational objectives.

3.4.3. INFORMATION GAPS AND DELAYS

Negotiation processes are most vulnerable when partnership terms are renegotiated. According to Sarmiento and Renneboog (2016) such renegotiations are no longer an exception, but a norm.

PPPs are particularly prone to renegotiations because such partnerships are inherently complex, and, given their long-term nature, it is difficult to tighten agreements in the initial phases. For instance, negotiators work under conditions characterised by imperfect information: both about the project and their partners. This means they are highly susceptible to human errors and biases (De Dreu, Weingart & Kwon, 2000).

Such conditions may lead to delays, especially in instances where one partner wants to clarify issues (Cruz & Marques, 2013).

Ho (2006) also warns that renegotiations may be pre-planned; opportunistic bidding behaviour whereby "the bidders, in their proposals, intentionally understate possible risks (p. 678).

Furthermore, global macroeconomic conditions like market volatility and changing political landscapes (Sarmiento & Renneboog, 2016) further increase the likelihood of

renegotiations, as do incorrect assumptions and opportunistic behaviour.

Moore, Straub and Dethier (2014) observe that renegotiations may also arise during the conception stages of a project. In this regard, Ahadzi and Bowles (2004) have described a scenario in which a public sector partner seeks to tie a private sector counterpart to contractual terms as soon as possible for price certainty reasons, while the private sector partner remains reluctant to commit to any terms until designs are finalised: an example of paradoxically sound strategising by both parties to reduce their respective risk exposure.

It is clear that renegotiations should be approached with caution because of their potential disadvantages, including increased contract costs for government (Acerete, Stafford & Stapleton, 2011). Moreover, in countries like Korea, renegotiations are culturally inappropriate because once a decision is made and communicated, it should not be retracted.

These complexities aside, renegotiations may be considered positive in some instances: notably when they are needed to address the high levels of uncertainty and risk which may spring from unforeseen factors in revenue and cost structures. In such cases, renegotiations may be essential for fixing flaws: perceived, manipulated or real.

In spite of this, negotiators should still strive to identify all unpredictable or uncontrolled phenomena which may necessitate renegotiations in the first place, thereby safeguarding financial conditions and time frames.

Countries are beginning to introduce legislative and oversight measures to curb and counter renegotiations incentives. Countries are beginning to formalise their renegotiations approaches, by developing criteria and processes. For instance, in South Africa, all renegotiations should be approved by the National Treasury PPP Unit. While in Chile, they have introduced a mandatory bidding process for additional work or scope creep. Any renegotiation in Peru is handled by the Inter-ministerial Committee led by the Minister of Finance. Whereas Mexico ensures that the risk matrix is not altered.

Generally, Guasch (2005) advises that in context which display weak governance and political opportunism, governments should counter by introducing strong regulatory framework, especially an independent regulatory body. Accordingly, Estache, Guasch and Trujillo (2003) posit that although introduction of price caps reduces chances of

renegotiations, it has a potential to bring higher costs of capital, which ultimately through tariffs, brings down the levels of investment. They advocate for recognition of some elements of rate of return than price caps.

These are just few examples of how government strengthen their arms during renegotiations.

The examples above are in line with Ho's (2006) advise that such guidelines should be country specific, defined by standard procedures to enable step-in approaches to allow government to intervene at the right and appropriate times. He further warns that intervening too hastily may be costly "since the risk and responsibility may be partly transferred back to government" (p. 687).

3.4.4. RESOURCE CONSTRAINTS

Several researchers have focused on the resource constraints that limit governments' ability to deliver public housing to poor families who cannot afford shelter: both in South Africa (Huchzermeyer, 2001; Pillay & Naudé, 2006) and other parts of the world (Abdul-Aziz & Kassim, 2011).

Clearly, resource constraints are a perennial challenge for many governments. The problem should be addressed, because lack of resources hinder a government's efforts to implement projects (Zhang, 2005), and tend to slow the pace of delivering those projects (Assaf & Al-Hejji, 2006).

Researchers also show that a party's resources influence its relative attraction to alternative agreements (Schneider & Baltz, 2003). For example, Kanit, Gunduz and Ozkan (2009) established that an increase in resource constraints affects project performance, especially in relation to Latest Finish Time (LFT). Furthermore, Hwang, Zhao and Ng's study (2013) of the critical factors affecting the performance of public housing projects in Singapore established that lack of resources leads to uncertainties and also influences the price of material and equipment.

Additionally, Abdul Azeez, Owoicho and Dahiru (2015) observed that in instances where the public sector failed to provide bulk water and sewer infrastructure to housing developments as negotiated, the private sector consequently also failed to play its part.

Clearly, there is a need to build appropriate strategies that can assist in resolving resource constraints. Moreover, such constraints might have negative ripple effects on

housing and other construction projects on a global scale (Battainehl, 2002; Ademiluyi & Raji, 2008; Chang, Wilkinson, Potangaroa & Seville, 2011; Doloi, Sawhney, Iyer & Rentala, 2012), so it is worthwhile to develop models to understand how to address such challenges (Naber & Kolisch, 2014). Lack of understanding of the underlying dynamics will lead to partners negotiating in a situation characterised by high uncertainties (Hofstede, 1986).

Surprisingly perhaps, some researchers have identified a number of advantages that can be gained from resource-constrained situations. Such situations may drive governments to achieve efficiencies (Bing et al., 2005; Joassart-Marcelli & Musso, 2005) and to be more innovative in order to overcome challenges (Klijn & Teisman, 2003). For instance, project managers could switch resources from one project to another.

However, such temporary solutions have limitations. In the case of the example above, the project from which resources have been shifted will be delayed and this might result in stand-time fines from the developer, escalation of costs due to annual material increments, community unrest when communities feel they have been neglected, and replacement costs if materials are stolen because security is no longer prioritised due to project suspension. In other words, once a project begins, it is costly to stop or delay it – even for a short period of time.

3.4.5. PARTNERSHIP STRUCTURES

In recent years, researchers have become increasingly interested in the study of housing partnership structures (Payne, 2000; Bovaird, 2004; Susilawati & Armitage, 2004; Sengupta & Tipple, 2007; Ibem, 2010; Abdul-Aziz & Kassim, 2011; Chowdhury et al., 2011; Trangkanont & Charoenngam, 2014).

Areas of study have included: how to negotiate for, and develop, structures that promote collaborative governance (Payne, 2000; Trangkanont & Charoenngam, 2014); how to manage construction risks (Chang & Chen, 2001); and how to collaboratively govern public-private partnerships that are aimed at delivering public goods and services (Huxham, 2000; Ansell & Gash, 2008; Provan & Kenis, 2008; Emerson, Nabatchi & Balogh, 2012; Emerson & Nabatchi, 2015).

The literature has found that partnership negotiation structures are generally ad hoc,

with the exception of a few cases where negotiations were institutionalised.

Researchers have also urged that closer attention be given to the benefits and limitations of designing and pursuing a particular negotiation structure based on either situational or institutional rationale. For example, Yan and Gray (1994) argue that the type of structure chosen may have the potential to influence a partner's bargaining power, and in cases where there is shared control, superior performance is demonstrated.

Subsequent research has found that the manner in which partnerships are structured affects the way parties interact and negotiate (Doh & Guay, 2006). Some researchers also recommend that negotiation and partnership structures should acknowledge the influence of culture and prevailing sub-cultures. Ignoring such realities, they suggest, can hinder the negotiation progress, since it will be difficult for the negotiating partners to analyse the offers and discern the critical messages being passed (Apasu, Ichikawa & Graham, 1987; Choe & Pitman, 1993).

In addition, care should be taken when developing a structure, whether for distributive or integrative purposes, to ensure that each party achieves its objectives. Researchers also highlight the importance of organisational approach to negotiation processes. For instance, Gulati, Lavie and Singh (2009) established that partner-specific experience plays a greater role than general partnering experience in achieving value.

The following proposition therefore builds on the discussions above:

Proposition 4: The manner in which partners negotiate to share roles and responsibilities to resolve identified resource constraints in each partnership is influenced by the type of partnership structure/model adopted.

3.5. REFLECTIONS ON POWER BALANCE WHEN NEGOTIATING HOUSING PARTNERSHIPS

The concept of balance of power borrows heavily from international relations and politics (Adler & Greve, 2009), whereby countries balance power to prevent the loss of their territories (Schweller, 2016) with the focus on achieving relative gains, instead of absolute gains.

The underlying assumption is that all parties have vested interest on an issue, and should enjoy equal power. Thus, power should be distributed equitably among negotiating partners. Any imbalance is unwarranted, and can offset the balance in a system. For instance, partners which feel threatened, usually retaliate or disengage. When weaker parties are exploited, they “engage in a preemptive strike against the stronger partner to protect their known assets” (Essabbar, Zrikem & Zolghadri, p.1022). However, this depicts self-serving partners’ focus on preserving their independence, while at the same time addressing their hegemons.

The theoretical conception of balance of power is premised on a rule-based approach that limits the ability of both negotiating organisations to dominate each other. For instance, structural realists such as Waltz (1979) describe the balance of power using a systemic view approach. This approach posits that a system self-regulate to counter partners who pursue their narrow self-interests in a partnership. It further claims that power constantly shift, depending on the distribution of capabilities between negotiating partners, their interests, and desire to preserve their power.

Rubin, Pruitt and Kim (1994) advance an instrumental consideration, reflecting on mutual dependencies that co-joint parties to help each other so that they both achieve their goals. Moreover, positivists focus on macro level power analysis.

The power balance between negotiating partners may have a substantial influence on interparty negotiation dynamics, and several researchers have reflected on the connection between a partner’s resources and their relative power (Benson, 1975; Wolfe & McGinn, 2005).

Partnerships are rarely between equals: stronger parties tend to use them as instruments to gain at the expense of the weaker partner (Benson, 1975). Wolfe and McGinn (2005) argue that a party’s resource contribution reflects what they seek to achieve in a particular negotiation. Other scholars see power as the important element of negotiation, for it gives advantage to one party over the other (Dobrijevic, Stanisic & Masic, 2011), especially in instances where parties are of unequal power (Giebels, De Dreu & Van de Vliert, 1998). Drawing on research by Lax and Sebenius (1986) and Yan and Gray (1994), it can also be said that bargaining power depends on a bargainer’s ability to favourably change the bargaining set in order to influence the outcome of a negotiation process.

Given that negotiations between unequal partners may be dominated by the stronger partner at the expense of the weaker (Benson, 1975), it is most likely that negotiations between partners with *equal* power may be characterised by compromises and consensus-building efforts. An understanding of the state of power balance once the project is underway and partners have shared resources is therefore warranted because as Huxham (2003) points out “the locus of power is continually shifting” (p. 407). Scott (2004) further urges negotiators to continually guard against power imbalances within partnership governance structures by always examining the status quo.

Essentially, literature shows that there are numerous power sources which negotiators use during negotiations. The most commonly cited are position (which is also termed power of legitimate authority) power of rewards, power by force, power of need, power of credibility, power of relationship, information power, and expertise power (Gellhorn, 1986; Brett, 2000).

Mannix (1993a) demonstrates that negotiators’ knowledge of *which kind* of power to use in different situations is crucial. Furthermore, Van Kleef, De Dreu, Pietroni & Manstead (2006) point out that negotiators should be aware that low-power negotiators are influenced by their opponent’s emotions, whereas the opposite is true for high-power negotiators.

Huxham and Vangen (2000) observe that it is common for leaders from one party to use their positional power or skills to influence the activities of the collaboration process. Furthermore, Mannix (1993b) observed that in an organisational context, partners with unequal power produced lower group outcomes when they negotiated, and tended to use pooled resources inefficiently. However, in another study (1993a), she established that distribution norms and task-meeting structures, enabled partners with little power to derive maximum benefits based on needs-based norm negotiations. By the same token, Deng, Pheng, and Zhao (2014) found that public opinion and political pressure have a bearing on politicians’ bargaining power.

Thus, power balance is a complex phenomenon, requiring special attention: especially where parties with different interests, capabilities and resources work together.

Furthermore, despite numerous pursuits to document power dynamics in partnership negotiations, the findings have been extremely uneven. For instance, Huchzermeyer

(2001) observes that unequal power has the potential to create tensions, which affect both the type of product to be delivered and the processes to be followed. She argues that these tensions spring from the public sector's drive for *people-centred* housing procedures, which is at odds with the private sector's attempts to *commodify* housing.

Hastings (1996) explains that in partnership negotiating processes, efforts should be made to distinguish the dynamics that characterise the interaction, to discern whether the relationship is uni-directional or mutual. She describes the latter, (which bears resemblance to true partnership), as less coercive and antagonistic, and the former as premised on unequal power relations, where true value can be gained only when the private sector is forced to develop more social objectives and when the public sector is "reformed" against its will.

Thus, there is fertile ground for further research, so as to:

- (i) Better understand power dynamics in negotiations;
- (ii) Update knowledge through the analysis of more recent data; and
- (iii) Document negotiation context, and the conditions under which power balance is handled once parties have shared resources in a partnership.

As we have seen, different parties negotiate from different resource bases. This affects their ability to negotiate. However, Betzold (2010) has observed that the importance of *low-power* parties should not be ignored because they too can exert influence in negotiations by borrowing power: that is, by drawing on external power sources.

Evidence that weak and less resourced parties can indeed successfully negotiate with strong and highly resourced parties, offers a solid foundation from which to understand the inherent characteristics of partners' resource capacity (Just & Netanyahu, 2000; Betzold, 2010).

Thus, there is a need for research that provides a deeper appreciation of how parties under these conditions negotiate, given the reality that in most cases governments have limited resources and capacity to deliver housing; while the private sector is often unwilling to participate in such projects, which they do not see as lucrative.

The assumption is that sharing resources with a partner triggers imbalances in the power balance because the partner that contributes resources no longer has control. It would therefore be fruitful to explore what happens to the power base once the resources are shared in a partnership.

This would involve seeking an understanding of how both the private sector and public sector might take advantage of superior resource capacity. For example, the private sector might request purchase orders to escalate costs for its own benefit, even where such a move is unnecessary); while the public sector could take a hard stance during the implementation phase of the project and introduce a system of penalties for the private sector in instances where it performs below expected standards.

An exploration of the changes in the bargaining positions of partners can illuminate whether there is any shift in power balance once resources are shared. In other words, although partners usually possess different bargaining powers during initial negotiations, these powers may *shift* during the implementation phase of the project.

However, this may not be the case in HPPPs, because of the long-term nature of the partnership.

Hence, the following proposition:

Proposition 5: Due to the long-term nature of housing public-private partnerships, power balance does not shift during the life-cycle of a partnership because it is in the interest of both partners to maintain cordial relationships.

3.6. DYNAMICS IN NEGOTIATING HOUSING PUBLIC-PRIVATE PARTNERSHIPS

Research shows that negotiations in the construction sector follow a complex interactive process (Koppenjan, 2005; Sengupta, 2006b), which is characterised by power differentials in capital, factor markets and regulations (Collier, 2008); pluralistic views (Söderlund, 2011); and relational processes (Reeves, 2008; McCann & Ward, 2010). These scholars argue that negotiations become complex because each partner has to use their power and influence to bargain for better roles and responsibilities.

Several factors have a bearing on negotiating partnerships. For instance, Bacharach and Lawler (1981) posit that partnership negotiation outcomes are dominated by power. They argue that structure also has a bearing on the outcome of negotiations because the relative power of each partner affects their ability to secure their objectives in the negotiations. Thus, positional power, capacity and resources determine negotiation outcomes.

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Although any party with a stronger power base is obviously influential, the positional power approach has been criticised for disregarding a partner's negotiation skills *outside the power balance*, on the basis that blind attachment to winning can jeopardise long-term benefits.

Conversely, Raiffa (1982) promotes the strategic view approach, which is said to have its roots in game theories and critical risk theories. The essence of this approach lies in alternatives that emanate from rational decisions. It postulates that negotiators take decisions on the basis that their chosen option will maximise their payoffs.

Finally, Lax and Sebenius (1986) promote a behavioural-based approach to negotiations. They highlight the influence of negotiators' emotions and individual personalities, in the context of their ability to persuade, build trust and nurture the necessary attitudes for achieving negotiated settlements. This theory has its roots in psychology.

At a deeper level, the behavioural approach focuses on motivational orientations, and highlights the importance of an individual's behaviour during negotiations, focusing on their degree of interest in interpersonal relations and in outcomes.

Lax and Sebenius view motivational orientations in terms of a continuum of four typologies: the individualistic, the altruistic, the cooperative, and the competitive. They argue that a negotiator who displays individualistic orientation is likely to be motivated to achieve his/her set outcomes, whereas a more altruistic negotiator will be more committed to seeking outcomes that strengthen the well-being of the other party, or parties, involved. Moreover, negotiators with cooperative tendencies will derive joy when outcomes favourably meet the needs of all involved. By contrast, negotiators with competitive tendencies are driven by a desire to win at all cost, thereby outdoing the opposing negotiation team.

Bjola's negotiation momentums study (2015) assists negotiators to pre-determine serial

negotiation outcomes. Negotiation outcomes are thus categorised into four discrete positions, based on cooperation or rejection:

- Position A: all parties cooperate and all stand to win;
- Position B: the party which initiated the proposal cooperates, but the receiving party rejects the proposal because the outcomes seem to benefit its opponent;
- Position C: all parties reject the proposal because none sees any potential benefit from their partnership;
- Position D: the party which initiated the proposal rejects subsequent conditions, while the other (receiving) party cooperates.

At this point it is interesting to consider how the negotiation of housing public-private partnerships fits into the bigger landscape described in this literature review.

Clearly, HPPPs offer unique learning opportunities for other PPPs because a diverse array of beneficiary communities are involved and participate in the process from the onset. In addition, research shows that mass housing is different to other construction projects because it is implemented at multiple sites over a large geographic area, using multiple sub-contractors (Manu, Ankrah, Proverbs & Suresh, 2010), which makes it prone to loss of information (Toole, 1998).

Moreover, risks are higher in relation to project organisation, scope and environment, so a unique project management and performance approach is required (Kumaraswamy, 1997). Also, according to Turner and Müller (2003), housing development is characterised by varying durations, political influence, and the complex dynamics which emanate from its network of service providers. The long durations are also a result of the consultative nature of projects affecting communities directly and associated long planning timelines.

For all these reasons, a detailed framework is required to fully understand housing partnership negotiations, because of their unique characteristics and challenges.

3.7. A COMPREHENSIVE VIEW OF THE HOUSING PARTNERSHIP NEGOTIATION CONCEPTUAL FRAMEWORK

Despite a growing interest by academics in partnership negotiations, researchers do not yet agree on the number of observable phases in partnership negotiation processes.

For instance, O’Looney (1992) posits two phases, while Fisher et al. (1979), Zartman (1975), and Murtoaro & Kujala (2007), all postulate that there are three phases. Only Ahadzi & Bowles (2004) have observed four phases.

Moreover, although researchers in South Africa have looked at partnership negotiations from different sectorial contexts such as hospitals, little or no attention has been paid to housing public-private partnerships.

Clearly therefore, there is urgent need for a study that would provide deeper understanding of the number and nature of phases that partners follow when negotiating housing public-private partnerships in resource-constrained environments like South Africa.

This study will therefore use a multi-dimensional approach to identify and analyse negotiation dynamics within a HPPP framework. It will explore how the elements of context, content, skills, and activities inherent in each phase influence negotiation outcomes. It will also take into account the role of resources and shifting power when resolving resource constraint challenges in each phase of the process.

In addition, it will reflect on phase-specific attributes and characteristics (see Figure 3.1 below).

Thus, the study will also broaden current scholarly perspectives, which tend to take a unilateral view of such relationships.

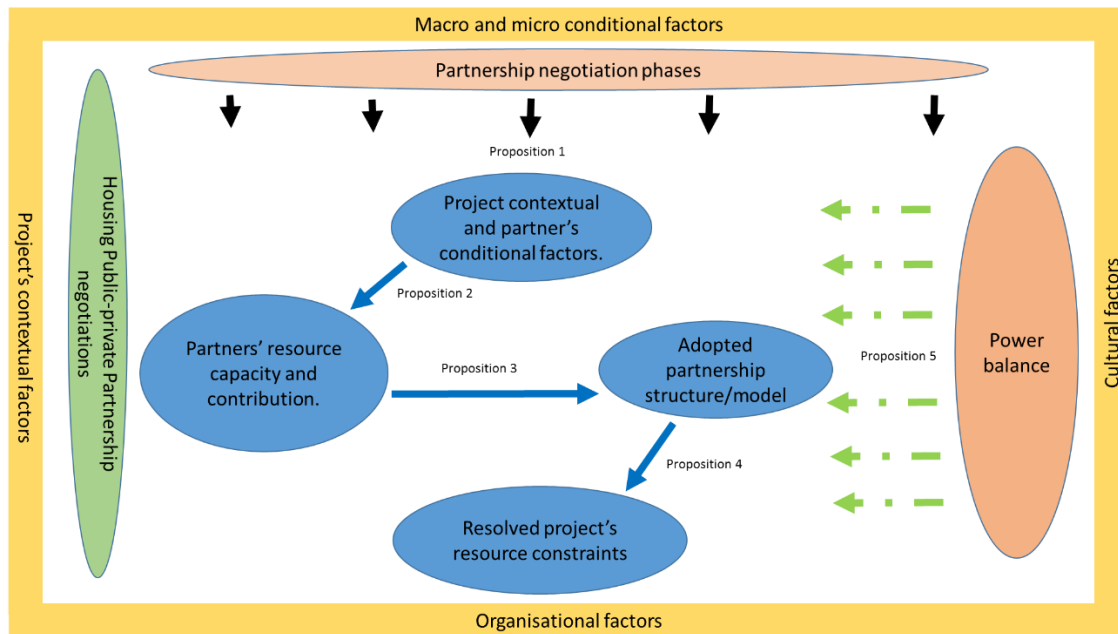


Figure 3.1: Housing public-private partnership conceptual framework.

Thus, the study's propositions, as captured in Figure 3.1 above, are as follows:

- Proposition 1:** The number of phases observed when negotiating housing public-private partnerships differs according to national contextual factors.
- Proposition 2:** Contextual and conditional factors significantly influence the negotiation activities in each particular project.
- Proposition 3:** The negotiation of each partner's roles and responsibilities, and pace of negotiation is influenced by each partner's resource capacity and willingness to contribute resources that will resolve the project's resource constraints and organisational objectives.
- Proposition 4:** The manner in which partners negotiate to share roles and responsibilities to resolve identified resource constraints in each partnership is influenced by the type of partnership structure/model adopted.
- Proposition 5:** Due the resource contribution and to the long-term nature of housing public-private partnerships, power balance does not shift during the

life-cycle of a partnership because it is in the interest of both partners to maintain cordial relationships.

3.8. CONCLUSION

In this chapter, previous studies were reviewed to analyse theoretical relations and explore how partners phase their housing partnership negotiation processes.

The following chapter provides details of the research methodology which was followed in this study.

CHAPTER 4

4. RESEARCH DESIGN AND METHODOLOGY

4.1. INTRODUCTION

This chapter presents the research design and methodology followed in the study. It starts by describing the guiding questions and associated propositions that contextualise why various approaches were chosen. It also provides a detailed step-by-step account of research procedures and analyses, so as give other researchers an opportunity to replicate these processes in future, and thus promote research rigour.

4.2. RESEARCH PHILOSOPHY

The study used a *constructivist*, interpretivist paradigm of inquiry, grounded in resolving practical problems (Oyegoke, 2011), and evidenced by ontological, epistemological and axiological considerations (Allen & Varga, 2007).

This paradigm gave the researcher an opportunity to engage with the complexity of the negotiation process, and to explore how participating organisations influenced each other. The constructivist form of enquiry was favoured because, unlike the alternative positivist approach, it seeks to examine and reveal context-specific issues based on insider experience. Constructivism's basic assumption is that every phenomenon involves multiple subjective realities which can be explored in detail through others' encounters and experiences.

In addition, the research employed an *interpretivist* lens, which, in line with the work of Martin and Eisenhardt (2010), allowed the researcher to suggest theory generation requirements, as well as to probe participants' perspectives on context, role players and their actions, and describe alternative theoretical relationships.

This approach, recommended by Hashim and Qadous (2014), also enabled the researcher to identify *analytical categories* and relationships in relation to the phasing of the partnership negotiation process, specifically:

- (i) Negotiation dynamics;
- (ii) Contextual factors;
- (iii) Conditional factors;

- (iv) Partner resource capacity and contribution;
- (v) Project resource constraints;
- (vi) The adoption of partnership structures/models and resolution of project resource constraints;
- (vii) The power balance between partners in all phases of the implementation process, once resources were shared and the partnership was defined.

Thus, the study's underlying ontological and epistemological assumption is that the negotiation process is essentially context-based.

4.3. RESEARCH APPROACH

The study employed an inductive exploratory research approach. This gave the researcher an opportunity to discern patterns from the chosen five case studies, and to source useful knowledge about negotiating partnerships.

The exploratory approach enabled the asking of "what", "how", and "why" questions (Barratt, Choi, & Li, 2011), about the influence of the HPPP negotiation process on housing delivery.

It also helped to identify and categorise diverse partnership negotiation processes and their inherent characteristics. In turn, this supported the development of propositions (as outlined in Chapter Three), so as to gain insight into processes to which previous researchers have paid little attention.

4.4. RESEARCH CHOICE

Qualitative research design principles were chosen to guide this research because of their suitability for cross-sectional studies, based on their flexibility and rigour (Gioia, Corley & Hamilton, 2013).

These principles are therefore appropriate for conducting process-related investigations (Huy 2012) and are useful tools for understanding how partners negotiate partnerships.

Therefore, this qualitative research study follows case study design principles to inductively explore:

- (i) How negotiations are approached;
- (ii) How contextual and conditional factors influenced the phasing of the partnership negotiation process;

- (iii) How partners' resource capacity and resource contribution influenced the resolution of resource constraint challenges, and the phasing of partnership negotiation processes in five HPPP projects run by two metropolitan municipalities in Gauteng, the City of Johannesburg and the City of Tshwane, as well as one local municipality, the Midvaal Local Municipality;
- (iv) How the adopted partnership structure (model) influenced negotiations during the negotiation process.
- (v) How the sharing of resources during the project implementation phase influenced the power balance among partners once relationships were defined and resources shared.

4.5. RESEARCH DESIGN

The parameters that informed the research design were shaped by:

- (i) The observation that existing theoretical perspectives on housing public-private partnerships illuminate only a part of the partnership negotiation process phenomenon;
- (ii) The aim to identify key elements that drive parties to strive for certain negotiation outcomes; and
- (iii) An awareness of the need to be administratively comprehensive, multi-level and cross-sectional.

A case study design was chosen for this research because of its inductive, systematic nature, and specific framework. This enabled the employment of embedded designs which in turn promoted multiple levels of analysis (Eisenhardt, 1989). Moreover, as Yin notes (2014), such approaches allow researchers to dig deeper to understand complex social phenomena, like negotiations.

Although the chosen research design was labour-intensive and time-consuming (Johnson & Onwuegbuzie, 2004), it offered the researcher an opportunity to analyse materials like minutes and other project records in order to see how negotiation processes were handled, how they influenced the outcome, and how such attempts assisted in resolving resource constraints.

To ensure the robustness of the findings, multiple case studies were used. Eisenhardt and Graebner (2007) posit that it is advisable to build theory in this way because it

reveals nuanced alternative interpretations of relationships that are replicated across most of the cases. The approach also affords the researcher an opportunity to conduct within-case and cross-case analysis (Eisenhardt, 1989) in order to understand the phenomenon's depth.

The case studies were selected to reflect varying alternatives that further offered wide-ranging and applicable partnership negotiation and structuring positions. To that end, five cases were chosen. They emanated from different dynamics, and reflected different experiences which were best described and detailed separately.

Such within-case and cross-case analysis affords the researcher an opportunity to discern the critical distinguishing patterns necessary to abstract a concept.

4.6. RESEARCH STRATEGY

This research employed exploratory principles (Ottomann & Crosbie, 2013) in a cross-sectional manner so as to gather data on various projects at a given point in time.

Primary data was sourced through a four-pronged approach:

- In-depth, individual, face to face interviews with top executives and project managers from the chosen organisations who were involved in the conception and implementation of the five HPPP projects respectively;
- Group face to face interviews with the project planners and implementers;
- Observations; and
- Document analysis from all data sourced both directly and indirectly from the participating organisations.

However, this approach had its limitations. For instance, the contract nature of top managers' positions meant that some key people changed jobs when their contracts expired. To address this challenge, such respondents were traced to their new jobs so that they could still participate in the research. The study of documents helped to provide further evidence of the relevant negotiation phases.

4.7. QUALITATIVE RESEARCH METHODS

Firstly, it is important to describe the unit and level of analysis, and to explain the rationale for the selection thereof.

4.7.1. UNIT AND LEVEL OF ANALYSIS

Unit of analysis

Choosing the most appropriate unit of analysis is a major decision for all researchers. It involves defining the “what” of the study: the object, process, event, or phenomenon of interest to be investigated. Thus, the unit of analysis is the lighthouse without which answers cannot be found to the research questions posed in the study.

Vygotsky (1987) states that a unit of analysis is appropriate if it “captures the key characteristics of the whole” (p.187); while Matusov (2007) discourages researchers from taking a “horizontal reductionism” (p.330) approach, because it treats a part of a system as if it is the self-contained and isolated whole.

Therefore, with these two perspectives in mind, the unit of analysis in this study was the project. It provided rich opportunities to engage with the various components and activities of which it such projects are comprised (resources, sharing of roles and responsibilities, negotiation structure, and shifting power dynamics), so as to determine how these various factors influence the phasing of the negotiation process.

Levels of Analysis

In line with the nature of qualitative research, a multi-phased approach was used to define levels of analysis in this study. Thus, the research focused on facets of the partnership negotiation process, with special attention given to:

- How the different actors took advantage of opportunities to create value for their organisations, as they initiated projects aimed at resolving resource constraints;
- What shaped the actors’ approach to the process;
- How parties structured their propositions to the solutions.

The findings therefore offered a comprehensive view of all the individuals who were interviewed for in the course of the research. The multi phased approach not only served the purpose of triangulation, but also helped to validate the accuracy of participants’ responses.

4.7.2. SELECTION OF CASE STUDIES

Maximum variation sampling – the most commonly used approach in qualitative

research – was employed in this study to analyse five cases, which were drawn from twelve PPPH projects initiated since 1996 in Gauteng.

This approach was selected because of its capacity to represent diverse cases and fully describe multiple perspectives. The importance of including “polar extreme types” in order to explore sharply contrasting characteristics is highlighted by many scholars (Barratt et al, 2011), as well as the need to ensure that findings are robust (Eisenhardt, 1989). Maximum variation sampling was deemed appropriate in this regard: not least because it optimises the analysis of different perspectives, which was crucial for the purposes of this study.

Case selection was based on secondary data that provided project background information. The five case studies are in line with Eisenhardt’s (1989) recommended number for such studies.

Three cases were sampled from the City of Tshwane; one from the City of Johannesburg; and another from the Midvaal local municipality. These cases were chosen because of the likelihood that they would produce contrasting results, combined with anticipatable reasons for theoretical replications (Yin, 2014).

The specific housing projects were Cosmo City (implemented by the City of Johannesburg metropolitan municipality; Olievenhoutbosch Extension 36 (shortened to Olieven X36), Rama City and Thorntree View: all implemented by the City of Tshwane metropolitan municipality; and Savanna City (implemented by the Midvaal local municipality).

The selected cases were diverse in context and outcomes, although similar in terms of characteristics predicted by project context and partnership structuring literature (see Table 4.1). They were selected because they adopted different partnership structures, and experienced different resource constraints.

Moreover, the projects were initiated at different times by different role players. Four were initiated by the private sector and one by the public sector. The projects were also at different stages of implementation, followed different approaches, and yielded different results.

At the time of the study, all projects had passed the planning stage and were either completed/extended, or were still being implemented. All five projects aimed to address housing challenges, by accommodating people who wanted to buy properties through

mortgaged finances and low-income housing groups, but who could not afford to provide for their own housing as they had been relocated from adjacent informal settlements for incorporation into these “new” mixed housing development projects.

Table 4-1: Short description of the distinctive features of the five case studies

	Cosmo City	Olievenhoutbosch x36	Rama City	Savanna City	Thorntree View
Initiator	City of Johannesburg	ABSA Devco	Rama Horizon Development	Basil Read	Valumax
Constraints	Public Sector did not have expertise and enough capital to roll the project.	Public sector did not have land, expertise and finance.	The community did not have finance and expertise.	Public sector did not have land.	Public sector did not have land, expertise and finance.
Negotiation context	Shortage of housing, resistance from adjacent communities.	Shortage of housing, no economic opportunities.	Shortage of housing, land claim/redistribution programme.	Land availability agreement.	Land swap deal.
Partnership Structure Type	Private sector led.	Private sector led.	Community led	Private sector led.	Private sector led.
Development Stage	Completed.	Completed.	Under implementation.	Under implementation.	Completed, and scope extended.
Results/ Outcomes	Successful mixed housing development with amenities.	Mixed housing development with few amenities, and social housing component not done.	Mixed housing development without amenities.	Mixed housing development without amenities, project.	Successful mixed housing development with amenities.

Although some of these projects predated the Breaking New Grounds policy of the National Department of Human Settlements, their conceptualisation reflected the ethos of other integrated development projects, in which people of different races and income groups live together in close proximity to places of work, schools, churches and other social amenities.

The selected projects shared similar sources of private funding, and all faced similar funding constraints. Some were regarded as successful (for example, Cosmo City and Thorntree View); others less so (Olievenhoutbosch Extension 36). It was important to include such a mix of HPPP projects in the study in order to establish how the negotiation process played out in different contexts, and how this led to different results.

Moreover, the five HPPP case studies were chosen for their potential to generate rich learning about the partnership negotiation phenomenon, especially the diverse ways in

which different parties might influence the partnership: both during the negotiation process, and the phasing thereof, as well as the implementation stage.

In two of the five case studies, the public sector owned and contributed vacant land. It also contributed subsidies for top structures and bulk funding in all five projects. Conversely, the private sector contributed land in three case studies, and development finance in all five projects.

Therefore, each case presented a unique research opportunity for separate analysis, using the integrative approach, through which important questions could be explored: notably, whether a partner's resource capacity would *strengthen* their ability to negotiate a partnership, or whether it would *skew* relationships.

These elements are summarised in *Annexure A*, which also reflects the similarities and differences of the five HPPP projects.

Thus, in each case a diverse range of actors collaborated. They represented:

- Different organisational outlooks (public and private organisations);
- Different institutional backgrounds (rooted in, and separated by, different value systems); and
- Different founding interests (profit and/or social development).

The overall vision in each case was the same: to negotiate in an open yet dynamic manner, so as to achieve a win-win situation catering for competing interests and shared risks, that would allow parties to work together to deliver housing (common public goods and market goods), in a resource-constrained environment characterised by lack of funding, capacity and limited access to land.

Thus, the case studies provided detailed insights into:

- How these actors came together;
- How they influenced each other's participation;
- How conflicting positions were managed;
- How conflicts were addressed; and
- How mutually-acceptable and mutually-supported agreements on project implementation structure was eventually reached.

4.7.3. POPULATION AND SAMPLING

In view of the small population size, purposive maximal variation sampling was used to sample the respondents in this study. This method allowed the researcher to target and select respondents who could provide the desired information based on predetermined criteria, which were role and time based.

Respondents were chosen because they were responsible for the negotiation of the partnership: at the beginning of the project, and/or during the implementation stages. They came from both public and private sectors. However, it emerged that some members of negotiation teams had moved jobs, because some projects had begun more than twenty years previously and employment positions were time-bound. The researcher had to use referral networks to find respondents who had moved on.

Therefore although the dominant sampling strategy was purposive sampling, a snowballing approach was also employed.

Given the lengthy time frame of some of the projects studied, group interviews were used to mitigate possible individual memory loss. Secondary data sources also played an important role in the verification process.

Respondents included:

- The Midvaal municipal manager, who was the head of the Housing Department when the Savanna City project was negotiated;
- The head of the Housing Department in the City of Tshwane;
- The head of the Planning Department in the City of Johannesburg;
- Five general managers from the companies which were responsible for implementing the projects; and
- 14 project managers from the three municipalities and the development companies responsible for the development of the projects.

Although 22 people were part of the interviewing process, data was gathered from 21 respondents who represented all the parties that were actively involved in the negotiations of the five projects.

One respondent, who was part of a group interview, was later excluded because she did not respond to any of the questions. Half of the respondents participated in individual interviews, and the other half in group interviews. Two respondents participated in both

(Respondents 4 and 7). To ensure confidentiality, all respondents were assigned pseudonyms.

The sample was considered sufficient for the purposes of this research, as it was within the University Research Ethical Clearance Committee's approved sample size. According to Griffith (2013), meaningful conclusions can be drawn from such a sample. Of the 22 respondents, eleven represented the three municipalities; nine represented the developers; and two represented a land claim community which was the custodian of one project: Rama City. The variety provided a source of rich data.

Annexure B contains coded details of all the respondents who participated in this research.

The respondents provided insight into:

- How the public and private sector respondents approached negotiations;
- How they negotiated;
- How contextual and conditional factors influenced the negotiation process;
- How resource contribution influenced the phasing of the negotiations;
- Why partners sought certain partnership structures over others; and
- The extent they thought the partnership structure they adopted assisted in resolving challenges associated with resource constraints.

The participants held influential positions in their respective organisations and all had functional knowledge of the housing sector. Furthermore, the sample was racially and gender diverse, comprising: ten white males, one white female, five black males, four black females, one coloured male and one Indian male. It also included different age groups.

The questions put to respondents sought to establish the markers of transition during negotiations, and how negotiators' experience, or lack thereof, aided or delayed the negotiation process. The questions also sought to determine:

- (i) To what extent varied resources influenced the unfolding of the negotiation phasing process;
- (ii) Whether the adoption of particular partnership structures assisted or hindered the process; and
- (iii) To what extent partners were reliable, and met their agreed commitments.

4.7.4. FIELDWORK PROCEDURE

Field work began in February, 2016 and ended in August that year. Participants, who had already been identified using the maximal variation sampling method and the specified criteria stated above, were then telephonically contacted and sent e-mails.

However, the process of participant selection actually began in October 2015, when the organisations were invited to take part in the study. At that point, the researcher applied for ethical clearance, which was subsequently granted.

Initial emails provided potential participants with a brief introduction and summary of the research, and requested their participation. Tentative dates were suggested, and clarification was given about the expected length of the interview, confidentiality, and the intent to publish findings.

It was important to contact participants telephonically before sending the e-mails and to follow up afterwards. Most participants were very busy, especially as 2016 coincided with local government elections. In spite of this, the overall response was positive and enthusiastic.

All interviews were held in three different regions of the Gauteng province, in South Africa. Most were conducted in participants' offices, although a few were held at a venue they suggested. There were no observed material differences between collected data in this regard, but interviewing at project sites enabled the researcher to observe other project-related matters, like project layout plans, actual project deliverables, and the like.

For example, a labour action protest occurred at one site during an interview. This generated interesting insights from the respondent. Elsewhere, project sites were always full of activity but this did not adversely affect the quality of interview recordings.

Although interviews were formally scheduled for 45 minutes, the shortest individual interview was 36 minutes, while the longest was 92 minutes. The shortest group interview was 28 minutes, while the longest was 76 minutes. Longer interviews tended to reflect the respondent's passion for the topic, their understanding of the questions, and their willingness to describe in detail the negotiation process.

4.8. DATA COLLECTION METHODS

This qualitative research relied heavily on both primary and secondary data sources. The use of the different data sources assisted in triangulation, which is central in collaborating data, especially because negotiation of most of these projects started more than ten years ago and reliance on interview data, given the associated memory bias, might have been limiting.

4.8.1. INTERVIEW PROTOCOL

An interview and observation protocol was developed for use during data collection.

Semi-structured interview questions were defined in line with the research's research question(s), since there was little existing data or information on:

- (i) How partners negotiate partnerships, and how that has a bearing on the phases;
- (ii) How HPPP negotiation context and conditional factors influence the negotiation process, as well as the negotiated outcomes per phase;
- (iii) How partners' resource capacity and contribution influence the partnership negotiation process;
- (iv) How partners negotiate partnership structure(s) that fast track the resolution of identified resource constraints;
- (v) Whether sharing resources influences the balance of power among partners in HPPP projects.

The protocol comprised five main questions, with 14 sub-questions. The researcher ensured that all these were answered during the interviews, and probed for more information and clarity based on participants' responses.

4.8.2. INTERVIEWS

Data was primarily collected through interviews, since the researcher was interested in sourcing first-hand data on individual negotiation experiences.

The interviews were structured in such a way that deep personal insights were revealed. This enriched the understanding of how public and private sector bodies handle partnership negotiation processes.

Data was collected from individuals and groups through semi-structured and open-

ended questions, and from historical data. Similar questions were posed to all the participants in order to reduce response bias and to harmonise the data-capturing process. The use of semi-structured and open-ended questions afforded the researcher an opportunity to follow up and seek clarity on responses.

The researcher began interviews by explaining the reasons for his interest in housing, and housing finance. A general question (“What can you tell us about your project?”) invited respondents to reflect broadly on their respective projects, and their experience of negotiating partnerships. Their responses enabled the researcher to follow up on project-specific negotiation processes, resource constraints and partner contribution arrangements in line with the study’s conceptual framework.

Most interviews (except two: one individual, one group), were recorded using a tape voice recorder. Written permission was sought before the start of the interviews. Three respondents did not agree to be recorded.

The researcher took notes during all interviews to ensure that responses were correctly captured. Voice recordings were later transcribed in Microsoft Word using Express Scribe Transcription Software. This was chosen because it allowed the researcher to play back the recordings at a slower speed, which made it easier to transcribe them. Five interviews were sent to professional transcribers to enable the researcher to gauge if his own transcriptions were of a professional standard.

Participants signed a consent form before the start of the interview. Respondents and their responses were kept anonymous, in line with the approved ethical clearance. Pseudonyms were subsequently used, with a detailed description of the company and project represented.

One follow-up interview was conducted (with a project manager from the City of Johannesburg) because his participation in the group interview had been minimal.

4.8.3. SECONDARY DATA

The researcher used secondary data sources to collaborate and triangulate the data from interviews. These comprised both current and historic data, such as minutes of planning and implementation meetings, correspondence, project reports and updates, annual reports, flyers, information brochures, maps and power point presentations.

The latter were obtained during interviews from the City of Tshwane for the

Olievenhoutbosch Extension 36, Rama City, and Thorntree View projects; from the City of Johannesburg for the Cosmo City project; and Midvaal Local Municipality for Savanna City.

Sourcing of secondary data occurred in two stages:

- (i) Data was requested from the organisations prior to, and during, interviews;
- (ii) Additional data was sourced from official reports and company websites which provided press releases, brochures, annual reports, and details of media coverage.

Thus, the sourcing of data from multiple sources enabled the collection of both current and historical data, and enhanced the triangulation of findings.

An interpretive approach was used to identify emergent themes, in line with the theoretical framework and the research questions, and also to identify any data from outside the framework. This enabled a holistic understanding of case studies.

The table below summarises research data sources and data collection techniques.

Table 4-2: Summary of research data sources

	Individual interviews	Group interviews	Voice recordings	Field notes	Use of document sources
<i>Cosmo City</i>	Yes (3)	Yes (1)	4	Yes	Yes
<i>Olievenhoutbosch X36</i>	Yes (4)	No	3	Yes	Yes
<i>Rama City</i>	Yes (1)	Yes (2)	2	Yes	Yes
<i>Thorntree View</i>	Yes (3)	No	3	Yes	Yes
<i>Savanna City</i>	Yes (3)	No	3	Yes	Yes

4.9. DATA ANALYSIS METHOD

In qualitative research, data analysis is not necessarily separated from data collection (Kombluh, 2015): the two processes can happen simultaneously. To some extent this was true of this study, but respondents were given interview transcriptions and asked to confirm or rectify their input before the analysis stage. According to Thomas and Magilvy (2011) this “improves the reliability and validity of the findings of case study research” (p.153).

Atlas.ti 8 was used to analyse data. It has several advantages. Firstly, it allows the

researcher to use recorded interviews and pictures at the same time. Secondly, it stores the notes, codes and memos to be analysed. The data was coded and categorised using in vivo procedures, according to the theoretical framework. Hybrid coding was also employed to capture codes from open coding and documents.

Constructs were drawn from extant literature, but a few emerged from collected data.

The identified themes were:

- (i) Dynamics in the phasing of negotiations;
- (ii) The influence of contextual factors on the phasing of partnership negotiation processes;
- (iii) The influence of conditional factors on the phasing of partnership negotiation processes;
- (iv) Project resourcing and value proposition;
- (v) Appropriate partnership negotiation structure; and
- (vi) Power dynamics.

In line with Eisenhardt's advice (1989), the process of analysis began with case-specific context, so that a better understanding of emerging patterns and concepts could be gained before attempting to generalise cross-case findings. However, for the sake of logical flow, the within-case and cross-case analyses were interwoven to produce a coherent narrative. Within-case analysis generated quotes which were populated to Atlas.ti and analysed per theme. This was followed by cross-case analysis which grouped and abstracted identified themes.

It was important to focus on each partnership as a separate case, so as to identify unique patterns from the different data sources. In this regard the case-oriented, cross-case analysis approach recommended by Rodríguez, Chambers, González and Scheurich (2000) proved very helpful, and showed the alternative strategies used to negotiate partnerships. Cross-case analysis also forces the researcher to look at phenomena from different angles, instead of forming premature conclusions.

In the context of this study, cross-case analysis shaped a broader understanding of *why* the outcomes of the negotiation processes varied, which in turn helped to map out different outcomes. Moreover, it revealed a range of different dimensions and options when negotiating public-private partnerships. Thus, rich and holistic illustrations emerged which helped build a comprehensive framework for the understanding of

negotiation experiences.

Although some researchers argue that the findings from case studies cannot be generalised beyond the cases, it should be recognised that such findings may be useful and relevant to other contexts for “comparability” and “translatability” (Yin, 2003, p.42) and “conceptual generalisation” (Yin, 2013, p.327).

Furthermore, whilst acknowledging that the approach had its limitations because of the complex nature of the process, it should also be noted that the cases shared two common factors: the need for both parties to address contextualised resource challenges; and the desire of both the public sector and private sector to work together for a common goal.

Interview data was coded on a line-by-line basis. Whilst the aim was to outline and connect this data to pre-set categories, it was important to be open-minded and thereby ensure that new categories were also captured. Thus, the intensive analysis gave a detailed picture of how the negotiation process was handled, and revealed prevailing patterns which were subsequently linked to the conceptual framework identified during the literature review and sampling stages.

To summarise, interview data was inductively coded and analysed according to two key HPPP elements:

- (i) Negotiation processes; and
- (ii) Partnership structures.

To conclude: this qualitative study used inductive reasoning to draw inferences from the data and construct meaning. Through such reasoning, new codes and categories were discerned and were added to the study’s pre-set categories. This enabled further investigation of case differences, especially those relating to the resolution of resource constraints. The initial inductive analysis generated 63 codes. These were reduced to 48, 32 and 27 in subsequent coding processes. Eventually these were further reduced to six larger themes, using the Atlas.ti software package.

4.10. CREDIBILITY, DEPENDABILITY, TRANSFERABILITY AND GENERALISABILITY

To ensure credibility the development of the interview protocol followed an intensive process. To enhance reliability, efforts were made to align the protocol to all five

research sub-questions. The interview protocol was then discussed with the supervisors, and sent for approval to the Research Quality Committee (RQC), together with the interview schedule. Details of all research stages, as well as the coding and analyses are available upon request. A sample of questions from the interview protocol is provided in *Annexure C*.

The research process included member checking and triangulation, as well as the briefing and debriefing of participants and peers. Participants were quoted directly in the presentation of research findings. Interview recordings and signed consent forms were submitted to the University, and are available to authorised personnel for the purpose of confirming the results.

CHAPTER 5

5. PHASING OF THE HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATION PROCESS

5.1. INTRODUCTION

This chapter analyses interview data and secondary data pertaining to the phasing of housing public-private partnerships negotiations in the five case studies. The analysis are structured in line with the five research sub-questions and propositions.

5.2. NUMBER OF PHASES

The first research question asked about the number of phases that emerged during the partnership negotiation process: focusing on the pace, and what triggered their beginning and end.

The cross-case analysis showed that irrespective of who initiated the process, the HPPP negotiation process generally occurred in five distinct phases:

- (i) Phase 1: Partnership conception and initiation;
- (ii) Phase 2: Partnership negotiation;
- (iii) Phase 3: Partnership cementing;
- (iv) Phase 4: Partnership implementation; and
- (v) Phase 5: Partnership conclusion/extension.

These findings reflect a clear departure from the two, three and four stages/phases outlined by O'Looney (1992), Fisher et al. (1979), Zartman (1975), Murtoaro & Kujala (2007), and Ahadzi & Bowles (2004) respectively.

The increase on the number of phases observed could be associated with the collective negotiation characterised by the desire for a win-win outcome.

Although negotiations in most of the case studies happened in five phases, the within-case analysis of primary and secondary data showed that negotiations in one case study happened in four phases. Rama City comprised of four phases—because initial negotiations were hurried because the community was so excited about winning its land claim against government and wanted to get the ball rolling without concretising issues. Thus, the first and second phases happened almost simultaneously. Although Savanna

City is not yet complete, there are observed elements characteristic of Phase Five, which relate to scope extension.

The findings further show negotiations in each phase varied considerably due to the complexity of issues to be addressed, the planning, the management and execution of negotiated activities.

For example, the negotiation phase in Cosmo City lasted about ten years. The project was marred by community resistance, lack of negotiation frameworks in both the public sector and the private sector, changes in political landscape/principals, and overstretched planning processes. Moreover, both parties lacked experience in negotiating and structuring, which immensely contributed to the delays.

For instance in Savanna City, negotiations lasted seven years. The project was delayed because the receiving party wanted confirmation of financial viability.

Furthermore, the involvement of different stakeholders raised a number of other challenges. Where conflicts could not be resolved around a table, partners had to seek expert advice and legal recourse. This drastically slowed down the negotiation process in those phases.

Conversely, in Thorntree View, the private sector had the upper hand during negotiations because it owned the land and continually threatened to withdraw when issues were not resolved to its satisfaction. Ultimately however, the desire to achieve a successful project limited instances of partners openly exerting their power influence on each other.

An illustration of the cross-case summary is in *Annexure D*. Individual illustrations of the five cases are also available upon request. Analyses of each of the five phases are contextualised below.

5.2.1. PHASE 1: PARTNERSHIP CONCEPTION AND INITIATION

This first phase focused on partnership *conception* and partnership initiation activities.

Conception comprised all planning and pre-negotiation activities, such as formulating the approach/strategy; defining organisational vision; and costing the initiative. Most activities in this stage were *inward looking*, with little external focus, albeit with some assistance from field and technical experts. In this stage, partners explored options to

determine how they could resolve the contextual and conditional challenges facing the project.

For example, one respondent from the Midvaal municipality indicated that:

“There was nothing telling in terms of how we were going to structure the public partnership. The biggest reason for that was that Midvaal, although we are blessed with vast open land, and unoccupied land, the majority of the land is in private hands. So whatever a developer wants to do, they need to acquire land from somebody. They ought to be the existing owner, or they need to acquire the land. We are not huge as land owners as a municipality.” (Respondent 20)

These sentiments were echoed by the head of the City Planning Department at the City of Johannesburg, who was responsible for Cosmo City housing project:

“Ok, it was a big development and it was not possible for the City to drive the project by itself, in terms of the funding that it was requiring.” (Respondent 8)

However, partners also looked *outward*, to court “suitors”. This involved partnership initiation, whereby an organisation made public its intentions to seek partners, informed by its adopted strategy and approach.

Negotiations in this phase can be considered emergent and unstructured, as the focus is primarily on “courting” each other to participate in a partnership, as well as evaluating the potential benefits identified in the proposal.

One project manager from Basil Read, who was responsible for Savanna City commented:

“So I think the start of Savanna was development driven. There were quite few [sic] hurdles and contractual issues we had to resolve before the municipality of Midvaal was there, and obviously the whole process of driving it up to the point where the municipality was in agreement 100%.... There was quite a distant [sic] from the Department of Human Settlement as well. So it was three parties, those in my opinion that pushed to a point where it got momentum.” (Respondent 5)

Partnership initiation

Partners conducted several studies at this stage to shape the participation of each partner and their approach. The studies assisted partners to determine whether or not

the proposed partnership was worth pursuing.

The partnership negotiation process follows different routes, depending on whether it is initiated by the public or private sector. The central driver for the public sector is to address a developmental goal or agenda; the private sector's goal is to meet profit-related organisational needs.

These different routes are dealt with in detail below.

Partnership initiated by the public sector

When the public sector initiates a partnership, it does so in response to identified pressing societal housing needs. It requests proposals, or targets a party which has the requisite resources or capacity. It identifies and quantifies its housing needs, and calls for interested private sector bodies to propose how they could assist in answering these needs through forming a partnership.

The housing needs/ developmental objectives are then described in written form, such as a request or proposal. A call for interest is issued to prospective partners through different media platforms – for example, via websites or newspapers – to invite formal responses detailing how identified needs will be addressed.

One head of department from the City of Johannesburg who was responsible for the planning of Cosmo City indicated that:

“The backlog was [such] that the City’s objectives at the time... [focused on] the pressing demand for housing in the area.” (Respondent 8)

These sentiments were echoed by another respondent from the City of Tshwane who was responsible for the Thorntree View project:

“Well, this was to address the housing backlog within the City. So the City was in need of land which SAFDEV had at the time, and then made it available to the City for development.” (Respondent 10)

Negotiation activities are relatively high at this stage because several processes run concurrently. For instance, interested parties may insist that the partnership-receiving partner conduct several studies to determine the feasibility of the project. In some instances, the partnership-receiving partner may call for assistance from other organs of state to assist in determining the feasibility of the proposed partnership.

For example, a memorandum from the former manager for Housing Development and Provision at the City of Tshwane to the former general manager responsible for Housing at the City of Tshwane showed that the Gauteng Department of Housing was requested to investigate project viability and prepare a feasibility report regarding the SAFDEV SSDC offer. A similar exercise was conducted by the Housing Advisory Committee (HAC).

Thus, it takes effort to set partnership negotiation processes in motion: especially in instances where partners have never worked together. This essentially requires a number of meetings, and other forms of communication, to scrutinise information and evaluate scenarios. This can result in lengthy negotiation periods, as parties may take much time to conceptualise and negotiate potential partnerships.

Although evidence from the five case studies revealed that partnerships had varying negotiation durations, it should be noted that no such processes were quick.

For example, one respondent from Midvaal municipality indicated that:

“First of all, if you look at Savanna it took us seven years to formulate: a minimum of seven years. It started actually before 2006.” (Respondent 20)

These sentiments were echoed by another project manager from Basil Read who was responsible for Savanna City:

“Pressure was quite heavier [sic] upfront trying to understand what bulk services could do to development.” (Respondent 5)

Almost all the negotiations started when a partner considered making land available for development, as a foundation for further engagements. This basically meant that without identified land, everything else would stop. One respondent from Bigen Africa reflected on what the private sector offered:

“They owned the land, so they offered the land.” (Respondent 2)

This research showed that land owned by the public was mostly situated far away from the centres of economic activities and social amenities. Conversely, the private sector held land *closer* to the centres of economic activity.

Thus, because public sector land was not well reticulated and lacked bulk infrastructure,

the implementing partner had to negotiate for related infrastructure to minimise costs.

One respondent commented:

“Then we also looked at the need to subsidise the land because the principle in the previous housing projects was that they would go to the furthest outskirts and buy the cheapest land and buy big pieces of land so they can have a good yield and so they created these dormant townships. Here the land was much better located. There was a premium attached to that, and if you start adding infrastructure, the premium increases.” (Respondent 8)

These sentiments were echoed by another respondent from the Midvaal Local Municipality who indicated that:

“[In] Midvaal, although we are blessed with vast open land, and unoccupied land, the majority ... is in private hands. So whatever a developer wants to do, they need to acquire land from somebody. They ought to be the existing owner, or they need to acquire the land. We are not huge as land owners as a municipality.” (Respondent 20)

Partnerships initiated by private sector bodies

In such situations, the private sector proposes forming a partnership to a public sector player in order to address some identified housing challenges, and in return receives financial gains. A private sector body can either be a private developer or a community representative body. This usually occurs when such bodies have adequate resources which they can share with a public sector body to meet the requirements of implementing a large-scale housing and human settlements project.

This research showed that in cases where a private-sector body initiated a partnership, it did so by submitting a formal proposal to a municipality for consideration. Subsequently, several presentations would follow until a decision was taken on whether the proposal should be accepted or not.

For example, the update report by the former General Manager for Housing at the City of Tshwane to the former Executive Mayor of the City of Tshwane, Councillor Father Smangaliso Mkhathshwa on 14 June 2005, shows that in 2002 Safrich Capital (Pty) Ltd (known as Safrich or SAFDEV SSDC) approached both the Gauteng Department of

Housing and the City of Tshwane Metropolitan Municipality proposing to partner with them for the development of the entire Thorntree View area, as well as to secure funding.

At times, the proposal-receiving party (the public sector) would express various concerns, and the proposal-submitting party would have to address these. For example, financial models might be requested to show the financial viability of the project.

One project manager from the Midvaal Municipality who was responsible for Savanna City commented:

“The developer then actually came up with a suggestion to the municipality to say, okay fine, we will do this development. They agreed to do a financial model to say that, let us look at the development and, let’s model the cost of the municipal services for such development and what is the potential income that will be generated with such a development so that we can see whether it is financially viable. So they did the modelling and came up with a financial model ... according to the tariffs of Midvaal and according to the one-third split between the types of housing which was proposed for Savanna City.” (Respondent 4)

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In instances where the private sector had the upper hand, it also put pressure on the public sector to accommodate their requirements for the sake of efficiency and speed.

For instance, on 26 June 2003, the City of Tshwane had to act quickly to write off a sum of R22 994 000, which Safrich had inherited as a bad debt when it acquired Soshanguve South Development Corporation (SSDC).

On occasion, proposal-receiving parties submitted the information they received from the proposal-submitting partner to external experts for advice before taking a decision.

5.2.2. PHASE 2: PARTNERSHIP NEGOTIATION PHASE

This section deals with the *second phase* of the process: partnership negotiation.

It not only analyses *how* the process proceeded in the five case studies, but also *what influenced* parties to follow various negotiation processes.

This research showed that the second phase was characterised by an *increase* in negotiation activities, with partners keen to reach quick *agreements* regarding project implementation.

This included decisions as to who would be responsible for certain roles and responsibilities in the partnership, based on contextual demands: especially the financing certain activities, or bearing particular risks.

This was significantly different from the partnership conception and initiation phase, where negotiations focused more on clarifying what each party thought the partnership would achieve. Thus, the second phase proved to be one of the *most complex* of all phases in the partnership negotiation process because it involved particularly vigorous bargaining and agreement-seeking.

For example:

“The biggest challenge with the partnership ... is operational funding: who pays for what, and who is responsible for what. If you have a small municipality with huge land, you can have brilliant ideas, but ... the biggest hurdle you come across [is] not just financial resources, but also human capability and as, I said, who pays for what.” (Respondent 20)

This research revealed that parties tended to negotiate to achieve equity in contributions. The private sector did so by leveraging their resource capacity to ensure that government opened up business avenues for them to participate and benefit from such large-scale housing and human settlements partnership projects.

The private sector's ability to recognise and take advantage of gaps in public sector funding and capacity gaps led to delays in phase two negotiation processes. One project director from the City of Tshwane, who was responsible for Thorntree View project, noted:

“So they approached the City to say we want to make the land available to you for the purposes of development. In turn, the City would make funding available for housing development wherein there would be low-cost houses and subsidy [sic] houses in turn. The City agreed that for every portion of land that they would develop, the City would pay a certain portion plus contribution to the services: which is water, sanitation and roads.” (Respondent 10)

Similarly, communities that had vacant land used this as a bargaining tool. One respondent reflected on such patterns in Rama City:

“We provided the municipality with vacant land for housing development, and for the clinic. In exchange the municipality promised to build RDP houses [state-subsidised, low-cost houses: a term coined from government's post 1994 Reconstruction and Development Programme], put water and electricity and roads.” (Respondent 17)

Negotiations during this phase were intense because all decisions had to be informed by careful consideration of options, based on available information. Essentially, parties subjected proposals to heavy scrutiny. Such negotiated agreements were informed by detailed studies, conducted by specialists.

For example, a project manager from Midvaal Local Municipality, who was responsible for the Savanna City project, indicated that:

“We did a traffic impact assessment to look at various options of access to Savanna City which actually provides for three accesses, one to the west, one to the north-east, and one to the south, south-east.” (Respondent 4)

5.2.3. PHASE 3: PARTNERSHIP CEMENTING PHASE

In the third phase, negotiated agreements are officially cemented with signed commitments. Although the study showed that Phase Three is not one of the more complex phases, it is still important because it *formalises* all the negotiated agreements

though signed documents. These may include: memoranda of agreements, memoranda of understanding, land availability agreements, land development agreements, and service level agreements.

For example, the minutes of the Thorntree View Project Steering Committee meeting between the City of Tshwane and SAFDEV SSDC (Safrich) on 01 February 2006 (City of Tshwane, 2006, p.1), show that the two parties finalised a land availability agreement, a turnkey agreement and a service level agreement. The minutes further show that the Gauteng Department of Housing and the City of Tshwane were also working on a subsidy agreement.

Before reaching and *sealing agreements*, due diligence was conducted to ensure proper planning, and to present a sound case. This led to better agreements in each phase.

Reaching agreements was seen as a big milestone among parties, and marked the commencement of the partnership. The Midvaal Municipality municipal manager, who was head of planning and housing when the Savanna City project was initiated, indicated that:

“It is normally just a negotiation and once you reached an agreement on something, it’s a done deal signed off, politically signed off, and it’s commenced with [sic].” (Respondent 20)

The signing of agreements is evidence that parties invested their time at the beginning of a project to clearly define roles and responsibilities. In the five cases studied, signed agreements were not only between the main partners, but other stakeholders as well.

For example, a letter from the former Chief Executive Officer of the National Home Builders Registration Council (NHBR) to the former Executive Mayor of the City of Tshwane, Councillor Father Smangaliso Mkhathshwa, reflects on the agreement between the Gauteng Department of Housing and the City of Tshwane whereby SAFDEV SSDC (Safrich) is expected to service stands which the City of Tshwane will in turn purchase, thereby making possible the development of those serviced stands into fully subsidised housing.

A project development head from Basil Read, who was responsible for Cosmo City, indicated that:

“Once the project was awarded, there was a number of partnerships which were formed... over the land property evaluation with the City of Johannesburg on the property; as well as subsidy agreement with the Gauteng Department of Human Settlements for the subsidies; with the City of Johannesburg. But we also had standard agreements with Basil Read. We also had a number of stakeholder partnerships, where you deal with various departments: Department of Education, Department of Health, utilities like City Power, City Parks, Johannesburg Water and Eskom. There are quite a number of vital stakeholder relations which you enter into that come into play.” (Respondent 12)

It also emerged that such agreements had long-term benefits because they led to the smooth implementation of the project by ensuring that everyone involved knew what was expected of them to make it a success.

One respondent indicated:

“The relationship between the Midvaal and the developer is quite good, we work well together. I think the success of this [is] because they did their homework at the beginning and the fact that they did the financial modelling, and looked at ... responsibilities for each parties and whether you can meet those responsibilities.” (Respondent 4)

However, sealing an agreement did not necessarily signify the end of the process, because even signed agreements were reviewed in subsequent phases. Thus, while such agreements were important for cementing partnerships and closing loopholes, they could be revisited when circumstances required, or when partners were faced with challenges.

Furthermore, it was established that some of the signed agreements had gaps which parties ignored because implementing remedial actions would attract costs and deplete their financial resources or profits.

A comment by the departmental head of the City of Tshwane’s Housing and Human Settlements Department shows a need to tighten and follow-up what partners implemented in their allocated roles and responsibilities.

“When there is a hiccup, we understand why there’s hiccup, right up to the point where we know who is responsible for the title deeds.... Some of the issues that

come from ... Olivenhoutbosch, the project has long been finalised but then there are issues post development that should have been looked at in the beginning. You know like ... after this development, people have moved in, when do we transfer the land to the people... actually, the township, who is the township owner, is it going to be ABSA? Is it going to be the City?" (Respondent 11).

5.2.4. PHASE 4: PARTNERSHIP IMPLEMENTATION

From a practical perspective, the fourth phase in a partnership negotiation process is cumbersome: the trickiest and most challenging of all the phases.

Negotiators' main focus in this phase is to ensure that partners *implement* agreed commitments. Thus, in this phase, coordination of activities becomes critical because it involves dealing with multiple stakeholders and multiple issues at the same time.

As mentioned, partnerships on large scale housing and human settlements projects or developments do not only involve the construction of houses, but also require provision of other related services, and the construction of other support infrastructure which is either costed and covered in the project budget, or requires external stakeholders to finance.

Negotiations in this phase are complex because the circle has expanded to include new implementation stakeholders. Thus, the negotiation process now involves the main parties (from the first phase); the main support stakeholders (from the second and third phases); and the implementing agents attached to the main parties and support stakeholders. In turn, this necessitates the coordination of different stakeholders who follow different budget cycles.

One finance manager who was responsible for the Cosmo City housing project indicated:

"The coordination of financials is very important, and is also ... very tricky because they have different financial years. The City's runs from July to June, and the Province runs from April to March. We coordinate to make sure that it happens. And then all other departments, they all have their overall high-level plans and annual budgets and all that sort of things [sic]. So you always have to try continuously to fight to get the finances from them to put it in the investment, and again at the right time which can become very tricky." (Respondent 14)

Although, at the time of this study, the Rama City project was still underway, the project had been faced with delivery challenges because of poor planning. However, where there is evidence of proper planning, projects flourish.

The Midvaal municipal manager commented:

“I mean if you take the other big housing developments in Joburg and Tshwane, obviously if there’s a mistake made, in terms of assumptions, you’ve got a bigger tax base to correct. We don’t have that luxury. So I see Savanna as a blue print for huge development in smaller municipalities.” (Respondent 20)

Essentially, the nature of such integrated development requires many role players and stakeholders who participate and contribute to the project. Thus, the process becomes dynamic and ever-more complex because each stakeholder brings their own interests and restrictions which, in one way or the other, either contribute benefits or derail the achievement of project goals.

By contrast, in less successful cases, this study showed that negotiations centred upon clarifying how the main parties, main stakeholders and their support stakeholders would implement the agreed activities. More time was spent coordinating the activities, explaining the agreements, and following up on those who were not forthcoming with resources, especially the budget.

The frequency of meetings in this phase increased, compared to the partnership’s first three phases. Moreover, research showed that when project implementation commenced, the recurrence and pace of negotiations became more frequent and more intense because several issues needed to be resolved.

The minutes of the Thorntree View Project Steering Committee meeting between the City of Tshwane and SAFDEV SSSC (Safrich) on 1 February 2006 (City of Tshwane, 2006) show that the two parties agreed to convene on 16 February 2006, less than two weeks later. This was due to the need to meet the set implementation date and urgently rectify outstanding issues that required attention.

A project director from Basil Read highlighted the complexity of coordinating all these parties and stakeholders:

“Different departments are responsible for financing their part of development. On the private side, we take control of that completely. We have people who build

houses, we talk to the commercial market, we deal with the private markets. We also make sure it happens in terms of set agreements.” (Respondent 12)

Another project manager from Basil Read, who was responsible for the Savanna City project, supported this view:

“Working hand in hand with government made it clear that this development would work both ways and at the pace that it was running at, and with the development then that was running towards completion.” (Respondent 5)

This study showed that any of four scenarios may occur at this juncture:

- (i) Parties may implement agreements as agreed, perhaps with variations as further negotiated;
- (ii) One party may take advantage of the situation;
- (iii) One party may find excuses not to implement agreements; and
- (iv) A party may completely renege on negotiated agreements.

For example, parties in one of the projects had to sit down and clarify agreements:

“And eventually they said...they also had their legal people to study it [and] say: No, okay ... our interpretation was different to yours, but now as we read it, we understand is our responsibility.” (Respondent 4)

This shows that that some parties pretended they did not understand the agreement in the same way as their partners. This was sometimes done to reduce project related costs. In such instances partnership negotiations are made difficult because the implementation process has to be halted in order to clarify the interpretation of the agreement with the assistance of legal teams.

In other instances revealed by this study, the private sector took advantage of their position to influence the implementation process in their favour. A project director from the City of Tshwane, who was responsible for the Thorntree View housing project, indicated that:

“The actual work comes at a cost to the City ... you must continue and implement the project as is, as contemplated in this turnkey agreement.” (Respondent 10)

At times, operational dynamics limited parties' capacity to deliver as agreed. For example, budgetary limitations led to implementation misalignment:

“[The] province also made lots of subsidies available ...and then the project was delayed and then when it kick-started again we struggled a little bit. They changed their policies a couple of times in terms of standards. We tried to go to higher densities, their housing also didn't allow it: they only want single houses on a single stand and stuff like that. We forced them through our process.”
(Respondent 8)

In times of resource shortages, some players ensured that the project continued. A project development head from Basil Read, who was responsible for Cosmo City, noted that:

“You have to give leeway. You have to keep things moving.” (Respondent 12)

Furthermore, secondary data analysis showed that SAFDEV SSSDC (Pty) Ltd agreed to make land available to the City of Tshwane for developments, and in turn the City of Tshwane agreed to appoint SAFDEV SSSDC (Pty) Ltd as an implementing agent for the development of the land, based on the subsidy agreements. According to a development proposal submitted by Respondent 1 from SAFDEV SSSDC (Pty) Ltd on 12 December 2006 to the member of Mayoral Committee responsible for Housing and Human Settlements at the City of Tshwane:

“Due to the fact that Soshanguve YY was already planned, pegged, approved and was commenced with [sic] the installation of engineering services in the latter part of the previous decennium, this company needs to re-submit a township application. This will be done early January 2007 and at this time proposed in terms of the Development Facilitation Act”.

Equally, there were instances where a partner had to take the lead in resolving challenges stretching over more than one phase. That in turn stretched the resources of other parties and eventually created challenges, pushing parties to think innovatively. A respondent from the City of Johannesburg, who was responsible for Cosmo City planning, elaborated by saying that:

“So we said to them ok we will give you the land, then we will make arrangements with the bulk infrastructure because bulk infrastructure is the city's responsibility. Your responsibility is the internal infrastructure. But for the low-cost housing we want the same standard you put into the bonded houses component, so therefore

we have to discuss a way to subsidise that component.” (Respondent 8)

In the same vein, when parties were under tremendous pressures to deliver, they would be forced to think creatively. For example, the lead partner in Cosmo resolved the Department of Education’s delay in building a school by inviting the private sector to build and run a school within the vicinity of the project. A private company was enlisted to build a private school when the government failed to construct a school in the specified timeframes. Amenities such as schools and clinics are an integral part of a mixed housing development.

“Maybe you need to start thinking outside of the box. That is what we strategically had to [do]. In Cosmo City we brought a private partner to build a school... we have a private school. This is the kind of things we do when we sit with private institution as well as private market [sic].” (Respondent 12)

By the same token, once parties have started a project and poured money into it, they have to keep it going until its completion, lest the funds be lost. A financial manager from Basil Read, who was responsible for Cosmo City financing, commented:

“I think we shuffle the money because we cannot stop developments. Once you stop the money, the whole development stops, and it increases unaffordability.”
(Respondent 14)

The study showed that although partners initially agreed on who was responsible for funding certain activities, the government often lacked financial resources to deliver as required. It was evident that partners were forced to think innovatively to resolve such challenges: to the extent of disregarding the agreement and seeking assistance from an outside person or company so that agreed deliverables could be met.

Indeed, contrary to the approach described in Zartman’s “turning point” concept (1975), partners had to revisit initial discussions and renegotiate in order to continue the process, sometimes reverting to an earlier phase. This mostly occurred where the partnerships were not run through a turnkey approach: where resources were not readily available, they went out of their way to find external solutions.

However, in cases where the partners were ready with resources, the implementation process proceeded quickly.

In each partnership there was a lead partner who coordinated the functions of all

stakeholders during implementation. This partner coordinated the daily running of the partnership, and was seen as the driver who mitigated challenges.

This study showed that, typically, the private sector was given the role of lead partner for the sake of efficiency. However, this could prove challenging because although parties knew their roles and responsibilities, some partners reneged on their negotiated agreements. This placed added burden on the lead partner, who had to ensure that the project did not collapse and thereby incur delay-related costs.

Multi-stakeholder negotiations are complex because role players are sometimes not in a good financial position to deliver their promises. Therefore, much depends on the integrity of such lead partners.

A respondent who heads the Housing and Human Settlements Department at the City of Tshwane commented:

“I think to a large degree both parties want to see it happening. We know it is a project and then you’ve got the private sector that is interested in making sure that this project ends at some point in time.” (Respondent 11)

Furthermore, parties also influenced the negotiation process by withholding or delaying delivery of resources necessary for the implementation of the agreements. In some cases, the delays were intentional, and in some instances they were not. Such resources included important factors such as finances.

In large-scale development partnerships with many role players, not everyone contributes equally in terms of delivering commitments. One respondent cited an example from Savanna City, where adjacent municipalities reneged on their respective promises in this way.

Stakeholders sometimes experienced financial challenges and this adversely affected their ability to deliver. A project manager from Midvaal Local Municipality, responsible for the Savanna City project, gave an example:

“There was an agreement between Midvaal and Emfuleni that ...Emfuleni will provide for the main house for sewer [sic] and get the necessary funding, and Midvaal will contribute to the cost via the developer. Emfuleni could not obtain the necessary funding.” (Respondent 4)

Thus, inherent interdependencies among partners can result in value creation through

collaborations. However, in instances where partners had to negotiate at every stage, there were implementation delays. For instance, in Cosmo City the public sector had land which was used as a lever for housing development. In another three projects (Olievenhoutbosch Extension 36, Savanna City and Thorntree View) the private sector possessed the land used for development. In Rama City, land belonged to the community, and was used as a means to approach the municipality.

Sometimes the lead partner had to use a “carrot-and-stick” approach to ensure that parties met their commitments. For example, they provided incentives. Conversely, they sought legal recourse, or reported a partner’s lack of cooperation to the responsible powers.

The “carrot approach” proved a more effective way of encouraging participation. The “stick” tended to lead to delays, because partners had to focus on litigation or legal defences.

A project head from Basil Read, who was responsible for Cosmo City, said:

“I won’t beat about the bush.... For instance, if I have a problem with a certain department ... we will go up as far as national. Our consumers will say: I do not want to sit around the table and the people are negative [sic]. I do not like it. We will do anything possible to report to make this possible.” (Respondent 12)

As mentioned, the interview data highlighted that it is challenging to coordinate partnership activities. This is exacerbated when parties do not have partnership policies and negotiation teams. There are tangible lessons to be learnt on how to handle such situations. Successful management requires dedication and special attributes: especially persuasion and listening skills. One respondent, who was head of planning at the City of Johannesburg and was responsible for the Cosmo City housing project, commented:

“I think it had a lot to do with me personally, and I’m not boasting at all. I am an experienced project manager in the right field and things like that and I was also quite senior at that stage to understand what is responsible and what is within the law and what’s not within the law and that’s how I dealt with it.” (Respondent 8)

However, the negotiation process during the implementation phase proved to be easier

when partners collaborated to resolve challenges. A project manager from the City of Tshwane, who was responsible for the Olievenhoutbosch Extension 36 housing project, noted:

“Basically, what we can say is that we were fortunate in a sense that the banking institutions that we were involved with they are not a power-hungry institution that turns to want to influence decisions unnecessarily [sic]. We still had the powers to run the projects and they listened to us very attentively, so there was nothing that was imposed on us that we did not feel comfortable about.” (Respondent 9).

5.2.5. PHASE 5: PARTNERSHIP CONCLUSION OR EXTENSION

In the fifth phase, the parties had two options when their partnership came to an end.

The first, which was not the most commonly followed, was to conclude and terminate the partnership because time had elapsed and it had delivered the partnership objectives.

The second option involved broadening the scope of the partnership to include aspects which were not covered in the initial negotiations but were required in the partnership – as well as address variations which arose during the implementation of the negotiated partnership agreements.

For example, in Thorntree View, the parties agreed to include a water reservoir which was not part of the initial agreement. This necessitated both operational and budgetary adjustments. On the other hand, in Cosmo City, the parties negotiated to implement a completely new project but similar project on an adjacent plot of vacant land.

Although timeframes stipulated precisely when a partnership should cease, it emerged that no partnership analysed in this study ended when it was due. Worryingly, some such partnerships such as Thorntree View and Cosmo City are still active today, more than twelve years after they began. This shows that it is difficult to precisely negotiate implementable actions, especially where there are budgetary constraints and scope creep. Arguably, the inability to adhere to timelines was caused by delays associated with:

- (i) planning and implementing such complex large-scale projects;
- (ii) budgetary constraints; and

(iii) reneging stakeholders.

Thus, the projects were rolled over several times: a contravention of the Municipal Finance Management Act (MFMA). In a way this adversely affected the level of public-sector trust because low private sector commitment to the partnership was cited.

A project director from the City of Tshwane, responsible for Thorntree View, indicated that:

“The City has spent over a billion already of the project, which included electricity and housing as well. So every now and then we need to put in an addendum ... to legal services to indicate that we have not actually deviated from the scope of work. It’s just that when the city requested 100 million, and used 70, the 30 became a roll over, so the project continues to run today even if it was from 2007.” (Respondent 10)

Sometimes project scope extensions were part of the conceptualised precinct development. For instance, when planning for developments, the private sector would take a holistic view, by securing or partnering in land adjacent to vacant land, so as to take advantage of already laid infrastructure. This would then enable low-cost development of the vacant land as it would already be serviced.

A project manager responsible for Thorntree View indicated:

“We are looking in buying more land ... the other side of the highway next to Thorntree, and I hope that in the future we might sort of revive or ...restructure a new turnkey agreement with the City based on the same success.” (Respondent 1)

5.3. THE INFLUENCE OF PROJECT CONTEXTUAL AND CONDITIONAL FACTORS ON THE PARTNERSHIP NEGOTIATION PHASING PROCESS

The second research question sought to establish the influence of project context, negotiation content, and negotiators’ skills on the phasing of the partnership negotiation process.

5.3.1. PROJECT CONTEXTUAL FACTORS

As shown in this study, negotiators paid particular attention to contextual factors when negotiating, because these played a crucial role in determining the content and route the negotiation process would take.

Put differently, negotiations are situational and involve dynamics of time and place. As extant literature suggests, when negotiating and structuring partnerships, cognisance should be taken of prevailing conditions and resource needs because these can influence the direction of the negotiations.

Contextual and conditional factors include, but are not limited to:

- Lack of basic infrastructure;
- Amount of developable land: ownership of vacant land earmarked for development which will become the physical location of the project site;
- Resources: availability or non-availability of funds;
- Capabilities: organisational expertise;
- Government policies and legislation;
- Political climate and political will;
- Macro and micro economies;
- Community needs;
- Culture; and
- Societal structure.

A project manager from Basil Read, who was responsible for the Savanna City project, commented:

“For government to roll over [sic] such a development, there is a lot of things that need to be in place. They need land. They need services. Where do they get that? So what the private developer did here was to unlock land ... to take green land and put services. And having services in there is going to cost a lot of money.” (Respondent 5)

Partnership negotiations are characterised by delays. These may be caused by several factors:

- (i) a lack of negotiating skills;

- (ii) weak institutional negotiation structure and framework;
- (iii) lack of organisational negotiation protocol; and
- (iv) weak organisational negotiation culture.

Moreover, this study showed that negotiations may be time-consuming: especially when parties negotiate without set/agreed negotiation time frames. This may mean that negotiations drag on for years before reaching agreements in each phase.

It is not clear whether these lengthy negotiations are inevitable. One respondent highlighted that:

“Things are quieter now and have taken shape. It was hectic in the beginning. We ran like headless chickens. Things improved as we went to the other phases. But it was only after we had agreed on what has to be done, cooled our heads, and shaped our path.” (Respondent 19)

Cumbersome government processes also lead to project initiation delays:

“Government processes are rigorous, in the approvals. Paperwork is onerous. There is admin and the trail of paper work ... delays the project development sometimes.” (Respondent 3)

In some cases, community resistance contributed to delays, especially in the planning stages. The head of planning at the City of Johannesburg, who was also responsible for the Cosmo City housing project, indicated that:

“It was a long journey because there was a lot of resistance from the adjoining communities. We ... had to fight the battle in the High Court.” (Respondent 8)

Therefore delays, intended or otherwise, had undesirable implications and far-reaching impact on the overall outcomes of a partnership. One development manager from Basil Read, who was responsible for the Cosmo City housing project, indicated that:

“At Cosmo City, it took us four years fighting objections ... four years to get environmental approvals. All that adds up on the holding cost. The more the holding cost become [sic], the more the housing package cost. So you start kicking some people out of the housing market who cannot afford it anymore.” (Respondent 12).

5.3.2. NEGOTIATION CONTENT

Negotiation content varied considerably per phase. In the initial phases it was shallow, but it progressively deepened in the subsequent phases.

The content of reports tended to be generic and somewhat vague in the first phase, broadly covering all aspects of the partnership with little focus on what it could achieve, and how. However, such reports were rich with intentions to deliver through partnership.

In this phase, negotiation content centred mostly upon what could be done jointly: what each party could contribute, and what benefits could accrue to both parties in the event of a partnership. Thus, they tended to be more inward looking and not perfectly focused.

A project manager from Midvaal Local Municipality indicated how they went at length to ensure that they are ready for the project before and during negotiations:

“Several investigations have been conducted on critical aspects of the development. In this regard, studies were undertaken on community facilities, integrated transport plan and waste management. Two other investigations, one on waste disposal facilities and another on less formal trading are underway.”

(Respondent 4)

Although content in the second phase was more detailed compared to the first phase, the proposals were still rather vague and needed to be concretised through the sharing of information and further meetings:

“The negotiations were social in nature, rather than business in nature [sic]. Hence when we started there was no legal department or legal people representing either party. It was only the association and ourselves as the housing people. We were focusing on the housing needs of the people in and around Garankuwa.” (Respondent 5)

However, the second phase was strong in that when parties started sharing detailed information, trust was built. This meant that proposals were considered more favourably. In short, detailed studies assisted partners to negotiate better deals.

A project manager from the City of Tshwane, who was responsible for Rama City, noted:

“It was easier because they came prepared knowing what they want from us....”

So when they put their proposal on the table we could not resist. Think of 2 500 low-cost housing, and we are facing such a backlog of housing in Tshwane. The people just came and said please assist us with this infrastructure in return of this piece of land where you can build houses for 2,500 people. Really, Tshwane as the custodian, we were duty bound to supply infrastructure in terms of the bulk services.” (Respondent 19)

Moreover, the process of identifying areas of common interest was in line with studies by Zartman (1988), and Greer and Jehn (2007) who posit that such a process is fundamental to collaboration.

A project manager from Valumax (SSDC), responsible for Thorntree View, described the initiation phase as follows:

“I think ... we approached it as follows, and that was: You as the City, you don’t have to worry about the physical implementation of the project, we can deal with that because we know how to.” (Respondent 1)

However, this study showed that although the process of defining the partnership content was based on gathered information, the actual *negotiation process* was found to be lacking in detail. For example, partners did not take time to define the processes which they would follow. Thus negotiations happened on an ad hoc basis, in response to prevailing demands or requirements rather than predetermined timelines.

One respondent indicated that:

“We had to literally think on our feet. We had never done this before, I’m not sure if we will do it ever again. There was no manual for it.” (Respondent 20)

In the third phase, the content of negotiations was more concrete, as well as forward and backward-looking. Forward-looking in the sense that the parties defined steps to be followed by all stakeholders to ensure that the partnership objectives were met; backward-looking because initial agreements were solidified, expanded/modified, and formalised so that they could be implemented.

The research showed that negotiations are never cast in stone, but are changed and/or revised in subsequent phases to accommodate pressing demands, address incorrect assumptions, and/or cover incurred or future costs due to delays.

This had a bearing on the phasing approach because it meant that activities could overrun and span several phases.

For example:

“What we realised when I started to get involved here is that some issues had to be further investigated, which was [sic] maybe not part of the initial agreement.”

(Respondent 4)

In the fourth and fifth phases, negotiation content was also concrete because at this stage partners had agreed on what the partnership ought to deliver, and how to deliver it. That helped them to prepare resources required for project implementation, even though they were not always able to provide resources on time.

5.4. THE INFLUENCE OF PARTNERS’ RESOURCE CAPACITY AND RESOURCE CONTRIBUTIONS ON THE PARTNERSHIP NEGOTIATION PHASING PROCESS

The third research question asked respondents how partners’ resource capacity and resource contribution influenced the way they negotiated how to share roles and responsibilities and paced the negotiation process, in order to resolve the project’s resource constraints in each phase.

This question had multiple intentions. Firstly, it sought to determine what type of *resource capacity* each partner had; secondly what resources each *contributed* to the partnership; and thirdly, *why* they offered to contribute such resources.

5.4.1. PARTNERS’ RESOURCE CAPACITY

Partners possessed different yet complementary resources. Although the public sector lacked financial resources, it provided grants in all projects. Most notably, the public sector had limited access to financial resources, whereas the private sector had easy access.

Such different resource capacities influenced each negotiation in unique ways. For instance, a project director from Basil Read (Cosmo City) indicated:

“We were able to get agreements and also drive all parties to deliver.”

(Respondent 12).

The private sector used its resource contribution to bargain during negotiations. Conversely, a respondent from Rama City Development Association noted:

“We took the opportunity because we had a lot of vacant land which we could use to accommodate our people. It was important to leverage ... our resources..... Indeed, beneficiaries are now back in their ancestral land.” (Respondent 16)

In such cases, parties used their resource contribution as a lever to influence the partnership negotiation process:

“If we did not offer the City land, I do not think it was going to be easy to influence the City because they wanted so many things. So we had to sometimes say no. We stood our ground until they agreed to provide the infrastructure and services.” (Respondent 17).

5.4.2. PARTNERS’ RESOURCE CONTRIBUTIONS

The study showed that challenging conditions prompted the government to offer the private sector lucrative incentives to make partnerships attractive.

The head of a City of Johannesburg department who was responsible for Cosmo City described how the municipality approached the private sector in this regard:

“In order to attract the interest of the private sector, we ... offered opportunities for the development to take interest in the project. So there was something for them to be made out of the project.” (Respondent 8)

Partners responded to context-specific requirements when addressing resource constraints, taking turns to lead in the different phases. For instance, one partner took the lead in *providing land* for development in the initial phases, while the other partner led in *developing* such land in subsequent phases.

However, as mentioned earlier, the private sector always had an upper hand because they came to the negotiation table with clear ideas of what they wanted. They also knew how to structure the details of their negotiations, especially with regard to each partner’s financial contribution, and the project yield structure.

The private sector further sought to maximise their reach by tilting the project yield in their own favour, but in instances where the public sector was stalling, they settled for 1:1:1 housing yield ratio in exchange for the public sector’s offer to provide bulk

infrastructure from the subsidy.

This meant that for each low-cost house built, there would be a matching bonded house and rental stock, or Finance Linked Individual Subsidy Programme (FLISP) bonded unit, built by the project.

The Executive Mayor's briefing notes for the official launch of the Thorntree View project on 9 October 2008 showed that the split was indeed around 1:1:1. Specifically: 3 921 RDPs, 3 252 credit linked (Gap Market) and 3 261 bonded houses.

This negotiation of almost equal ratio split meant that the private sector derived a lower yield than the public sector, which focused on two product yields: the bonded stock and rental stock.

Lack of resource capacity limited parties' ability to push for earliest possible project completion.

As one Cosmo City project manager commented, "The shortest possible time is impossible": a vivid encapsulation of the challenges that occur if a partner does not possess adequate resource capacity.

However, it is important to note that negotiated agreements differed from project to project. For instance, in the housing unit product yield structure of Olievenhoutbosch Extension 36, 20% of the total allocation was allocated to affordable units, as set out in a letter from a project manager from ABSA DevCo to the former strategic executive director responsible for Housing and Human Settlements at the City of Tshwane on 22 January 2008.

In short, parties negotiated for a certain contribution and yield structure which would not only be attractive to the proposal-receiving partner, but viable for all parties.

For example, a project manager from Basil Read (Savanna City) indicated that:

"Savanna City's overall development [consists of] approximately 18 400 residential opportunities, which we split equally for the three markets as it is now."

(Respondent 5)

Thus, the public sector was shown to contribute more than the private sector, because the public sector was bound to receive more units, in cases where the low-cost housing and FLISP were combined.

For instance, the contribution split ratio in a partnership like Savanna City was 60:40. In such cases, the public sector would contribute 60% in an attempt to target low-income earners supported by government subsidies. The remaining 40% would come from the private sector, in line with the higher cost of bonded housing for the private market.

Negotiations about which partner should take a certain role or responsibility proved lengthy in each phase. However, conflict was minimal because parties relied on prescribed determinations such as constitutional mandates for departments and a common purpose approach to allocate such roles.

A project development head from Basil Read (Cosmo City) indicated that:

“We know the Department of Education is responsible for the schools... and the Department of Housing obviously contributes to housing subsidies... Different departments are responsible for financing their part of development. On the private side, we ... have people who build houses; we talk to the commercial markets; we deal with the private markets. We also make sure it happens.”
(Respondent 12)

This research revealed that a project could not meet its objectives or obtain adequate resources unless roles and responsibilities were clearly defined. Extant literature confirms that in a well-crafted partnership agreement parties should agree on such issues, and commit their respective resources in line with specific and agreed timelines.

The study showed that parties allocated roles and responsibilities according to four broad criteria, the first being partner capacity:

“That is the only way to address all these pressing needs. At the end of the day we coordinate everything. We are the one-stop shop. We make sure that there are people to make sure these developments succeed. We take it from cradle to grave.” (Respondent 12)

The second criterion concerned legislated responsibility for specific deliverables:

“Department of Housing obviously contributes housing subsidies. All these different departments are responsible for financing their part of their portion as they are mandated to deliver on the development.” (Respondent 13)

The third criterion covered partner willingness, while the fourth focused on which party

was best suited to deliver a product or service. A project manager from Bigen Africa (Olievenhoutbosch Extension 36) noted that:

“Previously we have been involved with a couple of other projects and a couple of those were large scale projects. So I think City of Tshwane was comfortable in the skills and capacity available. And of course [we had] a good track record on delivery.” (Respondent 2)

At times it was relatively easy for partners to agree on their respective roles and responsibilities: for example, regarding township maintenance after project completion. However, in other situations such negotiations stalled. This adversely affected township management because it reduced the level of collectable rates and taxes.

Thus, research showed that cost implications may lead to conflict over roles and responsibilities. This situation can be exacerbated by the multitude of stakeholders involved: all regulated by different legislation and acting according to different interests.

Such realities highlight the importance of obtaining social and political acceptance from secondary and tertiary project stakeholders:

“It is such an integrated system, that ...as the development pans out we ... start realising who needs to assist and when they need to assist....The roles and responsibilities are very important.” (Respondent 5)

In all five projects studied, the public and private sectors were able to negotiate the sharing of resources to resolve resource constraints: albeit with varying degrees of success. Thus, the Cosmo City project was implemented as agreed, whereas in Olievenhoutbosch some agreements were not fulfilled.

In some cases, the public sector took the lead in resolving resource constraints; in other instances the private sector assumed this responsibility. The analysis further revealed that the outcomes of several negotiations were slightly skewed, with respondents' perceptions showing that the public sector was heavily reliant on the assistance of the private sector for addressing resource constraints.

A respondent from Bigen Africa, a private company which was involved in Olievenhoutbosch Extension 36, indicated that:

“ABSA Devco was responsible with the professional team to plan and to get all in place and to implement and build the houses with all its components.
(Respondent 2)

Thus, parties that possessed financial and technical expertise; skilled and experienced human capital; a strong organisational negotiation culture; and strong organisational/institutional negotiation support systems were more influential.

In the case of Cosmo City, the public sector used its land capacity to influence the decisions during negotiations with the private sector. The reverse was true in Savanna City where the private sector had land capacity.

However, in Olievenhoutbosch Extension 36 and Thorntree View the private sector used other resources to influence negotiation decisions in their favour. For instance, in Olievenhoutbosch, land was contributed towards the construction of bulk infrastructure:

“It boils down to the financial advantage of the developer. And in the negotiations the subsidy money and the financials advantage play a major role, and also the willingness of government to provide subsidies for bulk infrastructure.”
(Respondent 3)

Parties were generally willing to put more resources into the partnership to ensure that it would run smoothly and deliver the set objectives. One respondent from Midvaal Local Municipality expressed it thus:

“The other thing that’s important from a resource perspective is that we said as the development reaches a certain level of maturity, on a continuous basis, we will have to ensure that human resources are made available as well as equipment. However what makes a Savanna difficult to manage ... is significant disproportion in terms of expenditure to income streams.” (Respondent 20)

In some cases the private sector offered technical expertise and funding which government lacked. Thus, the private sector could drive profit, while government could deliver its mandate to provide housing.

The study showed the importance of such mindful flexibility, as a respondent from the City of Johannesburg (Cosmo City) indicated:

“The developer had to negotiate with us in terms of how he put the development

together. On behalf of the City, I made a commitment to him that I can only give him money for the bulk services and he has to roll out at a pace that coincides with the budget on my side, because if the City doesn't have money they will have to wait unless they can make a plan. So we managed the whole project all along ...and then I helped them with their cash flow in terms of certain concessions that were made.” (Respondent 8)

Sometimes, public sector partners found that technical experience compensated for lack of negotiation skills. For example, a respondent from the City of Johannesburg succeeded in leading his negotiation team in Cosmo City because he had in-depth knowledge of township realities, and a sound vision of what could be achieved through partnerships:

“Land and housing development falls within my domain, so I had a vision..... I could structure things along those lines and then once you've got your structure or framework in place, then you have to start establishing principles that will guide your negotiation process....Once I was clear about my principles, I took it to the political environment.... And they adopted that, and that is how they gave me the mandate.” (Respondent 8).

5.4.3. PARTNERS' NEGOTIATION SKILLS

Experience in handling negotiations, or the lack thereof, influenced the way negotiators managed the negotiation process.

Lack of capacity in the public sector affected the quality of negotiators. For example, one respondent from the City of Johannesburg who was responsible for Cosmo City indicated that he was a technocrat who was thrown into negotiation meetings without negotiation experience. Thus, he succeeded in leading his negotiation team because he understood what was required to establish townships, and he had sound visions of what he could achieve through partnerships.

“The land development, housing development fall within my domain, so I had a vision and I know how to achieve the vision. So I could structure things along those lines and then once you've got your structure or framework in place, then you have to start establishing principles that will guide your negotiation process. And then once I was clear about my principles, I took it to the political

environment,... And they adopted that and that is how they gave me the mandate to do that” (Respondent 8).

Lack of experience limited organisations’ conceptualisation capacity, resulting in haphazard approaches. A project manager from the City of Tshwane explained:

“There [was] no standard process followed to say: this is how to handle negotiations. [Un]like in normal formal negotiations where you find even the composition of the team [has a] different mix of people including legal, finance, and whatever.” (Respondent 9)

Lack of negotiating experience did not only result in haphazard and lengthy planning, but also blurred the transition from one activity to another. For instance, negotiators in Rama City took a long time to define their approach because they did not have experience. This led to negotiation paths that were markedly different from other projects.

The research also found that although some municipalities had been implementing large scale housing projects through partnerships in the past, they had not reached high levels of negotiation maturity because of volatile and ever-changing environments. This was exacerbated by the fact that the five-year political administration term led to a consequent need to renegotiate, in order to align with new political priorities.

As one respondent indicated:

“You find people who were involved in the project have changed. That happens at all levels, at local government there are new faces, at province there are changes, same at private companies.” (Respondent 3)

Moreover, high staff turnover also reduced organisations’ ability to build on lessons learned from past partnership negotiation initiatives. This drastically slowed down the process, and adversely affected subsequent phases. For example, the three projects implemented by the City of Tshwane were negotiated by different partnership negotiation teams, and no lessons were properly documented.

Private sector negotiation teams faced similar problems. They too had a high staff turnover and many negotiators lacked experience. However, an exception was the negotiators from Basil Read who were involved in both the Cosmo City and Savanna City projects.

Respondents expressed appreciation for the expertise such negotiators brought to the process. In fact, the Basil Read team was praised for sharing practical lessons from Cosmo City in the subsequent Savanna City project. This helped to shorten budget negotiations and made the development more attractive.

One divisional head who was involved in both the Cosmo City and Savanna City projects commented:

“Basil Read was involved previously in Cosmo City. So, I think they gained a lot of experience in Cosmo City.” (Respondent 6)

It can therefore be seen that the intricacy of HPPPs requires mature negotiators. Quite apart from the projects themselves, they have to manage the inherently complex nature of the partners’ relationships, and sometimes clashing regulatory guidelines.

Another challenge is how to handle transitions: both within and between phases. Research showed that this was especially difficult for organisations that lacked prior experience in initiating partnerships. Conversely, organisations with greater experience were better placed to handle pre-negotiation planning activities, and had a more detailed sense of what they wanted to achieve in a particular phase.

Again, Basil Read provided useful lessons to others in this regard:

“From the development company point of view, we based the development of Savanna City on another successful housing development: Cosmo City. That was a brain child of Basil Read Developments and we have learnt from the mistakes which were made in rolling out that development as an entity. So the resources ...the intellectual property that was gained through ... Cosmo City cannot be excluded from running and developing a development of this size.”
(Respondent 5)

Where teams lacked sufficient expertise, negotiations were handled by top management with decision-making powers. This study found that the negotiation process was much quicker in such instances, and also when decision-making powers were delegated to the negotiation teams, on the basis that senior management was kept informed.

In cases where respondents knew little about negotiations, they succeeded because they used their collective experience to tackle new tasks; they viewed the process as an opportunity to learn new skills; and relied on the support of those who had already

walked the path.

Some organisations strengthened their teams by enlisting capable internal personnel and external support. One respondent, who was the head of the planning department at the City of Johannesburg and responsible for the Cosmo City housing project, commented:

“I needed a partner that could walk through these processes with me and then support me.... So we needed town planning experts, we needed environmental experts; we also needed some transportation experts, traffic, engineering and all those things.” (Respondent 8)

It was shown that the best negotiators were repeat negotiators: those whose confidence had been enhanced by experience. However, some respondents felt they should have negotiated better deals. The head of the Housing and Human Settlements Department at the City of Tshwane indicated that:

“I found that in most of these [cases], government under negotiated themselves ... they almost came in as a weak partner, and basically private sector bulldozed themselves into this.” (Respondent 11)

In spite of this, initiating and implementing a partnership project enriched capacity, especially in organisations that deliberately saw such exercises as opportunities for learning:

“So it was long drawn out but I went through that, and that was how I accumulated evidence that could not actually be ignored in the bigger plan.” (Respondent 8)

A project director, who was responsible for the Olievenhoutbosch housing project, noted that:

“A lot of experience was gained in this project and that has assisted us to structure other projects like the one we are currently doing with Mogale City. These projects need a right mix to be cost effective because of the cost of land and cost of services, and that affects the long-term sustainability of the project.”
(Respondent 3)

As mentioned, many respondents strongly believed that the private sector should play a leading role in partnership negotiations because of its efficiency, effectiveness and

ability to deliver short turnaround times.

A project manager from Midvaal Local Municipality (Savanna City) commented:

“I would prefer the drive [to come] from the private sector because the private sector has got the ability to manoeuvre itself quite quickly. As you know government ... is not willing to be changing all the time and you need to go through many committees.... it can derail the whole project....The government sector can play a much better supportive role, because the private sector ...needs the support from the three spheres of government.” (Respondent 4)

5.5. THE INFLUENCE OF NEGOTIATING A PARTNERSHIP STRUCTURE ON THE PHASING PROCESS

This study showed that negotiators during the first two phases were relatively unconcerned about which partnership structure they were going to adopt. The most immediate issue was to reach initial consensus:

“Negotiations did not follow a certain pattern or a standardised pattern of negotiation. It started as informal until it was formal: until we reached an agreement.” (Respondent 19)

However, in the third phase this changed: as issues became clearer, structure became more important.

One respondent provided the differentiating characteristics and features in some of these case studies; different partnership structures/models were followed, taking into account prevailing conditional factors and unique contextual factors. For example:

“Savannah City is a complete separate entity that sits on the side. It is a private development company. I think we need to try differentiate between Cosmo City and Savannah City. The difference between the two really was on the Cosmo City there was a development company that was acting on behalf of the City of Joburg with regards to the property that was serviced and sold. Savannah City is a private development company” (Respondent 5).

The partnership structures which were adopted in the five case studies showed high variability levels. It emerged that in some partnerships (notably Olievenhoutbosch X36, Rama City and Savanna City), greater attempts were made to ensure that negotiation

structures were formalised, and that partnerships followed tight phasing procedures.

However, that was not the case with the other two partnerships, which respondents perceived as having followed an unstructured and informal route. Meaning, although structure was considered important, not all case studies endeavoured to agree on a particular type of structure when conceptualising their partnerships. Essentially, some partners bulldozed their way into the partnerships without due consideration of how their partnership should be structured. That allowed some partners to unilaterally drive the partnership, which led to unhappiness, and in some instances, project delays. This is significantly different compared to how negotiations are conducted in other fields, which regard partnership structures as essential elements of the process. One respondent involved in the Cosmo City projects indicated:

“I would say it is a matter of... no governance structure, nothing that drives this project, everybody is driving their own, and there is nothing that pulls the different parts together. I would say ... it is not clear who is leading. Is it government that is leading, or it is private sector?” (Respondent 7)

These sentiments were echoed by another respondent responsible for Thorntree View:

“You know there’s no formal partnership structure, there is only the land availability and the turnkey agreement. That was the basis on which we negotiated, on those principles. So those principles made it quite clear what is my role as being the turnkey contractor and the guy with the land and on the other side the city. So can I say yes that’s eventually that brought partnership together but is not a formal partnership like you will find in most probably in other projects where’s there’s definitely public/private partnership agreement. We never had to negotiate on those bases because of the fact that I am land owner, and turnkey contractor” (Respondent 1).

The study established that the structure of a partnership was closely linked to which partner led the partnership. Preference was on partnerships that were constituted as a separate structure or entity from the partnership initiating and sponsoring bodies. Partnerships run by independent bodies were considered appropriate and less biased and flexible.

The five case studies showed parties agreed that the private sector should lead in the

implementation of the project, and that significantly contributed to the smooth running of the negotiation process. It also significantly expedited the pace partners negotiated to share roles and responsibilities to resolve the project's resource constraints in each phase.

The study established that this approach was favoured because respondents perceived the private sector to be better positioned to lead the partnership because of its faster turnaround times and ability to drive efficiencies.

The study also established that the phasing process depicted unique elements not common to and slightly different compared to how the negotiations are conducted in other fields. For instance, the outcomes of the HPPP negotiations resulted in different outcomes compared to other partnership phasing approaches because it did not follow the National Treasury prescribed route of forming partnerships to the letter, but just assumed a hybrid of an integrated housing project implemented through the mirror of a partnership as recommended by National Treasury. Interestingly, some parties were fully aware and acknowledged that they did not follow the prescribed regulations by National Treasury to the letter. Therefore, although they referred to their partnerships as PPPs, they were cautious to call their partnerships "*true public-private partnerships*". The former head of the Housing Department at the Midvaal Local Municipality who was responsible for the Savanna City housing project indicated that:

"But I think from a triple P perspective, I wouldn't call this a triple P, I would rather say it is a relationship between the private sector and the government in terms of developing houses." (Respondent 20).

These sentiments were echoed by the head of the Housing Department from the City of Tshwane who indicated that:

"The reason we would normally go for a PPP and remember it's not public private partnership in the stringent regulated way as per National Treasury regulations of a PPP" (Respondent 11).

Although the partnerships did not adhere to all the PPP guidelines prescribed by National Treasury, they met some criteria in line with extant literature on PPPs. These partnerships could go through because they were not submitted to National Treasury for approval. Instead of, for instance, undertaking the prescribed route of registering the

project with the National Treasury, municipalities only sought Council approval for the partnership. Essentially, Council approval was sought for the fine details of the project because of the limited micro scope and interest compared to roads which have a far macro impact. One project manager from Midvaal Local Municipality who was involved in the Savanna City housing project indicated that:

“because all terms of reference that we prepared we submitted to Midvaal Council, so it is official, they had to approve all those terms of references, so they were approved” (Respondent 4).

The study established that some partnership negotiations followed centralised negotiation models, whereas others were decentralised because of the number of stakeholders involved in the negotiation.

The centralised negotiation model allowed for all negotiations to be handled by top management, unlike in the decentralised model, where negotiations were delegated to smaller committees for detailed attention, analysis and planning, which were later sent to top management for final decision making and/or ratification. It shows that certain negotiation structures are best suited in a context where hierarchy should be observed and centralisation of decision making be encouraged.

Cosmo City, Thorntree View and Savanna City followed the decentralised approach, whereas Olievenhoutbosch and Rama City were more centralised.

Negotiations through small committees assisted in building trust and ensuring focus. This significantly improved decision-making turn-around times. A respondent from Midvaal Local Municipality commented:

“If there was a specific problem we could resolve it literally in days. Because you don't have to go through a fancy committee system and ... then go to the Council which sometimes sits only every two or three months, it means your decision making goes much faster.” (Respondent 4(2))

Other benefits of smaller committees were described by a City of Tshwane project director, responsible for the Thorntree View project:

“You are able to negotiate with the team on the ground and understand what they need, so when you come to top management level you don't bother with things that are not necessary ... to ensure compliance with the norms and standards.”

(Respondent 10)

In some partnerships negotiations were streamlined, and were escalated from sub-committees that were delegated with some decision-making authority, to bigger communities with final decision-making powers.

A project manager from Basil Read, (Savanna City) commented:

“When I was appointed...I said to the developer: ‘how are we going to run this thing?’ We came up with this model and ... developed the terms of reference. So ... myself and the project manager from the developer’s side prepare reports to that committee. ...If there are any important decisions ...we say this is what needs to happen.” (Respondent 5)

Thus, streamlining the process strengthened negotiations because it allowed heads of departments to take charge and speed up the process.

For instance, The City of Tshwane Mayoral Council approved on 26 June 2003:

“The Strategic Executive Office: Housing, City Planning, Land and Environmental Management be authorised to such agreements on behalf of Council. The Council further resolved that Strategic Executive Office: Housing, City Planning, Land and Environmental Management, in consultation with the Legal and Secretariat Services, be authorised to negotiate a purchase price with the land owner (SAFDEV SSDC) and also be authorised to negotiate with the Gauteng Housing Department to purchase the land, and transfer the land to CTMM” (City of Tshwane, 2003, p.3)

Delegating negotiations to sub-committees was encouraged because this enabled key personnel to focus on taking strategic decisions for the success of the partnership. Furthermore, including all stakeholders in a partnership governing structure promoted innovativeness.

However, smaller committees had their own limitations. For instance, top management sometimes overruled technical decisions taken by those on the ground, thus escalating project costs.

A project manager from the City of Tshwane (Olievenhoutbosch) remarked:

“Look, it normally takes you more than one year to do the planning of the project

and then from a business perspective, that has got serious financial implications. So by the time we got to the delivery of the product, it was ... plus minus two to three years that our negotiations started. That is what has affected the pricing process.” (Respondent 9).

5.6. POWER BALANCE DURING NEGOTIATIONS IN EACH PHASE

The fifth question sought to establish what power balance existed among partners across the life cycle of the partnership.

In the first phase, partnerships were characterised by symmetrical power relations. Parties often pretended to be promoting a win-win situation, but their intentions were aimed at a win-lose. Moreover, some parties, especially lead partners, were very careful not to jeopardise established long-term stakeholder relationships in which there were longitudinal interdependencies

The private sector sometimes participated in partnerships for the common good, although several respondents reflected that the business of private sector was to make profit:

“A developer will never do anything if there’s no bottom line to be benefited from and I believe the role of government is to ensure that there is a balance with that.”
(Respondent 20)

However, parties who participated in HPPPs did not view them as a short-term measure to make profit. They generally understood that negotiations take long to come to fruition, and partnerships should be nourished on that basis.

Furthermore, the study showed that the private sector also tried, over and above its attempt to reach its profit objectives, to promote a social responsibility component in its partnership initiatives. One project manager from Midvaal Local Municipality (Savanna City) remarked:

“You cannot just get a partner who thinks they are going to make a few quick bucks and will get out of this and be rich one day....It is a long-term partnership.”
(Respondent 4)

Lengthy negotiation periods were deemed undesirable: especially by the private sector.

Phrases like “going around in circles”, and “it looked like it was just pie in the sky”, were used to describe such frustrating situations.

One respondent, who was a project manager at Savanna City, admitted:

“Ja, there was a time in those years when the developer thought this thing is never going to get off the ground. (Respondent 4)

The lack of negotiation guidelines and timelines added to the complexity of the process, and resulted in lengthy delays. However, research revealed that protracted negotiations could have positive repercussions as well as negative ones.

For example, most parties negotiated with the aim of building long-term relations, instead of entering into partnerships for short-term gains:

“You must also have the intention to make a contribution to building South Africa. If that is not the case, then it is not going to be successful. It is not an easy route because there are so many role players.” (Respondent 4)

In line with existing literature, this study also showed that lengthy negotiations tend to suit private sector bodies because they not under any time pressure to deliver housing. Furthermore, they sometimes actually use delaying tactics as a strategy to pile pressure on the public sector to make concessions in their favour.

Conversely, the public sector has to address the housing backlog and appease the electorate within given political administration periods. They also face increasing pressure from local communities who, as soon as they become aware of government plans to develop housing, invade and occupy such land by erecting shacks overnight. By so doing such communities hope to be prioritised in the allocation of houses, and to benefit from the procurement process.

Although most parties tended to follow an integrative solution bargaining approach based on win-win consensus, the public sector complained that the private sector benefited more from such partnerships. Moreover, some respondents believed the balance of power became less equal once parties had shared resources during the implementation phases.

Respondents were also of the view that parties would always “battle” for superiority, regardless of the process. This might occur because partners “overstepped their mark”

or because they disrespected “the rules of the game”. Ultimately, the power balance in all five cases was never equal because parties always tried to protect their own interests. Essentially, power constantly shifted during negotiations to the partner who contributed more resources at that particular phase. However, it only shifted slightly, not drastically.

5.7. CONCLUSIONS

This chapter provided a detailed analysis of the primary and secondary data, in relation to the research questions.

Table 5-1: Summary of the study's findings.

Case Context & Content	<i>Cosmo City</i>	<i>Olieven X 36</i>	<i>Rama City</i>	Savanna City	<i>Thorntree View</i>
Phases.	<i>Five</i>	<i>Five</i>	<i>Four</i>	<i>Five</i>	<i>Five</i>
Addressing contextual limitations.	Quantified housing needs and address large housing backlog.	Address large housing backlog.	Provide housing for land claimants.	Land availability agreement.	Address large housing backlog.
Resource contribution.	Land donated by public sector.	Land donated by private sector.	Land donated by community.	Land donated by private sector.	Land donated by private sector.
Partnership structure	Private sector led.	Private sector led.	Community led.	Private sector led.	Private sector led.
Power balance	Power shifted in each phase depending on the partner contributing more resources.	Power shifted in each phase depending on the partner contributing more resources.	Power shifted in each phase depending on the partner contributing more resources.	Power shifted in each phase depending on the partner contributing more resources.	Power shifted in each phase depending on the partner contributing more resources.

The following chapter provides discussion of the research, based on the findings of the five case studies.

CHAPTER 6

6. DISCUSSION OF FINDINGS

6.1. INTRODUCTION

This chapter discusses the study's findings. It is structured in line with the five research questions, associated propositions as well as extant literature on the process of negotiating housing public-private partnerships as reviewed in Chapter 3 above.

The discussions cover:

- (i) the number of negotiation phases;
- (ii) the influence of contextual and conditional factors on negotiations;
- (iii) the influence of resource endowment and resource contribution on negotiations;
- (iv) the influence of partnership structure on negotiations; and
- (v) power balance among partners.

The following propositions were advanced:

Proposition 1: The number of phases observed when negotiating housing public-private partnerships differs according to national contextual factors.

Proposition 2: Contextual and conditional factors significantly influence the negotiation activities in each particular project.

Proposition 3: The negotiation of each partner's roles and responsibilities, and pace of negotiation is influenced by each partners' resource capacity and willingness to contribute resources that will resolve the project's resource constraints and organisational objectives.

Proposition 4: The manner in which partners negotiate to share roles and responsibilities to resolve identified resource constraints in each partnership is influenced by the type of partnership structure/model adopted.

Proposition 5: Due to the resource contribution and to the long-term nature of

housing public-private partnerships, power balance does not shift during the life-cycle of a partnership because it is in the interest of both partners to maintain cordial relationships.

All the findings, except one, are in line with this study's propositions as advanced above.

The study established that indeed:

- (i) housing public-private partnership negotiation process happens in five phases: a finding that significantly challenges existing research, which has never recognised so many. It is so because partners seek to build long-term relationships;
- (ii) the process of negotiating partnerships was guided by a "push" to see that the partnership indeed provided a joint solution to an identified challenge;
- (iii) each negotiation phase requires unique content focus and negotiation skills sets which differ significantly in line with the required negotiation activities and negotiation context per phase;
- (iv) a project's resource constraints, partners' resource capacity and willingness to contribute resources significantly influences the pace of negotiating each partner's roles and responsibilities;
- (v) the adopted partnership structure/model influences the manner in which partners negotiate to share roles and responsibilities to resolve identified resource constraints in each partnership; and
- (vi) lastly, contrary to the researcher's earlier views, power balance does not shift drastically, but just slightly during the life-cycle of a partnership. Power constantly shifted during negotiations to the partner who contributed more resources at that particular phase. The long-term nature of partnerships encourages partners to maintain cordial relationships and to build trust rather than seek short-term gains.

In light of these findings, a **revised housing public-private partnership negotiation framework** is proposed (see Figure 6.1), which takes into account the factors which were accounted for differently in the initial model presented in Chapter 3.

The framework provides clarity on:

- (i) how to phase housing public-private partnership negotiations, and which factors should be negotiated in a particular phase;

- (ii) when to share information during partnership negotiations to determine the negotiations agenda;
- (iii) how partners should negotiate within the budget and other resource constraints;
- (iv) how to approach partnership negotiation structuring appropriately; and lastly,
- (v) understanding the factors that influence the balance of power between partners and how to deal with power imbalance if there is any, in line with Huxham and Vangen's (2003) advice.

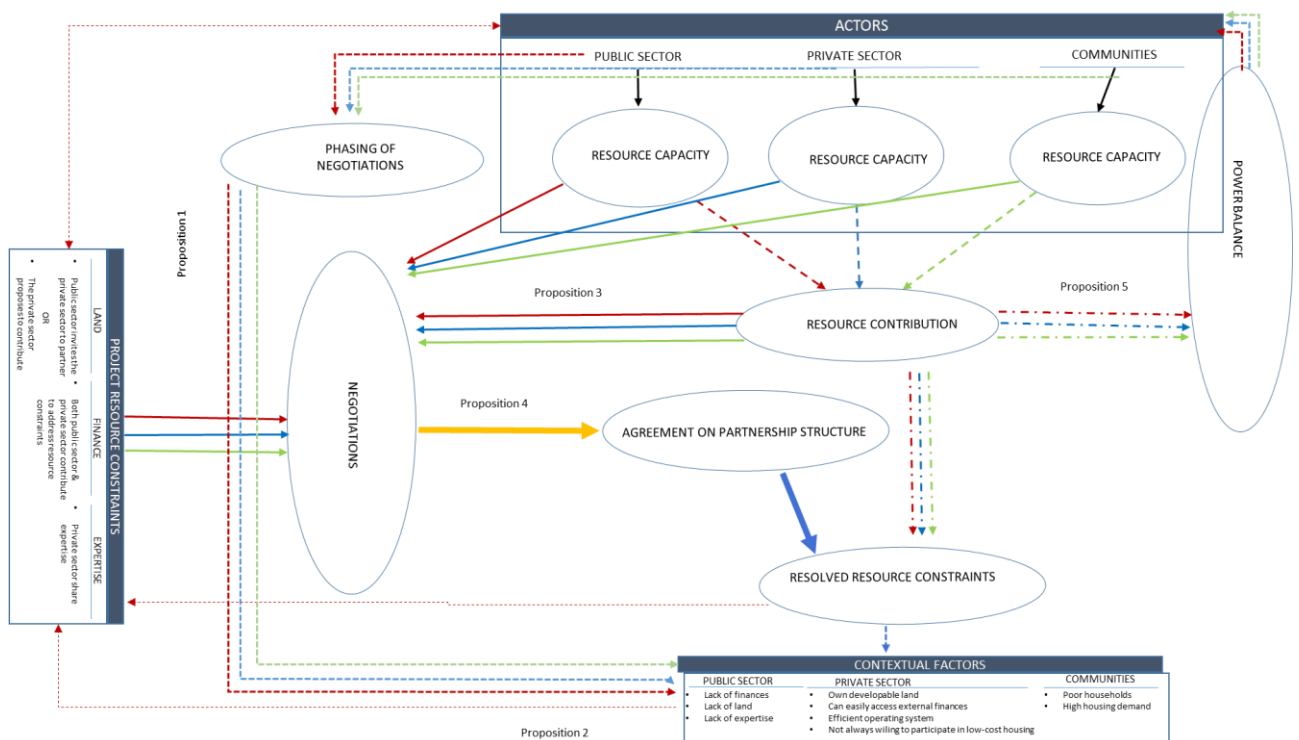


Figure 6.1: Revised housing public-private partnership negotiation framework

The study's findings are discussed in detail below, structured in line with the five research questions and propositions respectively. This is done to reflect on areas where there is convergence or divergence from the existing literature, the propositions and the study's findings.

6.2. HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATION PHASES

The study began by identifying the number of phases followed when negotiating housing public-private partnerships in a South African context.

This study's main finding is that unlike the other partnership negotiation processes, *the negotiation process progressively happened in five distinct yet mutually dependent phases* (a finding that significantly challenges existing research, which has never recognised so many) due to the resource contribution and the long-term character of the housing public-private partnership negotiation process in South Africa.

The five phases are:

- (i) Phase 1: Partnership conception and initiation;
- (ii) Phase 2: Partnership negotiation;
- (iii) Phase 3: Partnership cementing;
- (iv) Phase 4: Partnership implementation; and
- (v) Phase 5: Partnership conclusion, or extension.

Henceforth, these five phases are termed the housing public-private partnership negotiation *lifespan*.

This finding is in line with the research proposition that the number of phases observed when negotiating housing public-private partnerships differ according to national contextual factors.

The findings on the five phases reflect a clear departure from the existing literature, which pointed out that negotiations commonly proceeded in either two (O'Looney, 1992), three (Fisher et al., 1979; Zartman, 1975; Murtoaro & Kujala, 2007), or four phases (Ahadzi & Bowles, 2004) respectively.

Essentially, contextual factors played a major role. Taking from Hofstede (1986), a South African national character is described as, and characterised by close ties and high levels of cooperation from negotiation partners.

Although the housing public-private partnership negotiation life-span is comprised of five distinct phases, the findings show that each phase is characterised by specific and unique activities that should be seen as attributes of that particular phase (see Figure 6.2 below), and should be seen to be contributing towards a particular outcome. This is in line with Zartman's (1975) postulation of identifying "turning points" along the way to define outcomes per phase.

The findings further provide distinctions about each phase, clarifying what happens in each phase. It distinguishes activities marking where each phase starts and ends, a

departure from Huxham and Vangen's (1996) argument that it is impossible to attempt such illustration.

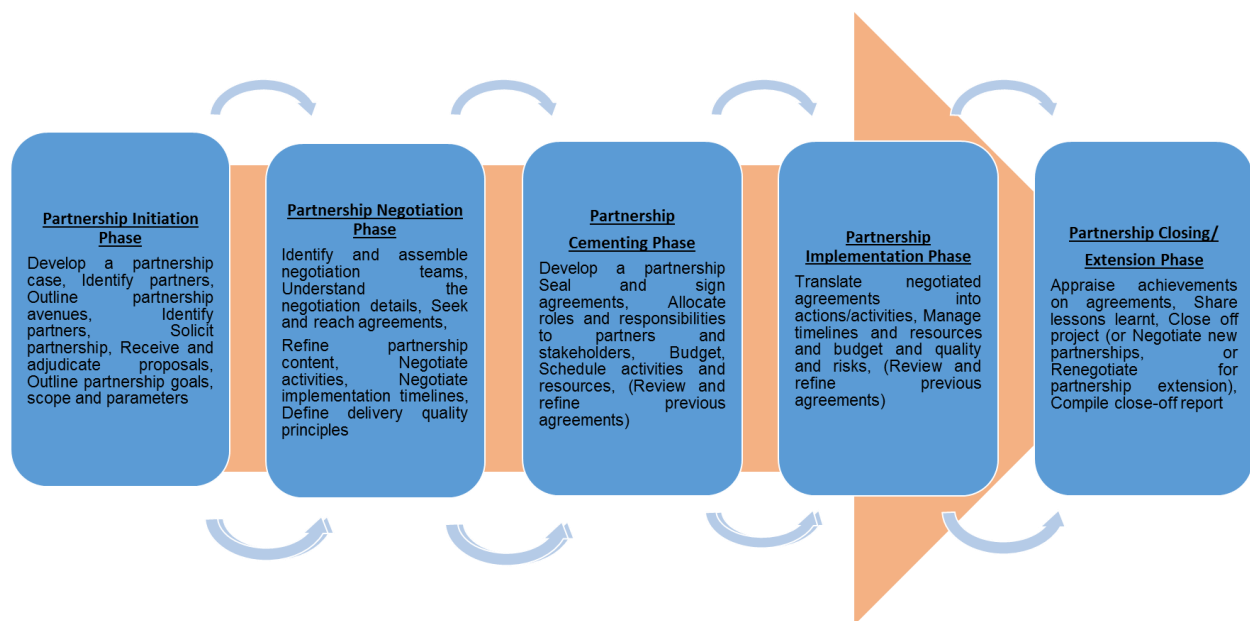


Figure 6.2: Housing public-private partnership lifespan and key negotiation activities.

The findings on the five phases are discussed in detail below, reflecting on their significant characteristics and inherent dynamics.

6.2.1. PHASE 1: PARTNERSHIP CONCEPTION AND INITIATION

This is the first of the five phases. It can be characterised as *conceptual* because it dealt with abstract and hazy ideas, and the negotiation content was *broad*.

The activities in this phase were directed at establishing rapport with the negotiating partner in order to gain trust, more than on the actual deliverables of the said partnership.

Parties also took a lot of time examining the submitted documents, redrafting and re-examining the content of the proposals.

The findings further show that negotiations in the first phase tended to be *lengthy* because negotiators were not focused and lacked direction; they have not yet familiarised themselves with the negotiation process, approach and content (see Figure 6.3).

This phase was also characterised by a lot of toing and froing; it took a lot of time and

effort to perfect the content of the partnership.

Over and above that, the negotiation pace was also slow, owing to the lack of negotiation policies and framework. Furthermore, not all parties made efforts to define the negotiation route with deliverables and timelines before they started negotiations. Projects took longer to complete initial negotiations because parties plunged into negotiations like a swimmer into the waters without first checking how deep the water pool was.

It essentially took an average of eight (8) years for partners to negotiate the first phase. However, the negotiation period reduced drastically once initial agreements were reached. For instance, projects took up to five (5) years in the implementation phase, and just more than three (3) in the exit or renewal negotiations.

Essentially, the need to address contextual challenges limited the speed of negotiations in the first phases. Reaching agreements on how to address contextual factors drastically slowed the pace of initial negotiations.

This finding highlights the need to flesh out and realign activities and negotiation content per phases to accommodate these unique phase requirements.

Thus, to address this, municipalities should focus their attention on setting appropriate negotiation structures, frameworks and policies, rather than leaving the private sector to lead the process alone.

This study departs from Ahadzi and Bowles' (2004) four phases approach in the sense bid evaluation functions are moved from the second phase to the first phase. In this case, bid evaluation forms part of establishing working relations instead of focusing on core partnership details. The difference emanates from the understanding that bid evaluation involves partners trying to evaluate if there are common grounds for working together or not, and adjudication to determine the feasibility of such proposed partnership.

Another distinction is that award forms part of the third phase in HPPPs, not a separate distinct phase (fourth phase) as proposed by Ahadzi and Bowles.

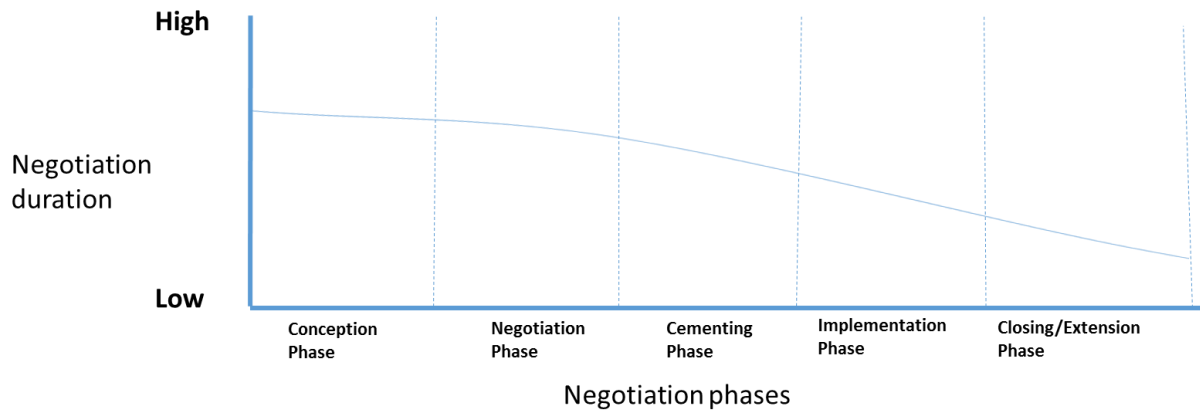


Figure 6.3: Illustration of negotiation duration per phase.

Although negotiations took too long, some positives emerged.

Partners developed *trust* because they spent most time together negotiating and planning. Meaning considerably over time, they became familiar and got close to each other; which drastically reduced the negotiation periods in the subsequent phases.

The argument is that when circumstances bring the negotiating parties closer, they start to understand each other's interests and operating systems in detail, which is difficult for them to do at the beginning of the partnership negotiations stages because they are not yet familiar with each other, and at times, suspicious.

Although the first phase tended to take longer to negotiate, the process gained considerable momentum in the subsequent phases when negotiators were clear about the process, content and approach.

Presumably, in the initiation stages, parties tend to be calculative and play their cards closer to their chest. In cases where they share information, they do not openly share strategic information fearing that they may be taken for a ride.

Although most time was spent on this phase, the intensity of the negotiation details were relatively low; because the details were a bit flimsy, shallow, and there was no urgency to conclude negotiations because they did not have proven negotiation strategy.

Parties at this stage concerned themselves with setting the negotiation *parameters*, rather than detailing the parameters. The absence of a well-oiled organisational negotiation machinery meant that partners had to spend most of their time on the first phase preparing and sharpening their negotiation approaches and negotiation

strategies.

Attempts to clarify negotiation content also significantly slowed the negotiation pace. However, the influence of negotiation content on the negotiation pace should not be viewed in isolation, but as part of a bigger picture because the content permeates through numerous phases, and activities differ considerably per phase. Similarly, familiarity improves per phase.

However, the negotiation span tended to be higher in this phase because partners were still trying to find each other, and novice negotiators have not yet conceptualised their approach; separated issues that needed their focus and immediate attention.

There was pressure upfront as parties tried in earnest to understand what their decision could mean for their partnership.

Thus, flowing from Hofstede (1986), to reduce the negotiation span in the first phases, where negotiations are intense and content is vague, it is desirable to use negotiators who have low uncertainty avoidance levels at the initial phases to drive the process; where the outcomes are still ill-defined, in order to get the partnership negotiations into the right negotiation mind set.

However, although these phases are illustrated as distinct and unique to each other, the content negotiated in each phase showed coherence, aimed at addressing identified contextual challenges.

Furthermore, the findings showed that the frequency and intensity of negotiations varied per phase. Essentially, the frequency and intensity of negotiations gradually rose as the negotiation process progressed, and dropped accordingly in the final phases. The levels dropped in the final phases because agreements have been implemented, and organisations start to pay more attention to the negotiated content, lest they incur fruitless and wasteful expenditures.

Similarly, the findings showed that details of the partnership structures were best reserved for discussions in the later parts of the negotiations, when all partners have a good idea of what they want to achieve, rather than in the first phases.

Furthermore, the awareness that negotiators can return and renegotiate a point which they have already negotiated and agreed upon in the earlier phases, made leaving ends untied not a big challenge during the partnership negotiations process. However, efforts

should be made in the latter phases to tighten those loose ends. Essentially, negotiators should set milestones which they should achieve per negotiation phase in order to reduce negotiation spans, and renegotiations.

Equally, although this phase was characterised by low trust levels, partners reciprocated by sharing information in an attempt to strengthen the basis of their relationship.

Furthermore, the findings showed that different negotiation styles were used. Partners approached the partnership negotiation process either using a soft-line or hard-line negotiation style.

The two styles were used appropriately and served different purposes. The soft-line style was useful in pursuing agreements, and the hard-line style was useful to push partners to make concessions. For example, the soft-line style provided incentives to attract the counterparts to commit to the partnership. On the other hand, the hard-line style was found to be useful in:

- (i) coercing partners to toe the line and/or provide information required to make informed decisions;
- (ii) soliciting concessions; and
- (iii) driving positive commitments.

Each approach was useful in deriving value and was useful to the proposal-receiving partner to push the proposal-submitting partner to share more information which was used to make informed decisions.

Applying pressure (either through a means of “reporting to principals” or following “the legal route”), served to prompt partners to deliver as per agreements.

In some cases, the public sector followed a hard negotiation style to satisfy itself that whatever relationship it entered into, were not detrimental to its long-term viability and survival.

Although both styles were commonly used, the most universally-used negotiation strategy by the partnership-initiating-partner in housing public-private partnership negotiations was the soft-line style, and the opposite holds true for the proposal-receiving partner.

However, there is a parody in these two extremes. Based on the Prisoner’s Dilemma

analogy, partners who pushed hard to get concessions risked the chance of continued collaboration; which meant limited business opportunities in the future.

Likewise, those who used the soft-line style stood a better chance to get an agreement. However such agreements came with a lot of compromises and concessions; which were essentially detrimental for partnership sustainability and private sectors' continuance as a going concern.

In long-term relationships, partners primarily tended to build their relationship mostly on trust as opposed to applying pressure or using confrontational tactics. For instance, Fisher (1983) postulates that when a negotiating partner display "candor, honesty, integrity, and commitment to any promise...[their] capacity to exert influence is significantly enhanced" (p. 155).

Thus, the understanding of which style to use put a partner in a good stead to drive favourable win-win agreements during negotiations.

The study established that during negotiations, the private sector was always interested in how municipalities can fast track the internal processes related to township approvals and registrations, layout plans approvals, township establishment, Environmental Impact Assessment studies, as well as road, water and sewer services designing.

The private sector seemed to favour quick turnaround times because through that, they were able to contain their project costs, and thus deliver a product quickly before their borrowed money generated more interests.

Furthermore, the slow negotiations pace (average of seven years) dictated to the private sector to renegotiate; most building material prices and specialist's charges would have gone up in line with annual price increases and inflation.

Thus, the rising cost meant that the private sector had to raise its bid costs or reduce its initial planned housing yield or product size.

Whichever way one may look at it, the direct implications are that the state unintentionally reduces its project total yield and house size, to be in line with the project cost structure.

It therefore makes sense that in most instances, the private sector initiated renegotiations of partnership terms because almost all the projects took longer to conclude negotiations, which had negative impact on their financial position: it raised

interest costs on the borrowed funds.

Hence, to make these partnerships *viable* for the private sector and less costly overall to the public sector, the public sector should *speed up internal processes* related to township establishment, township proclamation, township layout and detailed designs approvals.

In instances where government delays the planning process, it in a way foregoes the chances of having more houses built through the partnership because of escalation related costs. On the other hand, where the public-sector pursues partnership in instances where the land belongs to the private sector, the government benefit by implementing the project closer to the Central Business District (CBD), but at the end of the day will have less number of houses, of smaller sizes, of better quality, and located in more functional places. This is a political risk municipalities have to manage during the negotiation stages.

It can thus be said that delays affect the numbers, and is not sustainable.

Lastly, parties started to exert their power from the beginning of the partnership negotiation process when they gathered and shared factual data. As much as gathering of information is an essential step in preparing for negotiations, it is also an essential step in determining power.

Essentially, gathering information allowed the negotiation teams to establish their power base and determine their negotiation ceilings so that they could set *realistic goals*, which is a sound ground for debating and persuasions during negotiations.

However, partners' power balance is justified by the need to build lasting relationships.

The table below provides a summary of the elements that characterises the Conception and Initiation Phase:

Table 6-1: Characterisation of Phase One.

Element	Phase One descriptive characteristics
Negotiation capacity and contribution.	Capacity to draft requests for proposal, write proposals and evaluate proposals.
Negotiation skills.	Rapport building skills, proposal writing skills, and proposal evaluation skills.
Negotiation activities.	(i) Getting the process started (ii) Identifying partnership avenues (iii) Soliciting partnership

	(iv) Building relations (v) Identifying common grounds (vi) Developing & publicising request for proposal (vii) Adjudicating proposals (viii) Assembling negotiation teams (ix) Approving / authorising
Negotiation content.	<ul style="list-style-type: none"> • Emergent • Unstructured • Lacks detail • Flimsy • Broad
Negotiation outcomes.	Agreement between partners to partner.

6.2.2. PHASE 2: PARTNERSHIP NEGOTIATION PHASE

Negotiation attention in the second phase shifted to “number games”. Negotiations become intense, detailed and prolonged. The negotiation content focused on what can be achieved in such a partnership, at what cost, what would be the risks, and who shall take which roles and responsibilities.

There was also greater attention to negotiation content, which in this phase was much detailed and focused. It progressively built upon earlier negotiations, by either i) confirming, ii) reviewing or iii) changing earlier agreements: to concretise those earlier negotiated items. The same could be said about the process in the subsequent phases.

The second phase was also characterised by sharing high quality content partnership documents; useful to assist partnership-proposal-receiving partners to review deliverables.

Most of the activities in this phase were similar to Murtoaro and Kujala’s (2007) second phase. Partners discussed:

- (i) roles and responsibilities;
- (ii) level of contributions,
- (iii) the sharing of costs and risks; and
- (iv) structural/governance arrangements of the partnerships.

Arguably, high quality content demonstrated the partnership-proposing partner’s commitment to the partnership. Partners used the gathered information to consider their options. It assisted them to determine and define their primary position, and secondary/fall-back position.

Negotiation literature refers to these acceptable positions as a settlement or bargaining range.

The negotiation teams made efforts to compensate for abstractness in the first phases by requiring that negotiated agreements be reduced to a written form. The submitted information was sometimes used to solicit further counsel from experts on decisions they were supposed to take.

This phase can be termed the *deal breaker*; it is where the main agreements are reached. Partners persuade and coerce each other.

The findings showed that the process required that both negotiating partners to have a sound appreciation of what can be achieved through their contributions. For instance, the public sector's mandate to contribute certain resources was mostly premised on their legislated mandate and project requirements; so that they could derive value from such contributions.

The public sector negotiated based on the grants and subsidies, and they negotiated to cover the cost of constructing bulk infrastructure so that they could direct developments.

In instances where the public sector provided bulk water and sewer infrastructure through grants and subsidies, they negotiated that the poor households be incorporated and integrated into the development so that the poor were not left settled in the periphery.

Furthermore, the findings showed that the public sector solidified the negotiations so that there could be certainty in terms of the contribution streams. Likewise, it enhanced the private sector's income streams.

In all the partnerships, the private sector negotiated to provide internal services in exchange for which the public sector would provide bulk infrastructure, deal with the township approval processes quickly, and conduct Environmental Impact Assessment (EIA) studies, especially in cases where the project was implemented on public sector land.

However, negotiations within this phase had also been found to be lengthy, complex, intensive and interactive because of the renegotiations required to afford partners an opportunity to review and solidify earlier agreements. This meant that partners took long negotiating and renegotiating until agreements could be reached on a particular aspect,

so that they could proceed to the next phase.

Essentially, concepts were revisited (renegotiated) until a point where agreements were reached (see Figure 6.4). This finding is in line with Zartman's (1975) turning point concept discussed in Chapter 3 above.

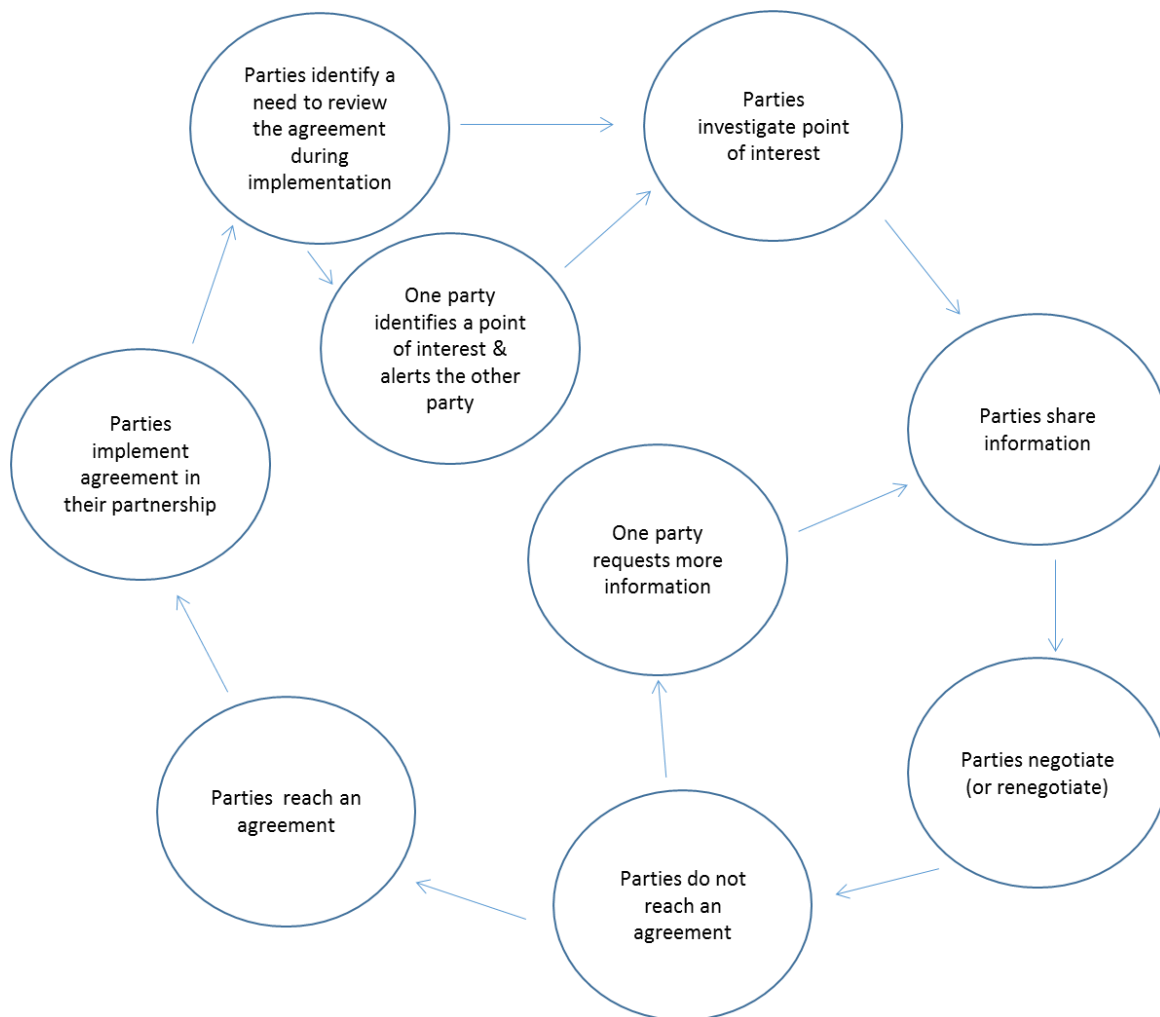


Figure 6.4: Illustration of the housing public-private partnership negotiation process.

From this phase onwards, the trend starts to show that negotiations are not linear, but iterative.

The findings showed that renegotiations were common. Essentially, agreements reached in the preceding phase(s) become changed, revised or amended in the subsequent phase(s). However, such changes, revisions or amendments only affected agreements reached up to that point.

This implies there is order of content precedence in the negotiations which should be observed. Put differently, negotiations in a subsequent phase flow from agreements reached in the preceding phase(s). Meaning, negotiations at any subsequent phase allows for confirmation, review, or amendment of agreements reached in the preceding negotiation phase or phases. Changes that happen in the subsequent phases only affect the agreements reached in the preceding phases.

It shows that the parties had to jump through some hoops before moving forward. Figure 6.5 below illustrates the negotiation agreement iterations.

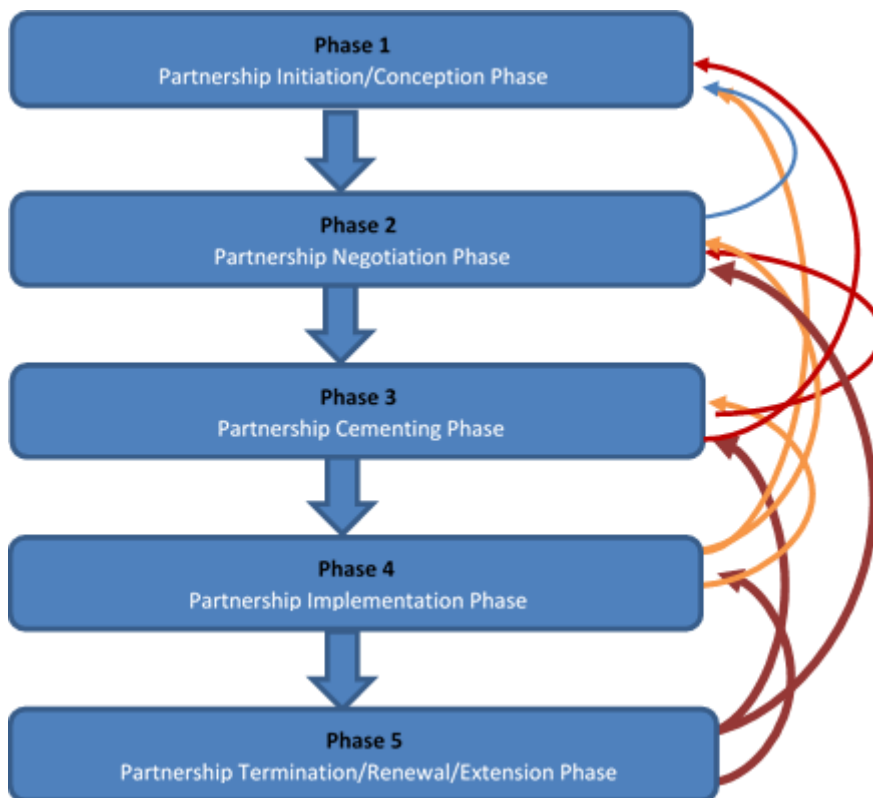


Figure 6.5: Illustration of the phases and the iterative nature of negotiations.

The findings clearly illustrate that although there were *clear-cut steps* in the partnership negotiation process, the process was far from being sequential (as depicted in Figure 6.5 above).

Essentially, negotiations went in increments and in loops, reflecting negotiation “turning points” per phase. This shows that the process does not follow a linear path, but is *ongoing and reiterative*. Each phase represent a negotiation loop. Hence, the

partnership negotiation process should be modelled as an *involved, dynamic and complex process*, a view already captured in the extant scholarly literature by several researchers (Sebenius, 1992; Lowndes & Skelcher, 1998; Koppenjan, 2005; Sengupta, 2006a; Sengupta, 2006b).

The organisational collaboration theory was helpful in modelling the complexity of the process based on a heterogenic scope present whenever public and private sector bodies collaborate, because their founding principles are asymmetrically opposed and rooted in different value systems; public sector promotes economic and social development, whereas the private sector is profit-driven. This inherent characteristic requires negotiators to know when and how to move, when and how to retreat, as well as to know when and how to reconsider the other partner's proposals.

These *dynamics* are central pillars to successful partnership negotiations.

Furthermore, the negotiation span was reduced considerably in this phase. Parties saw it necessary to share the information as they had reciprocated and gained each other's trust.

On the other hand, the intensity and frequency of negotiations rose accordingly in the second phase because parties had better ideas of what they wanted achieve in the partnership, had established rapport, and were interested in concluding the deal and delivering on the outcomes (see Figure 6.6). The diagram further shows that in case of scope extension negotiations, the levels and frequencies of negotiations rise once again (shown by the the dotted ring).

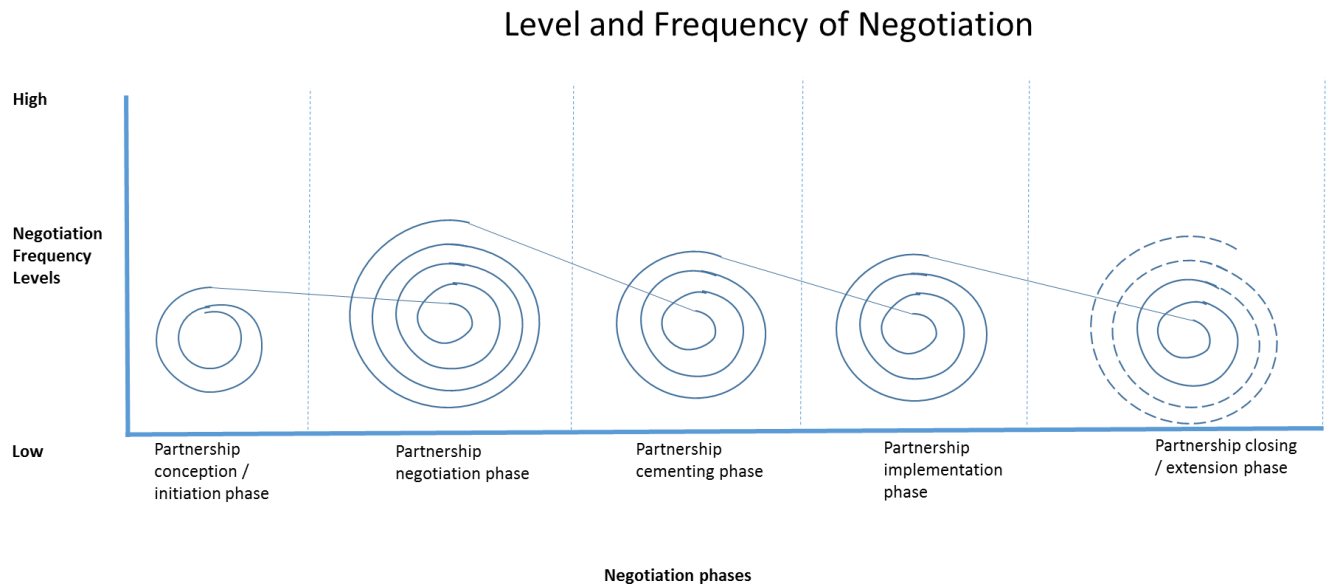


Figure 6.6: Illustration of negotiation frequency and intensity level per phase.

The findings showed that trust levels rose as the phases progress (see Figure 6.7). Essentially, trust level tended to be lower at the beginning of the negotiation process, but gradually and progressively rose in the subsequent phases, as partners found common interest.

Trust was essential to promote collaboration and significantly enhanced cooperation.

The findings further showed that partnerships in which partners trusted each, tended to resolve challenges quicker than in situations where they were not. This boils down to the influence of established trust.

The findings highlighted that the more partners work together on a project/s:

- (i) the more they start to believe that their partner will always be considerate towards them and will not undertake actions that will harm their relationship;
- (ii) develop trust in each other's ability and capacity to deliver on promises; and
- (iii) start sharing systems that drive efficiencies.

It can therefore be said that the duration in which partners work together has a high potential to influence their efforts of structural *bonding* and development of *trust*.

It is thus essential for partners to build trust; it boosts cooperation levels.

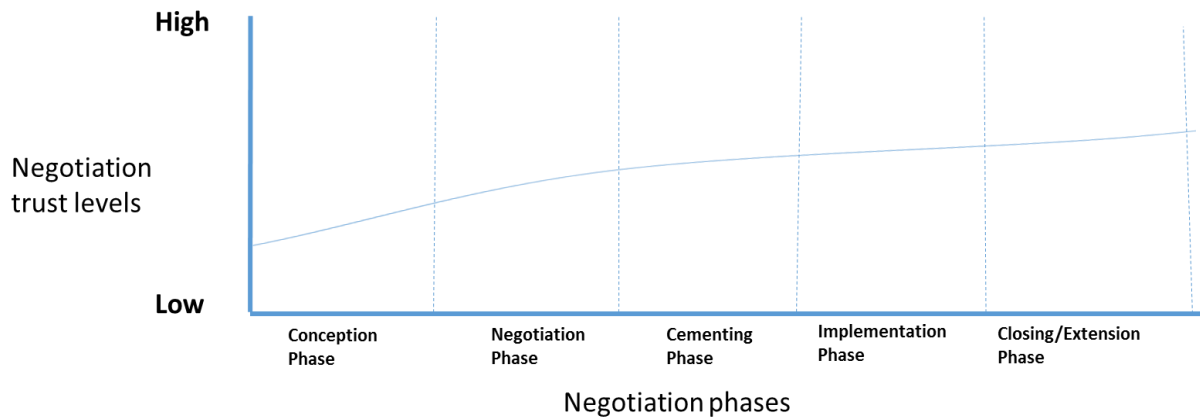


Figure 6.7: Illustration of trust level in the phases over time.

Extant literature on organisational collaboration theory by Huxham and Vangen (2000a, 2003) offers an appropriate explanation on how resource dependency has a bearing on a partner’s negotiation position. Although extant literature posits that resource dependency fosters partnerships; it brings the added value through synergy (Klijn & Teisman, 2003). This study established that during negotiations, partners recognised the value of the resources that they possessed, and they have thus used their resource capacity and contribution as proxy to influence the negotiation process.

Greater emphasis were placed on detailing and *interrogating* the basis of partnerships in the second phase. Organisations that had skilled negotiation teams interrogated submitted proposals and derived more value from such efforts in the negotiation process compared to those who accepted proposals without interrogating them.

This implies that organisations should empower their employees with *critical skills* to interrogate the negotiation content in each phase.

Over and above that, negotiators should have skills to professionally cater for competing interests between the public and the private sector.

The elements of the Partnership Negotiation Phase are characterised in the table below:

Table 6-2: Characterisation of Phase Two.

Element	Phase Two descriptive characteristics
Negotiation capacity and contribution.	Capacity to guesstimate resources
Negotiation skills.	Negotiation skills communication skills, listening skills, forecasting skills (resource guesstimation)

Negotiation activities.	<ul style="list-style-type: none"> • Seeking agreements • Understanding the details • Developing negotiation roadmap • Defining objectives & deliverables • Guestimate resource needs and contribution • Capacity building and training
Negotiation content.	<ul style="list-style-type: none"> • Cost - benefit analysis • Expected outcomes
Negotiation outcomes.	Agreement on sharing roles & responsibilities.

6.2.3. PHASE 3: PARTNERSHIP CEMENTING

Content in this and the subsequent phases was slightly *concrete*; there was clarity of purpose on what was to be implemented. The activities focused on *solidifying* what has been negotiated in the previous phases.

The main activity in this phase related to the development and *signing* of implementation protocols.

In a multiparty political system as in South Africa, where achievements and gains must be logged, political parties used signing ceremonies to:

- (i) communicate achievements;
- (ii) signal political strategic thrust;
- (iii) cement partnership relationships;
- (iv) display political victory; and
- (v) gain trust and attract voters.

The importance of designing an appropriate partnership structure can never be underestimated.

In this phase partners began to concretise their agreements by finalising their partnership structures. The partnership structure described and defined how the underlying project should be managed, and provided a basic framework for making and communicating decisions.

Thus, *structure* became more important as the nature of the issues *emerged* and became detailed. The observation is that structure is less important upfront than what the constraints are, how to overcome them and which partner is best placed to take

certain roles and responsibilities in the partnership.

The findings further showed that as the negotiations moved further up the phases, uncertainty begins to set out and conversely, trust levels started to rise.

The lesson is that negotiators should not try to impose a very rigid outcome and structure in the first two phases when levels of uncertainty are still high and levels of trust are still low. Forcing such down partners' throats have a potential to derail the process. It may lead to distrust and put the system of negotiating partnerships at risk.

Over and above that, the observation was, when trust levels were high, partners put higher priority on getting the partnership structure more *formal*. For instance, the intense negotiations that preceded the Savanna City housing project and that shaped the resultant partnership structure, was possible because the parties had concentrated on building trust.

Conversely, when trust levels were low, efforts to build the partnership structure were low, resulting in a partnership that was based on a less formal structure as was the case in the Cosmo City and Thorntree View housing projects.

The table below provides a summary of the elements that characterises the Partnership Cementing Phase:

Table 6-3: Characterisation of Phase Three.

Element	Phase Three descriptive characteristics
Negotiation capacity and contribution.	Capacity to analyse contracts, organisational structure, and operational systems.
Negotiation skills.	<ul style="list-style-type: none"> • Skills for developing organisational structure. • Skills for developing contracts.
Negotiation activities.	<ul style="list-style-type: none"> • Sealing agreements • Renegotiating on previous agreements • Set-up operational structure • Allocation of roles & responsibilities • Breaking down agreements into activities
Negotiation content.	Governance structure, resource contributions, timelines & budget
Negotiation outcomes.	Agreement on implementation structure, timeframes & budgetary contributions

6.2.4. PHASE 4: PARTNERSHIP IMPLEMENTATION PHASE

The fourth phase was the most cumbersome, critical and *trickiest* of all phases. Negotiations moved up a gear because parties started to contribute their resources to ensure that agreements are realised.

Content in this phase was specific: detailing each partner's contribution, roles and responsibilities.

The findings showed that implementing public-sector initiated partnership projects tended to be costly.

In line with extant literature, the findings also showed that in instances where there were delays in the projects, the private sector renegotiated either to reduce the number of houses to be constructed (housing yield) or the size of the structures (houses) in line with the total project value.

The findings further showed that in instances where the public sector delayed during the negotiation process, the HPPPs did not efficiently work for the public sector: it had to bear the escalated costs at later stages, but favoured the private sector that had ways to deal with those costs.

Delays that resulted in renegotiations had been found to be the result of:

- (i) slow township establishment and planning processes;
- (ii) lack of budget during the construction stages;
- (iii) changes in the political landscape (Sarmiento & Renneboog, 2016); and
- (iv) high staff turnover.

Renegotiations were considered important; they attempted to counter and readjust to the level of the costed risks in response to the impact of delays (Cruz & Marques, 2013), and rising costs, due to economic pressures associated with the 2007/08 economic meltdown.

The findings showed that long-term township maintenance, management and operations were largely disregarded during negotiations in most of the partnerships. Therefore, negotiation teams should ensure that they include the negotiations of such because they offer a huge potential to promote sustainable neighbourhoods.

It therefore shows that negotiations require negotiators to learn new skills and apply

them as their organisations embark on new trajectories which require paradigm shifts from the traditional approach on two fronts:

- (i) individual negotiators building requisite capacity to handle complex partnership negotiations; and
- (ii) organisations preparing employees to adapt and adopt new ways of implementing large-scale projects through partnerships.

These two shifts can be linked to extant literature which shows that negotiators who understand their task and exchange information tend to reach high “joint outcomes” (Wiltermuth et al, 2015). On the other hand negotiators with low epistemic motivation tend to make more concessions and reach low joint outcomes.

Over and above that, the teams should appreciate the need to seek innovative solutions that can address the pressing contextual factors. They should look at the project in totality; in terms of how doing one thing fits into the overall project picture and partnership objectives, and have a better understanding of how going for a particular option can open up possibilities or close down such possibilities in the future.

Evidently, negotiating partnerships required the parties to use multi-pronged approaches because of the number of stakeholders involved in the project conceptualisation, project design, project planning, project financing, service provision, construction and project monitoring and evaluation stages. It therefore implies that officials should be equipped with skills that can enable them to respond to the needs of the different stakeholders.

The elements of the Partnership Negotiation Phase are characterised in the table below:

Table 6-4: Characterisation of Phase Four.

Element	Phase Four descriptive characteristics
Negotiation capacity and contribution.	Capacity to contribute vacant or developable land, Finances for bulk infrastructure, internal services and top structure
Negotiation skills.	Skills to negotiate implementation activities, monitoring activities, and maintenance activities
Negotiation activities.	<ul style="list-style-type: none"> • Translating agreements into actions • Renegotiating on agreements • Direct and monitor activities • Capacity building and training (skills transfer)
Negotiation content.	<ul style="list-style-type: none"> • Implementation protocol • Maintenance

Negotiation outcomes.	Implementation of activities and maintenance of property
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6.2.5. PHASE 5: PARTNERSHIP CONCLUSION OR EXTENSION

The final phase was concerned with either *terminating or extending* the partnership. The main activities included, reviewing and assessing the outcomes and the impact thereof. The negotiation content here sought to review, conclude, terminate or extend the existing partnerships.

In this phase, the negotiation intensity and frequency levels dropped considerably in terms of project close-out. Similarly, the negotiation duration and pace dropped considerably because most aspects had been negotiated and implemented already.

However, a different trajectory should be anticipated in cases where partners agreed to extend the scope of the partnership. Instead of negotiation intensity dropping, it increased.

Likewise, the negotiation pace and span picked up.

Negotiation duration dropped considerably and negotiation content was focused; partners were now clear about what they wanted to achieve, and how. The conceptualisation of deliverables was also easier. Negotiations were faster; parties had already built higher trust levels with each other. Intensity and frequency rose; buoyed by their recent success.

This means that this last phase can also be illustrated as being abstract at times, especially in cases where partners agreed to extend their partnership or renegotiate new terms.

This phase also provided an opportunity for partners to review how they negotiated the partnership terms as well as implement them. Negotiations focused on evaluating the impact and efficacy of the chosen methods, how to best close the partnerships, and whether there was a need to include other deliverables (in Thorntree View where they added the construction of a water reservoir which was not in the initial partnership agreement), or extending into other parts of the same development (Cosmo City and Thorntree View).

The findings also showed the importance of phasing negotiation content towards mitigating risks associated with partnerships on such large-scale housing projects. Deliberately focusing negotiation content allowed partners to only discuss issues which had a bearing on a specific phase.

Therefore, the public and private sector should strive to phase partnership negotiation content in such a way that risks are *mitigated* per phase. Furthermore, phasing content allowed negotiators to find each other and share risks on the elements of a partnership, rather than to conclude all the contents in one go.

This is important, considering that the public-sector housing agenda is driven by complex social undertones that seek to promote the implementation of racially integrated mixed income groups development, and promotion of mixed housing typologies which are meant to trigger the secondary housing market: an approach which differs considerably with the private sector’s objectives that are highly defined by profit drives.

Therefore, the public sector should strive to, during negotiations, ensure that the content of the negotiations addresses the inherent risks related to the private sector’s involvement in low-income housing to guarantee that the private sector does not suffer unnecessary loses of the funds they have pledged upfront, which serves as an “pool factor”. Similarly, the private sector should ensure that the public sector’s investments should indeed be a worthwhile initiative towards meeting their social objectives. Thus, negotiators should be able to structure a viable risk structure, in a phased approach.

The table below provides a summary of the elements that characterises the Partnership Conclusion/Extension Phase:

Table 6-5: Characterisation of Phase Five.

Element	Phase Five descriptive characteristics
Negotiation capacity and contribution.	Capacity to draw lessons from partnership implementation.
Negotiation skills.	Critical assessment skills, Research skills.
Negotiation activities.	<ul style="list-style-type: none"> • Reviewing achievements • Transfer products • Project operation and maintenance • Renegotiating extensions Renegotiating new partnership

Negotiation content.	Lessons learnt
Negotiation outcomes.	Agreement on termination or extension of partnership

6.3. INFLUENCE OF CONTEXTUAL AND CONDITIONAL FACTORS ON THE PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS

The second research question sought to establish whether project context and other conditional factors influenced the phasing of housing public-partnership negotiations in the five case studies.

A proposition was advanced that in each phase during the negotiations of housing public-private partnerships, parties responded to context specific conditions. Thus, in line with the proposition, the findings show that the process of negotiating these partnerships was guided by a “push” to see that the partnership indeed provided a joint solution to an identified challenge.

Each partner offered to contribute specific resources to the partnership based on their capacity and affordability. Each partner put on the table resources that were deemed necessary to address the challenge in line with what they had committed to.

That meant that partners went out of their way to ensure that solutions were found for the identified challenges, especially the ones related to resource constraints on critical factors:

- (i) land;
- (ii) project funding; and
- (iii) technical capabilities.

6.4. THE INFLUENCE OF PARTNERS’ RESOURCE ENDOWMENT AND CONTRIBUTION ON THE PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS

The third research question sought to establish how did partners’ resource capacity, and resource contribution influenced the way partners negotiated to share roles and

responsibilities during housing public-partnership partnership negotiations to resolve the project's resource constraints in each phase in the cases studied.

The findings showed that both the public and private sector possessed durable and complimentary resources which, through negotiations, were combined in a meaningful way to allow the parties to deliver on large scale housing projects. Essentially, the two sectors took turns to contribute the required resources per phase.

The public sector did so because of regulatory imperatives, and the private sector did so out of contributory interests and as per agreements.

This approach in one way or the other, either expedited or slowed down the negotiation process, depending on how the lead partner contributed. Clarity on contributions propelled the partnerships to deliver on agreements with ease. In cases where contributions were slow or not forthcoming, it drove partners to think out of the box to obtain the needed resources or deliver part of the agreement. However, public sector bodies were prompted to negotiate internally to prioritise projects due to limited resources because negotiations focuses on contextual challenges per phase and requires unique content focus and skills sets which differ significantly in line with the activities and required negotiation activity in each particular project.

The findings showed that partners recognised the value of the resources that they possess, and that resource capacity influenced the negotiation processes in different ways. That is, partners' resource capacity influence the manner partners negotiate in a partnership significantly.

Furthermore, partners reciprocally contributed and exchanged resource to complement each other's resources to achieve their strategic objectives: delivery of public goods for the public sector, and profit for the private sector. This revealed inherent interdependencies that resulted in value creation through partnerships. This implies that parties possessed different resource capacities, which when combined, were adequate for the implementation of a project.

The resources a partner possessed and contributed in a partnership play an important role in the manner a partner negotiate.

Furthermore, the findings showed that parties used their resource capacity as a proxy to influence the negotiation process. For example, well-endowed parties were more influential in the partnership than the ones which possessed fewer resources. Similarly, parties which contributed more resources in a partnership tended to have more influence in the partnership than the ones which contributed less resources in the partnership. Over and above that, well-endowed parties used threatening tactics to get concessions from their counterparts when negotiating.

Thus, the organisational collaboration theory by Huxham and Vangen (2000b) offers an appropriate explanation on how resource dependency have a bearing on a partner's negotiation position.

Although extant literature posits that resource dependency fosters partnerships through the added value of synergy (Klijn & Teisman, 2003), this study established that partners recognised the value of the resources that they possessed and have contributed, and they have thus used their resource capacity and contribution as proxy to influence the negotiation process.

Hence, it became evident that parties have a propensity to use their resource capacities to their advantage during the negotiation process. Attention is paid to this finding because it supports the long held view based on the tenets of the integrative approach; of parties seeking to build lasting relationships and legacies through equal and equitable sharing of resources, especially in housing partnerships which can be described to be long-term in nature.

However, less endowed partners were more calculating when negotiating partnerships. For instance, they were more concerned about the negative impact non-rate paying households could have on the municipal fiscal position. To address such and other capacity challenges, less-resourced parties opted to re-arrange their organisational and institutional structures for smooth implementation of their project.

In addition, partners displayed inherent interdependencies that resulted in value creation through partnerships. This perspective is critical in the understanding of the influence of partner resources capacity and contribution in the negotiation process.

These findings were consistent with extant literature in instances where municipalities

lacked critical resources necessary to implement large scale housing and human settlements projects. The public sector somehow used their resources to attract the private sector to assist in a cordial exchange fashion to reach its developmental objectives. The private sector on the other hand used its resource capacity and contribution to lead the partnerships in its endeavour to drive profit. These views are in line with extant literature (see English & Guthrie, 2003; Sengupta, 2006b).

The findings thus show that government subsidies are an appropriate lever for the private sector to channel their resources to be invested in low-income housing. Meaning, that government can trigger private investment through grants and subsidies to deliver public goods and at the same time afford the private sector to generate adequate returns on their investment, so that an integrative scenario could be realised, whereby $1+1=3$ instead of 1 or 2.

Time, scale and experience influenced the pace of partnership negotiations and the phasing of negotiation process. However, there has been limited or no skills transfer between partners, thereby limiting the potential for municipalities to move up in the learning curve. Furthermore, no special attention was paid to developing the requisite skills to negotiate in almost all of the organisation, and by default, almost all partnerships. Therefore, negotiators should have a better understanding of how to negotiate around these concepts.

Lastly, decision-making processes were skewed. It followed the level of contribution per phase. The disparities in resource endowment and capabilities between the public sector and private sector bodies were glaring. Most of the decisions favoured the private sector. Therefore, if municipalities are to derive more value from HPPPs, a radical shift from the current approach is required. They need to embrace a radical shift that is premised on municipalities taking active roles in partnerships.

6.5. THE INFLUENCE OF PARTNERSHIP STRUCTURE ON THE PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS

The fourth research question sought to understand how did the adopted partnership structure influenced the way partners negotiated to share roles and responsibilities to resolve the project's resource constraints in each phase.

The findings showed that the adopted housing public-private partnership structure significantly influenced the manner in which partners negotiated to share roles and responsibilities. It also influenced the pace of such negotiations. This finding is in line with the advanced proposition.

Parties preferred that the private sector lead the partnerships because of its faster turnaround times and ability to drive efficiencies. This is in line with Jamali's (2004) assertion that the private sector is best placed to lead partnerships; it is renowned for managerial efficiency.

The private sector was able to solicit quicker turnaround times, which meant negotiations moved in a faster pace.

Although the public sector allowed the private sector to take the lead in the implementation of the project, the public sector still wanted to be seen as running the project, understandably for political positioning and posturing. Delivery of houses is one of those key political draw cards that demonstrate how a particular political party, running the government, cares for the poor.

Implicit in this finding is the fact that each driving sector has its underlying management practices and systems, corporate governance structures, protocols, and stakeholder relations and engagement protocols which should be understood in view of its partner's orientation. Therefore, the partnership structure adopted should explicitly describe and clearly define how the underlying project should be managed, and also provide a basic framework for making and taking decisions.

Partnership structures have a bearing on the pace and outcomes of the negotiations. Respondents favoured partnerships to be constituted as a separate structure or entity from the partnership initiating and sponsoring bodies.

The findings further showed that negotiations were focused when they were handled in decentralised structures. Essentially, negotiation teams were organised into smaller forums and sub-committees. These structures reported to the central structure for impact decisions. Forums were central in ensuring that there were clearly defined communication and decision making channels. These elements were critical in building trust.

Paying attention to the other partner's needs, and trust, was seen as the cornerstone to building lasting relationships.

Adoption of partnership structure became more important when partners had agreed on what the partnership should deliver. It can thus be argued that structure is important to determining which role what each partner will play, and in signalling how each partner is willing to contribute to resolve the identified resource constraints.

To that end, there should be concerted efforts to shift from public sector bureaucratic practices to an underlying *value logic* that is premised on markets and networks. Value logic describe the attempt to derive efficiencies from the adopted partnership structure. Meaning, the adopted structure should *integrate* in a balanced fashion the public sector's social development goals and the private sector's profit driven goals.

It implies that when structuring partnerships, negotiators should always ensure that due consideration is made to guarantee that both public and corporate interests are aligned and met for optimal benefit of all the parties involved. For instance, municipalities should ensure that there are sound institutional and structural arrangements that warrant the local property trading market to flourish.

Thus each partnership structure should have reliable neighbourhood management arrangements that ensure that:

- (i) the neighbourhood is greened and cleaned properly;
- (ii) grass is always cut;
- (iii) refuse is collected on time; and ultimately
- (iv) crime is reduced.

The benefit of adopting such structures is that it will promote property trading in the low and middle income markets; which in the long run will relieve government from the pressures to provide certain subsidies.

The inability to manage the refuse collection and other management issues reduced the attractiveness of developments. Therefore, future partnership negotiations should focus on putting structures that concentrates on maintaining a certain standard and acceptable quality of the neighbourhood high on the agenda.

The benefits of negotiating and implementing a high maintenance standard is that it will raise the value of the property. It will thus be easier to attract buyers into the neighbourhood, and banks will be willing to enter the market because of the guaranteed higher resell values. It then stand to reason that parties should ensure that separate partnership governance structures are set to run the partnership, and in default, the project.

These structures should also ensure that capacity building initiatives are included in the partnership programme.

The public and private sectors complimented and dependent on each other to provide the skills necessary to run the partnership. Even though the private sector was the lead partner and main contributor of skills in almost all the partnerships, the public sector matched it by bringing its complimentary skills to the partnership albeit at varying levels of involvement. However, not all municipalities had adequate delivery capacity, and the partnership with the private sector was effective in improving service delivery to meet delivery targets.

For instance, the negotiation teams in most municipalities did not have a financial *specialist* who would assist with financial projections to determine project viability levels, and also to analyse risk propensities in submitted bids.

Therefore, the public sector should strive to build formidable and stable negotiation teams comprising of all the essential skills required during negotiations such, among others; planning, financial, legal, technical and quantity surveying.

Furthermore, it will be important for municipalities to have a team leader that facilitates the negotiations on behalf of the municipality instead of allowing departments to take over the process whenever the focus of negotiations is on aspects which affect their particular department.

6.6. THE INFLUENCE OF POWER BALANCE ON THE PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS

The fifth research question sought to determine whether power balance shifted among partners during negotiations across the life cycle of the partnership in the five case

studies.

There were little or no observable and significant power balance shifts between partners, even after a partner or both had shared resources during the implementation stages.

Parties tended to follow through on their agreements because they placed equal currency to both immediate and future gains. Parties prioritised long-term relationships. Parties tended to strive to build sound long-term relationship even after they have shared resources. Meaning, partnerships were characterised by symmetrical power relations.

Land, capital and expertise, in that hierarchy, were perceived as influential factors on the manner parties negotiate.

The findings further showed that parties have differentiated power bases. It influenced the manner in which they exert influence on other parties. However, parties tended not to exert influence on their counterparts during negotiations for several reasons:

- (i) a need to be considered a reliable and trustworthy partner; a useful strategy to build sustainable relations which may result in repeat business; and
- (ii) power was mitigated by the long-term nature of such partnership relationships.

The findings further showed that four factors enhanced trust among partners in a partnership:

- (i) the nature of the partnership;
- (ii) the length of a relationship/partnership;
- (iii) the iterative nature and frequency of the negotiations on aspects; and
- (iv) the desire to still gain or benefit in the future.

Lastly, the success of the negotiation process rests on how collaborative, cooperative, and involved the parties are in the partnership. Partnerships in which partners were too involved tended to resolve challenges quickly than in a situation where they were not.

6.7. LESSONS FOR THE FUTURE

The biggest question during negotiation of partnerships will always be how the public sector and the private sector should make little changes that ultimately result in desirable neighbourhoods. The trick lies in how negotiators interpret and apply the necessary housing policies and municipal finance prescripts like the National Housing Act (Act 107 of 1997) and the Local Government: Municipal Finance Management Act (Act 56 of 2003) (the MFMA) so that they can better steer the negotiation process to extract better outcomes and outputs.

The focus therefore, should be on:

- (i) clarifying the rules;
- (ii) negotiating the timelines;
- (iii) defining the performance benchmarks;
- (iv) allocating roles and responsibilities and ensuring implementation; and
- (v) indicating how partners should build the required capacity to structure the project in order for it to be viable.

The five case studies, therefore, highlighted some lessons which can be used to phase partnership negotiations better in the future so that government can in the future develop a partnership negotiation logic framework that can assist to get the timelines right, get the intervention right, as well as get the administration and monitoring right.

The importance of constant monitoring will be that parties will have defined and be able to see who or what did not perform in the agreed roles and responsibilities. Therefore, that should then become the condition of renegotiating the agreement for better performance in the partnership.

The findings brought to the fore the need to approach the negotiation process in a holistic fashion, and not in a piecemeal approach.

Thus, the process should be seen as a mutually dependent life cycle with distinct yet related and incremental goal-focused activities defined per phase. Which means that although the partners in the first phase may be more concerned with activities that promote the sharing of information, those activities, cumulatively, are meant to build towards the success of the partnership.

It thus makes sense that at the beginning stages, each partner should:

- (i) conduct due diligence exercises to establish what can be achieved in the partnership;
- (ii) determine possible scope; and
- (iii) outline possible limitations.

To achieve this, it requires that partners develop mechanisms to share information so that prospective partners can make meaningful decisions during the negotiation phase. This is important because it shows that negotiations for a subsequent phase cannot begin until negotiations in the preceding phase are crystallised.

The findings also revealed that there is a *paradigm shift* in the public sector towards the use of partnerships as an approach to implement large-scale housing and human settlements projects, which are premised on new and innovative methods rather than the traditional project approach of using tenders and contracts. Undoubtedly, the new approach brought about several dynamics which municipal and private developer officials had to deal with and/or handle when they entered into negotiations.

For instance, the dynamic nature of the approach emanates from its inclusivity. The approach required the parties to use an inclusionary approach to ensure that the partnership does not only provide houses, but also all other related basic services as well as social and economic amenities when the project is complete.

To compound the dynamics, in all case studies these services were provided by other stakeholders, who could be defined as the primary, secondary and tertiary stakeholders. For instance, negotiations were not only held with the key partners, but also with the financiers as well.

This complicated the negotiation process: financiers have stringent requirements which should be met before a project's financing proposal by developers is approved. For instance, in Thorntree View, the financier conducted and compiled a *project feasibility* report before approvals. The feasibility report included:

- (i) a financial model;
- (ii) details of additional funding from third parties;
- (iii) reflection of the governing institutional framework; and

- (iv) a preliminary economic viability report.

This was done because it assisted the funders to seek credit approval and indicate loan terms and conditions in principle.

The institutional framework shows the role of the principal parties and also clarifies the expected roles and responsibilities of the developer and the sponsors. This makes the negotiation process move at a very slow pace. Bjola (2015) is of the view that “the slower the pace of negotiation (weak momentum), the more likely that negotiations will stay the course or collapse” (p. 322).

Therefore, public-sector negotiators should take all these factors that may affect the development in the future into account, so that they can be strengthened to negotiate better with regards to all these futuristic scenarios guided by the *logic* of partnership negotiations. In this way, they will be able to distinguish where to put the emphasis during negotiations in each phase and separate the different conditions that need to be met at the different levels during negotiations. To achieve that, parties need to be aware of these factors and develop a framework to guide their HPPP negotiations. The framework should:

- (i) outline how municipalities are going to take a long-term project for approval without contravening the Municipal Finance Management Act prescripts of three-year budget approvals;
- (ii) reflect on the give-and-take scenarios typical in partnership negotiations to assist negotiators understand their negotiation positions and to have a sense of the requisite capacity needed to negotiate projects of such high magnitude;
- (iii) specify who should lead and drive the negotiations, the conditions for initiating partnership; the skills set required to deal with the funding and the technology requirements;
- (iv) state how roles and responsibilities should be assigned in a way that allows all parties to extract value;
- (v) provide guidance on sharing of costs within the project to make a partnership work; and
- (vi) indicate how partners will derive value from their contributions.

This will strengthen the government’s arm in negotiations, and will also serve as a

criteria to evaluate the impact towards determining whether the partnership had worked or not, to justify costs; clarity who is responsible for certain activities, determine the level of skills required, that is essentially to the negotiated outcomes and outputs per level.

6.8. CONCLUSION

This chapter discussed the findings of the study in light of the study's five research sub-questions, propositions and extant literature on negotiations of housing public-private partnerships.

The summarised findings thus suggest that due to the resource contribution and long-term nature of housing public-private partnerships, it resulted in five phases. It also showed that although contextual and conditional factors were unique, they played a pivotal role in the negotiation process. Moreover, partners recognised the *value of the resources* that they possessed and used their resource capacity and contribution as a *proxy* to influence the pace of the negotiation process. Furthermore, the inherent interdependencies among partners resulted in value creation through collaborations. Essentially, power balance between partners tends to stay constant throughout the partnership.

The findings also showed that each phase is characterised by contrasting differences in terms of context focus, negotiation skills, negotiation activities, negotiation content and negotiation outcomes.

In light of these findings, *housing public-private partnership negotiation framework* is proposed, which takes into account the factors which were accounted for differently in the model presented in Chapter 3.

CHAPTER 7

7. CONCLUSIONS AND RECOMMENDATIONS

7.1. INTRODUCTION

This chapter presents the final conclusions of the study as drawn from the research findings. It also provides the study's contributions to the body of knowledge pertaining to negotiations of housing public-private partnerships; at the theoretical, methodological and practical levels. Lastly, it reflects on the limitations of the study, and further provides recommendations for future research.

The focus on phasing of housing public-private partnerships was largely a response to the realisation that most researchers pay little attention to how partners negotiate and phase their partnership negotiations.

This study set out to understand:

- (i) the phasing of housing public-private partnership negotiations;
- (ii) the bearing of context and conditional factors on the phasing of negotiations;
- (iii) the influence of partners' resource endowment and partners' resource contribution in the way partners negotiated to resolve a project's resource constraints;
- (iv) the influence of an adopted partnership structure on negotiations; and
- (v) the power balance across the five phases.

7.2. CONCLUSIONS OF THE STUDY

Based on the findings of the investigations on the five research sub-questions, this study thus concludes as follows on the process of negotiating housing public-private partnerships:

7.2.1. PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS DYNAMICS

In a context characterised by cooperation and collectivism, the housing public-private partnership negotiation process happens in five distinct phases: a finding that significantly challenges existing research, which has never recognised so many.

The higher number of phases are a result of efforts by partners to build long-term relationships.

The study concludes that unique context meant that the observed phases differed considerably from the ones suggested in extant literature in terms of focus, content, activities and approach. Taking from Hofstede's (1986) characterisation of African culture, this emanates from the close ties and high levels of cooperation from the negotiation partners; that, promotes the need to sustain established relationships.

Over and above that, unlike Zartman (1975) who established that the phasing is incremental in nature, this study established that the phasing is non-linear and iterative, due to renegotiations.

Essentially, the study shows that the negotiation process follows some modular patterns, characterised by iterative negotiations. It means items negotiated in the beginning are not completely closed, but are reviewed throughout the process to align to current contextual demands.

The study also concludes that for negotiations to be effective and efficient, it is crucial that negotiators have the capacity to recognise and appreciate useful partnerships negotiating patterns and to apply them appropriately. For instance, negotiators had to start by building a partnership case as well as build rapport with their counterparts before negotiations could happen.

The findings help to conceptualise the negotiation process. Its lifespan is characterised by different negotiation durations, focus areas, paces, intensities, and frequencies per phase activity. For instance, negotiations were far spaced in the early phases and gained momentum in the later phases. Likewise, negotiation content tends to be shallow in the beginning stages, but gain depth in the later phases. On the same vain, negotiation content was shallow in the initial phases because partners were still seeking details which they could use to define the partnership. The negotiation content is shallow, vague and abstract in the first phases, and the content in the subsequent phases becomes concrete and detailed.

The long negotiation span and low content in the initiation and conception phase is because negotiators wear their strategic hats essential to formulate business cases that can win the hearts of their counterparts as well as resolve pressing community needs without giving more attention to finer details on outcomes, risks and partnership

structure.

In this conception and initiation phase, negotiators mostly work on abstract concepts. However, the subsequent phases require negotiators to wear technical hats to draft feasible solutions, and the last phase requires negotiators to wear analytical hats to determine whether their partnership was successful or not, so that they can develop strategies to address such for better implementation in the future.

This is in line with existing literature which explains that researchers have established that it is necessary for partners to renegotiate in cases where they have “to clear some grey areas”.

Frequency of negotiation meetings rose in line with the complexity of the negotiation content, which deepened as one moved further in the negotiation process. On the other hand, the frequency of negotiation meetings was low at the initial stages because in most cases the proposal-submitting partners have to rework and improve the details of the proposal/submission so that they address concerns raised by the other partner.

The study also revealed that the housing public-private partnership negotiation process, by nature, tends to take longer to conclude. The lengthy negotiation duration and slow pace process is a reflection that there are numerous dynamics at play during negotiations that negotiators should appreciate in order to influence the negotiation process to their favour.

Understandably, although negotiations were seen as lengthy, the negotiation span varied considerably among the phases, with negotiations in earlier phases taking longer than the succeeding ones. This is so because the content of negotiations differs in each phase. It gradually deepens along the phases. Essentially, negotiations are lengthy because each phase is characterised by a different negotiation content, which progresses in detail and complexity with each passing phase, and with a high possibility of being reviewed at each subsequent phase.

Thus, it implies that the nature of the negotiation process is that negotiations move like a wheel, it starts on a slow pace but gathers momentum as it moves further and gets into full swing.

The study further concludes that the idiosyncrasy on the attainment of desired outcomes per phases is primarily a result of the distinction negotiators make with regards to negotiation focus, content and activities per phase.

The findings also made the researcher to appreciate that partnership negotiations, by nature, are not once off events, but ongoing processes. This view is in line with McKersie's (1997) observation that negotiations are better viewed as a process.

It is also worth mentioning that, depending on the stakes of the content of the negotiations, the complexity, duration, frequency, intensity and pace of the negotiation processes differs drastically per phase, and should be determined differently.

Negotiation processes are complicated, involved and complex:

- (i) it involves so many role players; and
- (ii) has numerous interrelated variables; scope of work, maturity of negotiation partners, partnership content, partnership structure, and power dynamics.

It can thus be argued that the complexity is a result of several interactions typical in heterogeneous systems where the laws of dynamism, when applied, provide a better understanding of the behaviour of a myriad of players in a partnership.

This implies that there is a need for partners to develop their own negotiation strategies before they start negotiating, and to jointly agree on a negotiation timetable at the beginning of the negotiation process.

Information plays a crucial role in the decision-making processes when negotiating partnerships. It became evident that the information that should be shared should be detailed enough to enable the information receiving party to make sound decisions. For instance, in cases where the private sector initiates a partnership, the public sector tends to request that the private sector provide it with more details, covering the project costs, risks, and project viability. This is in line with Wiltermuth et al.'s (2015) observation that information exchange mediates towards improved joint outcomes in cases of party dominance.

Information exchange is important because it:

- (i) allows the public sector to do due diligence on partnership costs and benefits;
- (ii) determines the cost and benefits of partnering;
- (iii) explains the required exchange options;
- (iv) determines how the other party can derive more value from the process;
- (v) provides details of the anticipated interdependencies, detailing what the private sector is prepared to offer to make the project a success, which thus

serves as a guide for the public sector on what they should push for before agreements are signed.

Essentially, establishing common interests beforehand plays a bigger role in getting a party interested in negotiations.

Linked to that, partners should also develop a detailed communication plan which is shared with all the stakeholders. This will enable parties to manage the negotiation period, which if reduced, has the potential to lower the need for renegotiations and the overall project costs.

The findings also assisted the researcher to appreciate that the negotiation process should always be based on trust, clarification of individual and collective interests and goals, stakeholder engagement and involvement, and structured governance structure. The benefits of working together for a long time and keeping open communication channels during negotiations reduces “misunderstandings” (Fisher, 1983) among parties.

Partnership negotiations require joint decision-making on several aspects, which is a direct opposite approach to contracts where the contracting body decides on the project aspect almost alone. In lengthy projects, partners spend most time together negotiating, planning, implementing and monitoring projects, to such an extent that they become familiar with and close to each other.

The argument is that when circumstances bring the negotiating parties closer, they start to understand in detail each other’s needs and systems which is difficult to comprehend at the beginning of the relationship when each partner plays his or her cards close to the chest.

Furthermore, resource scheduling plays a critical role during negotiations. Lack of resources meant that projects were implemented in a slow pace to be in line and to match the available funding from the main sponsors. Thus, negotiators always took into account the influence of resource constraints for ensuring that once partnerships were established, they were kept alive by delivering on the initial agreements.

Partnerships were initiated by either the public or the private sector, depending on pressing contextual needs.

Over and above that, the uniqueness of each party adds to the said negotiation

dynamics; each party has corresponding opposing interests to the other negotiating party.

In line with existing literature, the study also established that partnership negotiations can be driven through diametrically opposed strategies: the carrot (coercion), or a stick (pushing for concessions), which Walton and McKersie (1965) and Fisher and Ury (1981) call distributive and integrative negotiation strategies respectively.

It is important to note that parties use two competing and diametrically opposed approaches during negotiations: the soft-line approach (coercion) and the hard-line approach (threats) as a negotiation strategy. The distributive strategy is mainly used to “get even”. A partner may put stakes higher by making high demands, and in return make calculated concessions, making threats of pulling out, thus slowing and delaying the negotiation process until pressure builds. Whereas, when one partner uses the integrative approach, they move with care, requesting information from the partner to clarify concepts before taking decisions, always exploring various options before suggesting or conceding.

7.2.2. THE INFLUENCE OF CONTEXT ON THE PHASING OF HOUSING PUBLIC-PRIVATE PARTNERSHIP NEGOTIATIONS

Negotiation of housing public-private partnerships offers a new understanding of the general negotiation process because of its unique characteristics. Housing partnerships are unique compared to other partnerships in other fields because:

- (i) by nature they are implemented over a considerably long period of time; and
- (ii) the constructed assets do not revert to the public sector as is common in other fields like schools, hospitals, railways and roads construction.

In line with Hofstede’s (1986) postulation on the influence of culture, the most commonly used negotiation strategy in housing public-private partnership negotiations was the integrative one (the soft-line approach). It was favoured because parties are driven by a desire to build trust necessary for driving such long-term relationships. It is more beneficial to the concerned parties because the nature of relationships does not promote short-term financial gains at the expense of the other party.

Extant literature shows that the use of soft approach tones down the receiving partner’s attitude so that he is persuaded by the proposing partner to a particular agreement,

while on the other hand, the hard approach is useful for the partnership proposing partner to coax the partnership proposal receiving partner into an agreement.

The long-term nature of the partnerships drives partners to cooperate so that they can be considered for future businesses.

Essentially, these long-term relationships necessitate parties to rather opt for the soft-line approach than the hard-line approach. Such relationships are viewed as being more beneficial than the short-term financial gains which accrue when a party seeks short-term gains. This has resulted in a different number of phases compared to other contexts as alluded to by previous researchers (Zartman, 1975; Fisher et al., 1979; O'Looney, 1992; Ahadzi & Bowles, 2004; Murtoaro & Kujala, 2007).

The findings show that partners made efforts to accommodate each other in delivering common public goods rather than displaying self-interests that resulted in benefits for one partner, such as profit for the private sector.

Thus, the findings assisted in showing that standard negotiation phases do not apply in a unique South African context which according to Hofstede (1986) is characterised by a culture of close ties, cooperation and *ubuntu* (humility).

7.2.3. CONDITIONAL INFLUENCE

The public-sector negotiation approaches were informed mostly by a desire to promote community and economic development for poor households, whereas the private sector's approach was inspired by a desire to deliver profit for shareholders. These two extremes may only be achieved if at the end of the day, negotiated partnerships deliver good neighbourhoods. Thus, the desire to achieve those end goals drove the partners to negotiate to achieve a positive outcome.

Moreover, partnerships initiated by the private sector brought a sense of urgency and efficiency to the operations of the public sector. The private sector required the public sector to streamline the planning stages as a way of fast tracking the partnership process.

It should be borne in mind that although the public sector's intervention was primarily aimed at cushioning poor households that cannot afford decent housing to acquire their own properties, at a secondary level, as Adebayo (2011) posits, it was also meant to encourage the poor household beneficiaries to start trading their properties, thus

creating a solid secondary housing market which will allow poor households to trade up in the property market.

This means that negotiators should understand the principles of triggering secondary housing markets from the initial state investments. Meaning, partnerships can have a significant impact if they trigger behavioural change in the neighbourhoods.

Such behavioural changes can be realised only if they are embedded in the government legislative and policy posture, negotiation strategies and in the dominant societal thinking.

7.2.4. PROJECT RESOURCING AND VALUE PROPOSITION

In line with Pérez and Cambra-Fierro's (2015) assertion, both the public and private sector recognised the influence of the value of the resources that they possessed on the success of a partnership.

To that end, partnership phasing was fast tracked in order for each party to meet its end goal, and in some instances delayed in order to push the other partner to concede to negotiations so that one partner could win.

For instance, the discussions which were initiated by parties that possessed high levels of resources had evidence of well-endowed parties using their resource capacity and contribution as a source of incentives to attract their counter party's interest, and as a vehicle to be "heard" during negotiations. This led to smooth negotiations and partners went through the phases much faster than had there been no incentives.

Furthermore, parties that possessed and contributed lesser resources tended to protect their turf by:

- (i) demanding recognition of their contribution;
- (ii) assessing the value added by the other party; and
- (iii) stipulating conditions linked to their participation.

This drastically reduced the speed of negotiations.

The critical resources which the parties possessed and which were needed to unlock a project's resource constraints, were mostly:

- (i) land;
- (ii) finances for bulk infrastructure and services; and

(iii) technical skills necessary for project implementation.

In instances where the public sector did not have land, in most cases, the private sector dictated its requirements and “ran the show”. Essentially, based on its resource contribution, it acted as the lead partner. It took advantage and bargained for more.

However, in instances where the public sector had and contributed land, it required recognition and equal sharing of profits. The public sector also used their subsidies and grants to leverage in the relationship.

Partnership negotiation agreements tend to be skewed towards and in favour of the partner with strong resource capacity. Put differently, resource-endowed parties tend to use their resource status to influence the decision-making processes.

Essentially, parties which contributed significant resources in a particular phase, whether a public sector or private sector body, used their resource capacity and contribution as a proxy of influence to sway the speed and outcome of the negotiation process in their favour.

This is in line with extant literature that shows that a partners’ resource contribution is a means to meet their end goals: social welfare for the public sector (Maskin & Tirole, 2008) and profit motives for the private sector (Vining & Boardman, 2010; Zhang & Cheng, 2013, Trangkanont & Charoenngam, 2014a). It is also in line with Huxham and Vangen’s (2000a, 2003) organisational collaboration theory principles that characterise partnership through resource dependency.

The study also established that negotiations led by skilful negotiators, who had the ability and capability to assess their position and the other party’s position, responded appropriately either by following a soft line approach or a hard-line approach, and were mostly successful. Expert negotiators were able to drive the phasing of negotiations quicker than the novice negotiators.

Thus, negotiators should appreciate that negotiations are complex because they have to follow certain patterns, and they demand different skill sets from the negotiators in the different negotiation phases.

Thus, only skilful and experienced negotiators should be included in the negotiation team for negotiations to be successful. In the same vain, negotiation teams should be led by skilful leaders who have a good grasp of how the business world and government

sector operate so that when leading any negotiation team, they will be able to weigh options on the table, and drive negotiations to address all their concerns and interests without compromising the other party' interests.

Thus, negotiating parties should always define their partnership goals and constantly appraise their negotiation strategies and resources. They should strive to retain key staff, and improve their key negotiation competencies within an organisation. This will drastically advance their learning efforts and improve their negotiation curve. Thus, they will be better positioned to negotiate better deals for their organisations, and they will also be quicker in reaching agreements; thus reducing the negotiation span.

In terms of organisational maturity to negotiate, the study established that most parties were found wanting because they lacked strategy and operational capacity. Parties do not negotiate from equal bases. Some partners have not reached the required partnership negotiation maturity levels necessary for handling negotiations. Most parties were still operating at very low levels. The observation is they did not have sound negotiation strategies, as they had high staff turnover.

Furthermore, a closer reflection on organisational partnership maturity and negotiation readiness showed that most partnerships did not have clearly defined and distinct ways of allocating roles and responsibilities. Thus, implying that the negotiation process became too complex for those parties that displayed low maturity levels since negotiations require astute negotiators that are supported by sound organisational frameworks.

Furthermore, to achieve impressive negotiation outcomes, parties should strive to:

- (i) improve the negotiators skills so that they can understand all the dynamics associated with the process of negotiating partnerships; and
- (ii) document their negotiation experiences so that they can develop best negotiation practices from previous partnership negotiation efforts.

Another critical factor to the success of a partnership negotiation is its dependence on the optimum coordination of project resources and the planning of infrastructure capacity. Negotiators should ensure that the responsible partner deliver per agreement when such financial or/and infrastructure deliverables are due. Essentially, the required approach should be to plan to have the required resources and capacity available whenever they are due or needed.

Delivery should be aligned to the budget, delivery of essential components to the project, or implementation of sub-programmes that support the partnership and the project at large. For instance, responsible partners should make water available at the time the project starts so that the contractors can access and use the water for construction. Non-availability of water can negatively delay the implementation of a project. Therefore, the critical issue is to ensure that partners have to know when their roles end, and when the other partner's role should commence for a particular item.

Although resource constraints seemed a major limitation to the public sector's initiatives to start and complete housing projects, the manner in which the public and the private sectors partnered seemed adequate to resolve such resource constraints. Furthermore, the private sector also showed a willingness to mobilise resources outside their confines to ensure the success of the project, and eventually, to improve the living conditions of poor households.

Thus, both the public sector and private sector bodies possessed durable and complimentary resources which, when combined, made a meaningful contribution towards addressing housing shortages. It inherently implies that each partner should recognise their value propositions in a partnership, and that parties should appraise and contribute their resources in line with the identified project needs. This will go a long way towards heightening the attractiveness of a partner to suggest alternatives during negotiations (Schneider & Baltz, 2003).

7.2.5. APPROPRIATE PARTNERSHIP NEGOTIATION STRUCTURES

It is important to use the right form of structure to negotiate. It has been established that the fast and best negotiations were those that were done in smaller forums.

It however takes effort to understand and determine what the appropriate structure of a particular partnership is because, in line with Huxham and Vangen (2000b), efficient structures are not predetermined, but emerge out of the practical reality of the tasks that they should address.

Thus, negotiators should have the capacity to choose and use the proper negotiation methods and structures. Thus, instead of following ad hoc approaches, the development of a partnership negotiation framework should be used to guide all parties in terms of:

- (i) what happens if one or both parties do less than targeted;
- (ii) the penalty clauses; and
- (iii) what are the bases to renegotiate.

This shows that meaningful and effective partnership negotiations should be strengthened by relying on smaller committees to drive the process. This view is in line with Huxham and Vangen's (2000b) promotion of smaller forums; they promote reliance. Tightly controlled membership structures with a small well-defined number of core members and a set of working groups that report to the committee to gain agreement and implement the agenda, are effective in driving agreements.

However, organisations should be cautious because as much as such smaller forums provide an opportunity for all parties to contribute equitably, decisions made by smaller forums sometimes get thrown out at top management levels. The structure heightened the importance of observing hierarchy and centralisation of decision during negotiations. Therefore, organisations should create a broad and higher forum to ratify such agreements made by lower-ranked employees. The forum approach is suited for partnerships. It addresses Huxham and Vangen's (2000b) concern relating to partners not reaching consensus in cases where a loose structure is followed. However, promoting reliance on a tightly controlled membership structure with a small well-defined number of core members and a set of working groups that report to the committee to gain agreement is applauded.

Due to its flexible characteristics, the small forum approach is commended. It allows for:

- (i) agreements reached in earlier negotiations to be reviewed and amended in the subsequent phases.
- (ii) agreements to be finalised and taken to the bigger forums for ratification;
- (iii) removal of power distance since those forums were comprised of peers; and
- (iv) limitation on the iterations which were common because of scope creep, scope confirmation and expansions.

The study further concludes that the forum approach is appropriate for HPPPs negotiations because it allows for decisions to be processed in phases, which served to tighten negotiated agreements.

7.2.6. POWER DYNAMICS

Although Collier (2008) observed power differentials emanating from partners who hold housing capital, findings of this study on the five HPPPs case studies revealed that such dynamics and their impact are marginal when negotiating partnerships because of the long-term nature of the relationships; the anticipation for repeat business.

It is not a “zero-sum game”, but an outcome of the integrative negotiation strategy (Walton & McKersie, 1965), whereby both partners gain because a gain for one partner is linked to a gain for the other partner.

The findings show that power balance shifts depending on what resources each partner possesses and share at a particular phase. The study concludes that power shifts to the partner who shares lead resources in a particular phase.

Partners’ resource contribution per phase significantly gives power to the contributing partner. Such findings confirm Huxham and Vangen’s (2003S) observation in an earlier study that it is common that leaders from one party may use their positional power or skills to influence the activities of a collaboration, or partnership in these cases. Therefore, in line with Huxham and Vangen (2003), it is crucial for negotiating teams to identify if there are power imbalances in a relation and adjust approaches accordingly.

The study also concludes that symmetry in partnerships is a utopian state. In reality, the stakes are too high to reach a symmetric state because relations are defined and dominated by power imbalances, although partners do not want that imbalance to be recognised at face value. In line with Scott’s (2004) suggestion, these power imbalances within partnership structures should always be examined.

It has also been established that partners in partnerships are most likely going to steadfastly hold on to their roles and responsibilities as negotiated rather than renege on their commitments when there is more at stake and they deem the agreements to be fair. This is in line with existing literature. For example, researchers have established that a weak bargaining position can be significantly improved for the better and leveraged by linking issues related to the negotiated agreements (Just & Netanyahu, 2000).

7.3. CONTRIBUTION OF THE STUDY

The study makes a contribution to the body of knowledge by reflecting on housing

public-private partnership negotiation processes in urban municipalities in South Africa. It draws on lessons from findings showing the versatility of emerging market context to improve housing delivery.

7.3.1. THEORETICAL CONTRIBUTIONS

The study makes several contributions in the process of negotiating housing public-private partnerships. It does so by using the organisational collaboration theory and negotiation theory to explain the process of negotiating housing partnership in emerging economies.

The main theoretical contribution relates to the way in which negotiation processes are phased, and brings forth the importance of contextual and conditional factors, as well as content and skills requirements per phase.

The study established that negotiations of HPPPs happen in five phases. The study's observed phases are:

- (i) Partnership conception and initiation phase;
- (ii) Partnership negotiation phase;
- (iii) Partnership cementing phase
- (iv) Partnership implementation phase; and lastly
- (v) Partnership conclusion, or extension phase.

This finding significantly challenges existing research, which has never recognised so many. For instance, O'Looney (1992) only observed two phases, while Fisher et al., (1979), Zartman (1975) and Murtoaro and Kujala (2007) advanced three phases, and Ahadzi and Bowles (2004); four phases.

The study thus highlights the need for policy-makers and practitioners to appreciate the influence of national culture (characterised by close ties and high levels of cooperation) on promoting long-term partnerships.

It shows that standard negotiation phases, as shown in extant literature, may be limited when applied in long-term relationships such as housing public-private partnerships in environments characterised by close ties and high cooperation.

The study contributes by showing that each phase is unique, and is characterised by different underlying elements.

In terms of contextual considerations, negotiators should appreciate that lack of clear partnership policy directive does not only limits organisation's ability to negotiate better agreements, but slows the pace of negotiating. Thus, organisations should ensure that policies are developed and implemented.

The strategy of availing land for partnerships should also be based on organisational strategy. The strategy should be developed and communicated to all officials so that the organisation can take advantage of its land portions.

The study further contributes by showing that each negotiation phase is characterised by different negotiation content, which progresses in detail and complexity with each passing phase. Over and above that, the phases which deal with detailed and complex content are usually slow, and the opposite holds true for the less detailed simple ones.

It also contribute by showing that in terms of these phases, partners should possess unique resource capacities which when contributed to that phase, should entice the other partner to become involved in the partnership, to fast track the negotiation process, and the release of resources.

Furthermore, renegotiations are a norm. There is always a high possibility that agreements are reviewed at each subsequent phase once partners have gained better understanding of the phenomenon.

Each phase requires unique skills sets necessary to perform the specific activities/functions related to that particular phase. Essentially, all phases require the negotiators to have equally matching complexity skills sets as they require high abstracting skills.

The findings highlights the need and importance of capacity building within organisations. Thus, it is pointed to organisations that application of negotiation skills across the different phases should be in an incremental fashion, with the initial focus on more conceptual skills like vision setting and rapport building, and the later ones being more technical and coordination focused.

This is so because the first phases are more conceptual, compared to the later ones which are tangible, more practical and technical. For instance, skills required in the 'implementation phase' are somewhat more technical than in the first two phases which are numeric because they require the competency to negotiate details of the partnerships, and that required in the "cementing phase" for the adoption of a structure

best suited for the intended purpose which takes into account the prevailing contextual needs and partner's capacity, contributions, roles and responsibilities. Lastly, it shows that each phase has specific outcomes expected of them. For illustration purposes, see Figure 7.1 (the Housing Public-Private Partnership Negotiation Process Lifespan Wheel).

The Wheel further signifies the effect of partners' resource capacity and resource contribution such as budget and skills on the overall negotiation process.

The study also makes a contribution in terms of paying attention to the structuring of partnerships to resolve resource constraints, based on the several cases studied.

Over and above that, the findings assisted to throw some light to help to unpack the partnerships negotiation "black-box" with regard to how certain constructs influence the way a partner approaches the negotiations process, especially in resource-constrained housing projects.

Comparing how different parties contributed resources to the partnership revealed that parties did not only contribute resources to the partnership just in response to context-specific requirements, but also brought these to bear as a leverage to influence the partnership negotiation process. Simply put, parties contributed resources in a manner that matched and complimented their partner's capacity.

It showed that well-endowed partners used their contribution to influence the less powerful partners either as incentives or deterrents. For example, in most cases the private sector contributed more resources and used those to influence the partnership process thus becoming a main driver. Their contributions significantly improved the speed in which resources were contributed to the project, and eventually the success of the project. And the opposite was observed where there were challenges with regard to partners who did not contribute resources on time.

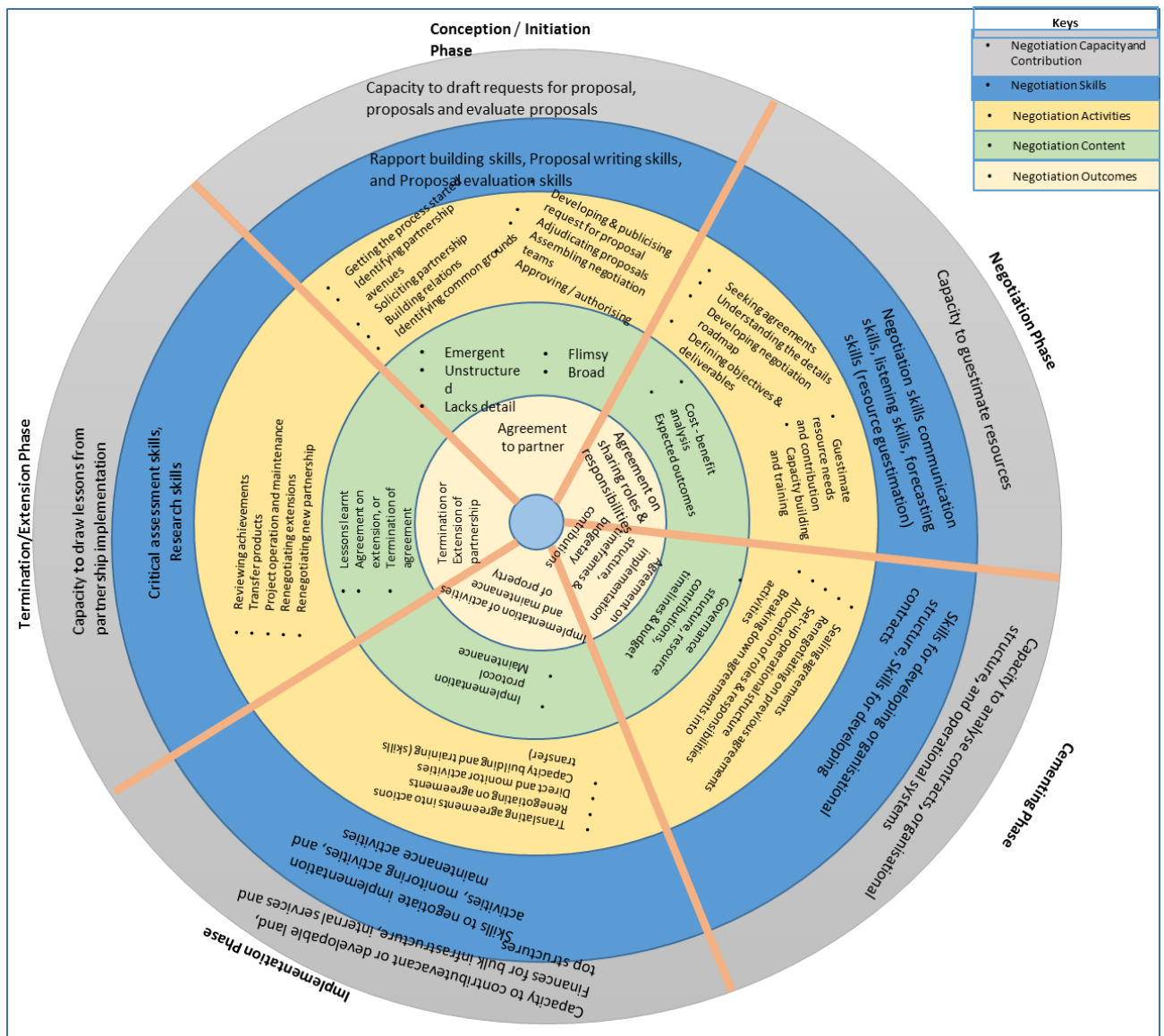


Figure 7.1: The Housing Public-Private Partnership Negotiation Process Lifespan Wheel.

Moreover, the study contributed to the partnership structuring debate by reflecting that partners' contribution, more than context, determined the type of partnership model to be adopted in a partnership.

Private sector led partnerships are common and they flourish. Almost all the partnerships were led by the private sector because it was more involved in mobilising resources for the partnership. The private sector is characterised as efficient and flexible to address pressing challenges compared to the public sector, which is limited because it is characterised by bureaucratic red tape in its processes, which slowed the negotiation process.

In addition, the study contributed to the theory by revealing that due to the resource contribution and long-term nature of the partnership, power balance between partners tends to shift between the partners throughout the partnership because parties “fear” to “rock the boat” and loose trust, which limits the possibility of repeat business in the future. Breakdown in relationship and trust is not desirable for the private sector because it means slowed business opportunities. Similarly, severing relationship might mean that in the long run the public sector forego some traction in the housing delivery pace.

Essentially, partners understood that the resources that they possessed and contributed at that particular phase gave them power. However, partners actually did not act on their power because they realised that power balance shifts depending on what resources each partner possesses and how they share such resources at a particular time and due to the long-term nature of the relationship which prompted parties to maintain cordial relations with the intention to gain advantage on repeat business. Thus, power dynamics only slightly shifted, based on who was sharing resources in that phase.

Lastly, the findings assisted in clarifying how to describe the partnership negotiation process.

The negotiation process can best be described from varying perspectives depending on the prevailing lens of the audience:

- (i) For social exchange and dual-concern theorists, the cost-benefit analysis relates to longitudinal give-and-take exchange partnerships. It is seen as the key determinant of a successful partnership negotiation process. In this instance, each party subjectively evaluated whether its benefits outweighed the perceived costs or not, and accordingly took a decision.
- (ii) Learning theorists view the negotiation process as a learning curve, whereby parties constantly collected and used information to “close their knowledge gap” to better their bargaining positions.
- (iii) Interest-based theorists expect negotiation processes to meet all the parties’ interests rather than being aligned to the position of one partner at the expense of another partner. The theory also emphasises the coming together of parties to reach a shared understanding on a phenomenon.

7.3.2. PRACTICAL CONTRIBUTION

The study proposes that future negotiators strive to utilise negotiation framework to guide their efforts.

The findings show that organisations participated in partnership negotiations without a framework or policy to guide them. Such a situation highlights a need for streamlining a partnership negotiation processes in organisations.

Thus, it is this researcher's considered view that both the public and private sector could benefit largely if they base their negotiations on a partnership negotiation logic framework. It thus stands to reason that each partner should develop his or her own partnership negotiation logic framework to guide its partnership approach. The use of a partnership negotiation logic framework can assist both the public and private sector to better prepare themselves to initiate and respond to partnership requests. This will create conducive conditions where each partner can achieve more in the partnership, which can be used by all parties to structure the risk better, as well as structure deals in an effective and viable manner congruent to its strategic vision and objectives.

The assumption is that if this framework can work better, it will directly and indirectly influence the secondary housing market where households will start to trade their properties and move up in the housing market. Doing so will ensure that there is trading at all levels: the lower, middle and affluent market.

The suggested Housing Public-Private Partnership Negotiation Framework will therefore assist housing practitioners, policy makers and researchers to make the best of partnership negotiations.

The findings also show the need for organisations to integrate and streamline partnership negotiations, and to heighten these to be at the core of each organisations' operational strategy. Thus, efforts should be made to ensure that negotiation periods are contained to specified and agreed timelines.

The main practical contribution, similar to the one stated above under theoretical contributions, relates to the way in which skills are differentiated essentially according to the different phase requirements. This proposal will assist housing practitioners and housing policy makers to appreciate the need to develop skills necessary to perform functions required in each phase.

Thus, skills audit should be conducted before organisations participate in partnership negotiations. Where there is lack, efforts should be made to build capacity.

Furthermore, organisations should develop and be guided by pre-determined cost-benefit analysis and delivery timelines when they either make partnership propositions or when they respond to a request for a proposal for a partnership.

The findings further showed that it is difficult to know when and how to make an investment without:

- (i) an already existing pro forma detailing the number of units to be constructed;
- (ii) the amount to be sourced from different sources; and
- (iii) the availability of skills to fast track each part of the process.

Thus, if the process takes longer than planned for by a certain period, in these case studies at an average of seven years:

- (i) it will affect the cost structure upward because their borrowed money is linked to inflationary interest rate rises;
- (ii) it affects the overall project costs and eats out their profit margins; and
- (iii) it increases project construction costs and makes housing unaffordable to the targeted market, further affecting the project projections.

Negotiators should understand these dynamics because they eventually drive the parties to renegotiate the agreements.

There should be an appreciation of the role of forward-looking in planning, and the understanding of give-and-take. For instance, the findings showed that the private sector preferred to negotiate for inclusivity. In several projects, the private sector minimised costs by negotiating for the whole development whereas they will implement in phases, and by seeking approval for all the phases at once at the beginning stages to minimise the need to have to continually submit layout plans for approval which has the potential to delay implementation.

They also drove bulk infrastructure outlay to cover areas which were adjacent to the area being developed so that when they implemented the other phases they already had necessary bulk infrastructure like main roads and bulk water to easily connect into. This approach puts the private sector in a better negotiation position because government had already given pre-approvals for the other phases even though the

contract was for one phase.

Furthermore, the companies are also in a better position because even if negotiations for the other phases fail, they can pull out of the partnership and on their own, go ahead and implement the other phases without the involvement and benefit to the public sector because the public sector had already constructed the most needed bulk infrastructure to service those areas. By so doing, the private sector can realise higher profit margin and the government would have lost in its initial infrastructure investment.

Lastly, it reflects on the lack of documentation, which opens up an avenue for budding entrepreneurs to develop technology applications that can be used to assist parties to streamline their negotiation processes by aligning procedures into practical activities.

7.3.3. IMPLICATIONS FOR RESEARCHERS

The study's findings have several implications for researchers. The findings highlight that there is a need to start conceptualising and theorising the housing public-private partnership negotiations as a five-phased process.

It also brings to the fore the need to account for context and conditional factors, especially the influence of lack of infrastructure and skills shortage.

7.4. LIMITATIONS OF THE RESEARCH

The research journey was exploratory, it landed one into familiar as well as unfamiliar territories alike. During the journey, the researcher sometimes missed the turns, and at times, like a stroke of a genius, landed on solid ground. So is the nature of the path to doctorateness.

The beauty of it is that with hindsight, the hazy view disappears from sight, and one begins to see the light. However, like water flowing in a stream, once gone, it is gone. Thus, it is difficult to undo some of the mistakes and errors of judgement on the path. But the key on the path to doctorateness, is to stand at the hilltop and say, I should have taken that path. The road not taken is now reflected as limitations. That is the beauty of a research journey.

Furthermore, it affords a researcher an opportunity to pause and insightfully reflect on the lessons learnt. It also affords one to conceptually link concepts and constructs related to the first, second and third world orders.

The limitations of this study are that,

- (i) it paid little attention to the patterns of negotiations;
- (ii) it did not investigate whether there are counters to phasing, and if there are, how could they have impacted on the objectives of the partnerships;
- (iii) it only focused on partnerships predominately implemented in urban areas, thereby making it less generalisable to rural contexts;
- (iv) it did not determine if there were any correlation between an organisation's partnership negotiation maturity and project cost, duration and quality; and
- (v) it was also a challenge to secure appointments with some respondents because they were no longer employed by the organisations they were working for when they negotiated the partnerships, some, more than ten years ago. Despite the time that lapsed between partnership negotiations for some projects and this research, respondents had a vivid historical recollection of the events and processes. A reflection of their passion in the negotiation process.

Although the process can be generalised to different contextual situations, a plausible limitation to consider is that not all the subsets of the negotiation contents and skills requirements per phase are generalisable to other contextual settings.

In addition, although there is a recognition that there had been limited or no skills transfer between partners, thereby limiting the potential for municipalities to move on the learning curve, this challenge has not been given due attention. No special attention was paid to develop the requisite skills to negotiate in almost all organisations, and by default, almost all partnerships. In isolated cases, especially in smaller municipalities, parties were prompted to strengthen or build capacity to negotiate. Therefore, there is a need to pay more attention to skills transfer in these negotiated partnerships.

7.5. RECOMMENDATIONS FOR FUTURE RESEARCH

Based on the limitations of the study as discussed above, several suggestions for future research are presented.

7.5.1. THEORY

The organisational collaboration theory and the negotiation theory have been used to explain the underlying behavioural factors displayed by different parties when

negotiating. However, there was little attention paid to the development of such skills and the patterns which had been used during negotiations of the different phases.

Therefore, there is a need to pay special attention to the sources of negotiation skills, organisational initiatives to build negotiation capacity, and the drivers of negotiations in each phase.

Organisational collaboration and other partnership defining theories can thus be applied to understand the factors that drive organisations to seek partnerships, and the source of negotiations drivers.

Another avenue worth investigating relates to the levels of power shifts in each phase, and how they impact on the phasing of the partnership negotiations.

7.5.2. PRACTICE

The study was limited to only partnerships initiated by municipalities in predominately urban areas. Thus, it is suggested that future research should attempt to examine negotiations of partnerships in predominately rural municipalities. Doing so will provide an opportunity to empirically compare and contrast between different contexts; urban and rural settings.

Furthermore, partnerships are characterised by disagreements, and it goes without saying that negotiations are characterised by tensions. Therefore, it would be opportune that future research pays attention to how parties in partnerships deal with tensions that arise in each phase because of differences in their approaches and interests.

Furthermore, future research can focus on three negotiation factors:

- (i) negotiators' interests and insistencies;
- (ii) negotiation strategies and party's interactions; and
- (iii) negotiation outcomes.

This will assist to determine how disagreements impacted on the parties' drive to reach agreements during negotiations.

It will also be intriguing for future research to discern how the less-resourced partners ensure that their voices are heard by well-resources parties during partnership negotiations.

Lastly, future research should look at how parties resolved disputes in each phase, and

the impact of renegotiations.

7.5.3. METHODOLOGY

The study relied on qualitative methods to understand what were the number of phases that emerged when partners negotiated housing public-private partnerships in the five case studies. It is suggested that future research should look at these factors from a quantitative angle to determine the correlations between the various constructs studied.

Furthermore, future research should determine how partnership negotiations affect return on investment, as well as determine if there is any correlation between an organisation's partnership negotiation maturity and project cost, duration and quality.

7.6. CONCLUDING REMARKS

The findings of this study have revealed that the process of negotiating housing public-private partnerships, whether initiated by the public or private sector, follows five distinct phases. The findings for the housing public-private negotiation process in Gauteng municipalities are a departure from the number of phases that previous literature suggested.

Over and above that, these phases are unique showing that although there is recognition that housing delivery can be enhanced when both the public and private sector work together, there has been little effort made by both the public and private sector to streamline and mainstream the process of negotiating housing public-private partnerships in South Africa.

The findings further revealed that most organisations still lack the organisational machinery necessary to use partnerships as a strategic value driver, and have no negotiation strategy and structure.

Similarly, organisations fail to capture lessons from their partnerships because of the high staff turnover. This is truer in a local government context, which is highly politicised and a contested terrain, dominated by robust and fluid political changes, where change in leadership which happens every five years brings new dynamics and priorities, and where contingencies from the community demands that infrastructure and service delivery become a norm that tends to throw years of urban development planning into disarray.

In this case, the need for establishing a housing public-private partnership negotiation framework can never be overemphasised. The framework is necessary to guide negotiators to what they should negotiate:

- (i) how they should set up targets from a monitoring point of view; and
- (ii) how they should negotiate.

The study concluded that negotiation of housing public-private partnerships is a complex and dynamic undertaking. It requires careful planning to fulfil the desires of the many stakeholders. It is complex, because negotiations have to proceed in an orderly manner in a complex and uncertain environment, taking into account the needs and interests of all parties involved.

Over and above that, the negotiation process is cumbersome and very involved. It happens in a phased approach, which has not been described better before in existing literature. It has also shown that there are several considerations to be taken into account in the process. Each phase requires unique skills sets to engage in meaningful negotiations and undertake specific activities, to achieve the desired unique outcomes.

Disregarding negotiating aspects at a particular stage of the process, poses high risks such as the failure of a project.

- (i) Furthermore, stakeholders have diametrically opposed interests: i) community development drive for the public sector; and
- (ii) profit for the private sector.

Therefore, this study highlights the need for partners to find common ground when negotiating. It revealed that to achieve such a desired state, depends on how partners share common visions and goals, how they share information and how they establish the requisite trust levels.

The findings also showed that re-negotiations and revisions of agreements are not a strange phenomenon, but an integral part of the housing public-private partnership negotiation process. This is understandable, because negotiating partners have to always reconsider their positions in terms of contingency factors that have a potential to affect their position and interest in the partnership, thereby necessitating them to revise their approach in line with, among others, risk exposure and project viability.

Lastly, it is therefore hoped that the results of this study will be a further contribution to

theory, practice, and methodology which seeks to understand how both the public and private sector can negotiate partnerships that strive for the parties to work together, negotiate to leverage and share resources, as well as negotiate to share risks towards improved delivery of housing.

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ANNEXURE A: SIMILARITIES AND DIFFERENCES OF THE FIVE HPPP PROJECTS.

Synoptic details and characteristics of the five case studies.

Case Context & Content	<i>Cosmo City</i>	<i>Olieven X 36</i>	<i>Rama City</i>	Savanna City	<i>Thortree View</i>
Conceptualised from	1998	1996	2009	2007	2003
Commencement date	2005	2004	2015	2014	March 2007
Completion status	Completed 2013	Completed 2010	Construction still under way	Construction under way	Construction under way due to scope extensions
Municipality	City of Johannesburg	City of Tshwane	City of Tshwane	Midvaal Municipality	City of Tshwane
Developer	Codevco (Basil Read)	Bigen Africa	Rama Horizon Developments	Basil Read (Savanna Property Development)	SAFDEV SSDC (Pty) Ltd. (Safrich) also known as Valumax
Main funder	Gauteng province & Kopanno Ke Matlo	ABSA Devco	City of Tshwane	Gauteng province	Rand Merchant Bank (RMB)
Financier's responsibilities	Subsidised the building of the units.	Donated land, provided finance for bonded units and for an improved level of service.	Fund the construction of bonded units, facilitate funding of bulk and low-cost housing.	Provide funding for Infrastructure and top-structures.	Provided project funding.
Project size	12 500 units	4 000 units	8 153 units	5 800 units	8,587 units
Project value	R15,9 billion	R18 billion	R13.6 billion	R24 billion	R37 billion
Project initiator	CoJ	ABSA	Rama Horizon Development	Basil Read	CoT
Land owner	Land belonged to City of	Land belonged to ABSA Property	Land belonged to Rama	Basil Read bought from a	Land belonged to Valumax, through a 50

	Johannesburg	Development (Pty) Ltd	Communal Property Association	private developer	year lease.
Land contributed by Municipality's responsibilities	CoJ	ABSA DEVCO	Rama	Basil Read	Valumax
	Funding for bulk and reticulation of higher level services (sewerage, water, storm water & roads).	Provided subsidies for the low-income earners through the Provincial Department.	Provide bulk infrastructure and services	Provide funding for bulk Infrastructure, services and top-structures.	Purchased land from Safrich for housing development. Provided top-up funding which was used for internal roads and also was used the Municipal Infrastructure Grant (MIG) funding for bulk and link services. Purchase of low-income housing units and pay for the services thereof. Relaxed the payment of fees related to planning as well as basic charges and assessment rates. Wrote off the amount owed on the undeveloped land by the previous developers.
Developer's responsibilities	Bulk and link engineering services. Design and construction. Build units	Appointed a contractor who provided all the activities in the scope of the project like build units and installing services.	Turnkey construction.	Turnkey construction.	Turnkey contractor provided all the activities in the scope of the project like municipal engineering services and construction of top structures.
Project type	Greenfield development.	Greenfield development.	Greenfield development.	Greenfield development.	Greenfield development.
Agreement type	Land availability agreement and service agreement.	Land use agreement.	Land use agreement, and Memorandum of agreement.	Service level agreement.	Memorandum of agreement, and land use agreement.
Structure type	No formal structure – Basil Read led.	Formal structure – led by ABSA Devco	Semi-formal structure – led by Rama Horizon Development	Formal structure – led by Savanna City Developments	No formal structure

ANNEXURE B: LIST OF PARTICIPANTS.

INDIVIDUAL INTERVIEWS

Interviewee	Organisation	Position	Project	Municipality	Date	Venue	Recorded	Transcribed
Respondent 1	Valumax/Safrich/SAFDEV SSDC	Project Manager	Thorntree View	City of Tshwane	31/03/2016	33 Ballyclare Drive, Bryanston.	Yes	Yes
Respondent 2	Bigen Africa	Project Manager	Olievenhoutbosch x36	City of Tshwane	11/04/2016	Bigen Africa, Innovation Hub, Pretoria	Yes	Yes
Respondent 3	Group5, used to work for ABSA Devco	Project Manager	Olievenhoutbosch x36	City of Tshwane	21/04/2016	Group 5, Mall of Africa Office Park	No	Yes
Respondent 4	Midvaal Municipality	Project Manager	Savanna City	Midvaal LocalMunicipality	05/05/2016	Savannah City	Yes	Yes
Respondent 5	Basil Read	Project Manager	Savanna City	Midvaal Local Municipality	19/05/2016	Savannah City	Yes	Yes
Respondent 6	Basil Read	Divisional	Cosmo City &	City of Joburg &	29/05/2016	Mugg &	Yes	Yes

		Manager	Basil Read	Midvaal Local Municipality		Bean, Jean Crossing, Centurion		
Respondent 7	City of Joburg	Project Manager	Cosmo City	City of Jo'burg	29/05/2016	Roodepoort Civic Centre	Yes	Yes
Respondent 8	City of Joburg	Head of Department	Cosmo City	City of Jo'burg	17/06/2016	Mugg & Bean, Menlo Park	Yes	Yes
Respondent 9	City of Tshwane	Project Manager	Olievenhoutbosch x36	City of Tshwane	25/05/2016	Princess Park, Pretoria	Yes	Yes
Respondent 10	City of Tshwane	Project Director	Thorntree View	City of Tshwane	13/06/2016	Bothongo Plaza West, Pretoria	Yes	Yes
Respondent 11	City of Tshwane	Head of Department	Olievenhoutbosch x36, Rama City & Thorntree View	City of Tshwane	20/06/2016	Bothongo Plaza East, Pretoria	Yes	Yes

GROUP INTERVIEWS

Interviewee	Organisation	Position	Project	Municipality	Date	Venue	Recorder Usage
Respondent 12	Basil Read	Head: Projects	Cosmo City	City of Joburg	16/03/2016	21 Oklahoma Avenue, Cosmo City	Yes
Respondent 13	Basil Read	Project Manager	Cosmo City	City of Joburg	16/03/2016	21 Oklahoma Avenue, Cosmo City	Yes
Respondent 14	Basil Read	Finance Manager	Cosmo City	City of Joburg	16/03/2016	21 Oklahoma Avenue, Cosmo City	Yes
Respondent 15	Basil Read	Project Assistant	Cosmo City	City of Joburg	16/03/2016	21 Oklahoma Avenue, Cosmo City	Yes
Respondent 7(2)	City of Joburg	Project Manager	Cosmo City	City of Joburg	16/03/2016	21 Oklahoma Avenue, Cosmo City	Yes
Respondent 16	Rama Horizon Development	Project Administrator	Rama City	City of Tshwane	26/04/2016	Rama City	No
Respondent 17	Rama Horizon Development	Project Administrator	Rama City	City of Tshwane	26/04/2016	Rama City	No
Respondent 18	City of Tshwane	Project Director	Rama City	City of Tshwane	22/07/2016	Schoongezich Guesthouse & Conference Centre	Yes
Respondent 19	City of Tshwane	Project Manager	Rama City	City of Tshwane	22/07/2016	Schoongezich	Yes

						Guesthouse & Conference Centre	
Respondent 20	Midvaal Municipality	Municipal Manager (former Head of Housing Department)	Savanna City	Midvaal Municipality	29/08/2016	Midvaal Local Municipality, Civic Centre, 25 Mitchell Street, Meyerton	Yes
Respondent 4(2)	Midvaal Municipality	Project Manager	Savanna City	Midvaal Municipality	29/08/2016	Midvaal Local Municipality, Civic Centre, 25 Mitchell Street, Meyerton	Yes

ANNEXURE C: INTERVIEW PROTOCOL



Informed consent for participation in a research study on negotiation of housing partnerships

RESEARCH TOPIC: NEGOTIATING HOUSING PUBLIC-PRIVATE PARTNERSHIPS IN RESOURCE-CONSTRAINED ENVIRONMENTS: PERSPECTIVES ON THE PROCESSES

Research Conducted by
Mr. R.R. Salane (23400570)
Cell: 083 3372 900
Salane.RR@gmail.com

Dear Respondent

You are invited to participate in an academic research study conducted by Mr Rirhandzu Salane, a Doctoral student from the Gordon Institute of Business Science at the University of Pretoria.

The purpose of this study is to understand how both (i) partners' resource capacity and contribution, and (ii) resource constraints influence partnership negotiation processes in four selected housing public-private partnerships. It also explores how the partnership negotiation processes followed yield a particular partnership structure (also called partnership model). It further looks at how the adopted partnership structure/model assists to resolve resource constraints in these HPPP projects. Furthermore, the research study seeks to explore how sharing of resources influences the power balance among these partners during the negotiations process once relationships are defined and resources are shared during the project implementation phase.

The results will be used to inform the development of a housing public-private partnership structuring process model which may be used when negotiating partnerships in resource constrained housing projects.

Please note the following:

- a) This study involves an anonymous interview. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers that you give unless you allow us to do so. However, kindly note that consent cannot be withdrawn once the questionnaire is submitted as there is no way to trace the particular questionnaire that has been filled in.
- b) Your participation in this study is very important to us. You may, however choose not to participate and you may also stop participating at any time without any negative consequence.
- c) Please answer the questions posed in the interview as per the attached interview protocol and follow-up questions as completely and honestly as possible. This should not take you more than 60 minutes of your time. Your permission is also sought for the use of a tape recorder for ease of capturing and reference.
- d) The results of the study will be used for academic purposes only and may be published in an academic journal. There is no remuneration for participating in this study. However, we intend to share with you our analysis for you to verify, and we will provide you with a summary of our results upon request.
- e) Please contact my supervisor (**Dr Robin Woolley, 082 332 9201, Robin.Woolley@transcend.co.za**) if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on voluntary basis.

Respondent's signature

Date

Researcher's signature

Date

Qualitative Discussion Guide: Negotiating Housing Partnerships

November 2015

1. Introduction (1-2 min)

- Introduce self, job and PHD research
- Review the purpose of the study, explain method of data capture and analysis
- Confidentiality and anonymity
- Estimated completion time:
= (60 minutes)
- Benefits to respondent
- Any questions?

2. Phases (What were the phases that emerged when partners negotiated housing public-private partnerships in the five case studies, and what triggered their start and end?)

- How did you approach the process of negotiating housing public-private partnerships, and why?
- How many phases did you go through when negotiating?
- How did your negotiation approach influence the phasing process?

3. Conditional and contextual factors (What was the influence of project context, negotiation content and negotiators' skills on the phasing of housing public-partnership partnership negotiations?)

- What resource constraints was your partnerships established to resolve?
- Tell me how did you negotiate in the partnership to address the resource challenges that faced the projects?
- What effect did negotiations have on the manner you addressed resource constraints in the project?

4. Partner's capacity and contribution (How did partners' resource capacity and contribution influence the negotiation process?)

- Tell me what type of resource capacity did you have, and what resources did you contribute in the partnership, and why?
- Would you say the resources you possess and contributed influenced the way the negotiation process unfolded?
- How did sharing of resources improve or limit your ability to reach the objectives of the partnership?

5. Negotiation process (What and how negotiation processes were followed, why were these processes followed, and how did they influence the partnership structure in the cases studied?)

- What type of a negotiation process was followed in this housing partnership?
- Why was this negotiation process followed?
- How did the negotiation process followed influence the phasing of the partnership negotiation process?

6. Partnership structure (How did the adopted partnership structure assist to resolve the resource constraints in the cases studied?)

- How was the partnership structure/model appropriately suited to assist resolve the identified resource constraints in this partnership?
- How did the partnership structure/model adopted in this HPPP influence the allocation of roles and responsibilities?
- How did the partnership structure/model adopted in this HPPP influence the pace of negotiations?

7. Power balance (What power shifts were experienced during the implementation of the partnership due to the partners sharing of resources?)

- Did all the partners deliver on their roles and responsibilities as negotiated and agreed in the beginning of the project?
- Would you say sharing of resources during implementation might have influenced the way you handled the negotiations in a partnership?
- Did any partner renege to contribute in any agreed commitments because the other partner had already delivered on their agreement?

- Were there any observed power balance shifts in the partnership during negotiations? If yes, did it influence the relationship between the partners during negotiations?

***Is there any other comment you would like to make on the negotiation of your partnership?
Is there anything not asked you deem relevant?***

ANNEXURE D: SUMMARY OF THE FIVE CASES CROSS-CASE ANALYSIS.

