

**Value Capture through Public-Private Collaboration: An  
exploratory case study of a South African mining firm**

**BY**

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## **Abstract**

The study explored how private firms and their constituents capture value through Public-Private Collaboration (PPC) in South Africa. Partnerships are touted as key enablers of firm innovation and value creation in an increasingly complex global context. Yet, very few studies have provided the evidence base of value creation and capture beyond the 'feel good' process considering integrated value for firms. Nor is there clarity on how value can be planned for, operationalised and measured for improved management practice. This study progressed knowledge on practice and evaluation of PPC processes for firms by going beyond traditional linear models that have been found to be deficient in complex contexts.

A qualitative case study was explored in the mining sector to provide richer and deeper insights into PPC processes from a firm perspective in its collaboration with government entities. The study provided the evidence base and indicators of value creation and capture for a private firm through a PPC process, exposed generalised assumptions, disaggregated value dimensions, and foregrounded a foundational multi-dimensional model and partnership value framework.

The study contributed an integrated strategic value lens and the choices made in aggregation and disaggregation of value constructs in diverse contexts. It demonstrated new combinations of constructs whereby PPC processes created sources of competitive, collaborative and societal advantage for firms through mediated pathways. Contextualised concepts and data gathering of use value, exchange value and transformative value offered the evidence called for on value capture through PPC processes. It revealed the need to disaggregate value dimensions such as intellectual, relational and political value from social value. The role of PPC processes in Balancing Accountability between public and private sectors was suggested as a concept in progressing the field of cross-sector governance.

A multi-dimensional model is presented reflecting the iterative and evolving nature of PPC processes and the interaction between value creation and value capture. An extended value indicator framework aims to aid in operationalising the assessment of PPC processes. The study promotes PPC processes as a mechanism to operationalise concepts such as Creating Shared Value (CSV) and respond to the Sustainable Development Goals (SDGs).

**KEYWORDS:** collaboration, strategic partnerships, value creation, value capture, shared value.

## Declaration

I, Chantal Ramcharan-Kotze, declare that the thesis, which I hereby submit for the degree of Doctor of Business Administration at the University of Pretoria, is my own work and has not previously been submitted by me for a degree at this or any other tertiary institution.

Signature    C Ramcharan-Kotze

Date         02 August 2018

## **ACKNOWLEDGEMENTS AND DEDICATION**

***“Faith and prayer are both invisible. But they make impossible things possible.” – Buddhist quote.***

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## LIST OF ABBREVIATIONS

EV <sub>C</sub>	Exchange Value
PPC	Public Private Collaboration
PPP	Public Private Partnership
ROI <sub>P</sub>	Partnership Return on Investment
ROR <sub>R</sub>	Reciprocal Return on Relationship
SD	Sustainable Development
TV <sub>C</sub>	Transformative Value
UV <sub>C</sub>	Use Value
VCC	Value Capture

# CHAPTER 1

## 1. Introduction

Public-Private Collaboration (PPC) as a strategic process is put forward as being a critical enabler of value creation and innovation for firms (Brinkerhoff, 2002; Cankar & Petkovšek, 2013; Innes & Booher, 1999; Kivleniece & Quelin, 2012; Rangan, Samii & Van Wassenhove, 2006; Huxham & Vangen, 2000; Vangen & Huxham, 2006). It therefore holds that the value created through strategic processes should be strategic in nature. Yet, scholars such as Berardo (2009) suggest that private firms, that is business or industry, gain very little other than relational value, with public partners (government entities) benefiting from a greater extent of value. The creation, realisation and appropriation of benefits is commonly referred to as value creation and capture within management literature (Bowman & Ambrosini, 2000, 201; Gans & Ryall, 2016; Lepak, Smith & Taylor, 2007). If public partners gained more than private firms from PPC processes, why then would large multinational firms such as Unilever partner with the United Kingdom's Department for International Development (DFID) and plough millions of pounds in corporate funding into community health, hygiene and sanitation projects, and related research and innovation programmes? This example highlights the need to better understand the strategic value dynamics and impact in relation to sustaining firm competitive advantage and their dependencies on actors and institutions who sit outside and beyond firm boundaries, specifically government partners as suggested by Henning (2018) and Van Tulder, Seitanidi, Crane and Brammer (2016).

Contrary to business researchers such as Berardo (2009), public administration scholars state that private firms receive a fair share of value (Donahue & Zeckhauser, 2006) which is equally affected by the choice of financing arrangements when considering formalised PPPs (Hodge and Greve (2007). Yet, limited studies in the PPC value creation and capture domain such as those undertaken by Kivleniece and Quelin (2012) and Mahoney, McGahan and Pitelis (2009) have looked at public-private collaboration primarily from a private actor's perspective. And those that have enquired into collaboration and value creation for firms, such as Ansari, Phillips and Hammick (2001); Borys and Jemison (1989); Henning (2018); and Thomson, Perry and Miller (2007) call for further insights into the capture or appropriation of value in diverse contexts. Henning (2018, p. 14) further highlights that both public and private actors have been perceived as being challenged in solving economic, social and environmental concerns of modern economies. And that the relationship between two fundamental sectors (public and private) should be complementary rather than competitive.

Furthermore, when considering motives to collaborate, public and private actors have varying expectations, targets or objectives, misaligned interests and a disparate understanding of value. (Borys & Jemison, 1989; Bridoux & Stoelhorst, 2014; Van Tulder et al. 2016). When coupled with the view that value creation and value capture, as strategic processes, are separate yet interdependent (Haksever et al. 2012; Kivleniece & Quelin, 2012), this becomes problematic. Value capture involves the appropriation, use, exchange and transformation of value created (Bowman & Ambrosini, 2000, 2010; Crossan & Berdrow, 2003; Dyer & Singh, 1998). It reaffirms that value may be created, but not necessarily captured (Bowman & Ambrosini, 2000, 2010; Kivleniece & Quelin, 2012) and that further exploratory work is required into complex PPC processes where evidence and measurement is not readily understood.

Linked to the broader understanding of value capture, there has been an increasing shift and movement in strategic consideration for concepts such as Creating Shared Value (CSV), requiring firms that are working towards improving their competitiveness to look beyond economic value that predominantly benefits shareholders (Henning, 2018; Porter & Kramer, 2006, 2011). Henning (2018), drawing on Granovetter (1985), strengthens the argument that economic activity and exchanges cannot be divorced from the fact that markets are embedded in social networks. Henning (2018, p. 11) furthermore stresses the need to move scholarly contributions beyond a mechanical understanding of how they work and analyse institutional changes and problem-solving areas of value. Further work is therefore needed in defining value created and captured through PPC processes or partnerships in an integrated manner, building on the work of Kivleniece and Quelin (2012). This is important in understanding the role of PPC processes for firms and validating its role as a strategic enabler of value from a firm perspective. Walsh (2011) notes that indicators of value will differ between developed and emerging economies and this remains important for undertaking the study within a South African context. In order to develop indicators requires a theoretical reference and integration of value creation that is currently spread across diverse fields, possibly confounding the evaluation process for firm actors.

PPC processes in nature are dynamic and characteristic of aggregative and integrative elements (Thomson et al., 2007) with both short- and long-term effects (Ansari et al., 2012). There exists various PPC process value creation opportunities for private firms, such as broader societal benefits that impact positively on firm stakeholders as they create both anticipated and unanticipated opportunities (Innes & Booher, 1999; Rangan et al., 2006; Roussos & Fawcett, 2000; Weiss, 1998). Scholars assert that many other sources of value are created. These include enhanced legitimacy and relational value (Borys & Jemison, 1989; Rangan et al., 2006; Shah, 2011), securing scarce, critical and shared resources (Berardo,

2009; Nidumolu, Prahalad and Rangaswami, 2009; Zadek, 2003), securing future contracts, sales and subsidies (Kivleniece & Quelin, 2012; Oliver & Holzinger, 2008), and enhanced organisational skills and knowledge (Keast & Mandell, 2014; Kivleniece & Quelin, 2012) to name a few.

**Why are PPC processes of increasing importance to firms?** Firms operate as sub-systems in a broader system and rely on a number of non-traditional partners and hybrid arrangements (Ackoff, 1971; Hahn & Gold, 2014) that are seen as new organisational forms derived from diverse interactions and institutional logics in attempts to respond to complexity (Villani, Greco & Phillips, 2017). The complex global issues faced by business and the varying levels of interdependencies requires further enquiry into developing flexible, collaborative and creative institutional arrangements that go beyond Corporate Social Responsibility (CSR) (Porter & Kramer, 2006; Streck, 2004). This becomes even more urgent when the blurring of boundaries between public and private actors is on the increase (Gray, 1989; Stoker, 1998). In view of the ambitious task of SDG implementation, Sustainable Development Goal 17 (SDG 17) requires a revitalisation of global partnerships to meet and overcome challenges in developmental finance, technology, data, capacity building, trade, policy, and institutional coherence. Van Tulder et al., (2016, p. 2) puts it eloquently when they refer to partnerships across sectors as a new paradigm for strategy that has resulted in a growing empirical pervasiveness. Highlighting again the need for further research and contributions to practice.

Substantial research by scholars and practitioners such as Hardy, Hudson and Waddington, (2015); Huxham and Macdonald (1992); Huxham and Vangen (2000); Thomson et al. (2008); and Thomson et al., (2007) has been undertaken in the field of cross-sectoral partnerships related to collaboration processes. These contributions have extended theory in the process of partnering, but not necessarily in measuring value beyond relational value. The work of Van Tulder et al. (2016) contributes to the understanding of the iterative process of value creation through impact loops. However, the scholars are using social frames, giving little attention to economic and organisational theories that currently exist. Philanthropic and CSR approaches are possibly what perpetuates the dissonance in firm understanding and firm active participation in PPC processes or what Porter and Kramer (2006) refer to as bolt-on approaches. Van Tulder et al. (2016) further suggest that a single linear model can provide evaluation sufficiency across firm, public and civil stakeholders. Garriga (2014) reminds us that stakeholder views of value are multi-faceted, and in some instances, compete with each other. Therefore a single model may not address the needs of all stakeholders, especially for firms if conceptualised through an outside-in approach. This study creates a bridge by

integrating value and insights for firms from an organisational perspective, complementing the non-profit or philanthropic contributions made within the CSR field.

Firms operating in emerging economies face numerous challenges (Prahalad & Hart, 2002). However, such markets provide some of the world's most valuable resources that have a significant impact on firm sustainability and future advantage (Christensen, 2001; Nidumolu, Prahalad & Rangaswami, 2009; Zadek, 2003). Therefore, the need to engage beyond organisational and sectoral borders becomes critical when firms consider the increased responsibilities, accountabilities, regulatory frameworks and global pressures for change. These are catered for by initiatives such as the Sustainable Development Goals (SDGs), King IV, the Global Reporting Initiative (GRI) and the Johannesburg Stock Exchange' Responsible Investment Index (RII). All of which necessitate an integrated firm approach to economic, social, environmental and recent increased governance endeavours (Hellman & Schankerman, 2000). Strategic, flexible relationships and partnerships are therefore critical for developing and maintaining firm competitive advantage in complex operating environments where organisations require more control over external factors (Nidumolu et al., 2009; UNIDO, 2014).

*“The shared nature of the global development challenges we face today calls for collective action that is inspired and shaped by the challenges and opportunities of the next fifteen years. Building vibrant and systematic partnerships with the private sector is a vital prerequisite for the successful implementation of a transformative agenda to accelerate poverty reduction and sustainable development in the post-2015 era...”* stated UNIDO Director General Li Yong (UNIDO, 2014, p. 2).

Despite calls to better address the bottlenecks and respond to the opportunities that can be derived from collaborative efforts, there still remains a gap in extant theory on the capture of value through PPC processes from a firm perspective (Ansari et al., 2001; Borys & Jemison, 1989; Powell, 1987; Turcotte & Pasquero, 2001). Most studies focusing on PPC processes such as Van Tulder et al. (2016) and Keast and Mandell (2014) have approached these relational processes from either a public administration, social or non-profit perspective, leaving gaps for contributions from a private firm perspective (Ansell & Gash, 2007; Hodge & Greve, 2007). This is captured by Table 1. This study responds to the call and opportunity to examine the private actors' or business perspective on how value captured from PPC processes is defined and understood, particularly in the face of increasing pressure for the private sector to engage more meaningfully with public partners, in this case government (Henning, 2018; Stott, Bahri, Harrison, Kallinowsky & Stibbe, 2011; UNIDO, 2014).

**Table 1. Theoretical contributions – Firm PPC value creation and capture**

<b>Value Creation through Public Private Collaboration</b>	<b>Firm Value Creation through PPC processes (Government-Business)</b>	<b>Firm Integrated Value Capture through PPC processes (Government-Business)</b>
Ansell & Gash (2007) Bryson, Crosby & Stone (2006) Donahue & Zeckhauser (2006) Emerson, Nabatchi & Balogh (2011) Esteves & Barclay (2011) Hamann (2011a) Henning (2018) Mahoney, McGahan & Pitelis (2009) Metcalf & Lapenta (2014) Roussos & Fawcett (2000) Stadler (2012) Villani et al. (2017)	Canker & Petkovsek (2013) Kivleniece & Quelin (2012) Rangan, Samii & Van Wassenhove (2006) Quelin, Kivleniece & Lazzarini (2017) Villani et al. (2017)	<i>Limited</i> - Kivleniece & Quelin (2012)

This gap exists possibly due to disciplinary separation in management literature of strategy, stakeholder engagement, collaboration and sustainability (Winn & Pogutz, 2013; Porter, 2006) and concepts related to boundary crossing models and processes that are used interchangeably (Table 2). The study undertaken by Kivleniece and Quelin (2012) provides an important foundation for the discourse on value capture for private firms through the PPC process. However, to extend this contribution, further research is needed that blends strategic management, societal, economic and ecological perspectives of value creation and capture. Such research must at the same time consider value spill-overs, slippages and spin-offs (Lepak, Smith & Taylor, 2007).

Building on the constructive partnership study by Rangan et al. (2006) who derive their findings from economic theories (transaction cost and externalities), blending social, economic and systems theories to develop a more holistic view of value is gaining urgency in the twenty first century as public and private actors are required to be more accountable to an increasing range of stakeholders (Porter & Kramer, 2006). The dissonance in value approaches such as between Le Ber and Branzei (2010a) and Quelin et al. (2017) highlights again the need for trans-disciplinary studies to explore value from a firm constituency perspective. Whereby, Le Ber and Branzei (2010a) refer to beneficiaries as marginalised and disenfranchised stakeholders, ignoring shareholders and management as beneficiaries of value creation. Whereas Quelin et al. (2017) reflect private and public or social actors and goals.

Through this study, it will be argued that value created and captured through the PPC process spans partner boundaries when considering firms as nested sub-systems with inextricable linkages to society and the environment (Gray, 2006; Hart, 1995; Henning, 2018; Nidumolu, Ellison, Whalen & Billman, 2014). Despite their stated benefits, PPCs offer their own challenges in dealing with conflicting partner objectives and strategic complexity (Turcotte & Pasquero, 2001). This invites the obvious question – how do firms successfully capture value that is created through PPC processes? And, if the firm is a mechanism of value creation for a nexus of stakeholders (Bridoux & Stoelhorst, 2014), how do firm constituents capture this value?

These are relevant to a study attempting to explore how firms benefit from PPC processes. Unfortunately, there exists no framework in current literature that provides an indication of what constitutes evidence whereby PPC processes create value that is captured by firms (Ansari et al., 2001). This is addressed through an analysis of PPC literature from a firm perspective to develop a framework that conceptualises key concepts such as value creation, value capture, and sources of value within a PPC process.

The research study responded to the following question: How do private firms and their constituents capture value in the case of a PPC process in South Africa? Various sub-questions were necessary in responding to the overarching question.

These were:

1. What sources of value does a PPC process create?
2. How do firms, driven by sustainability objectives, define value capture through PPC processes?
3. How does a firm capture value created through PPC processes?

This research study was embedded in a transitioning market context that is South Africa. A number of ongoing collaborative partnerships between government and business have been established in the last decade specifically associated with firm sustainability strategies.

## **1.1 Research contributions**

The study contributed towards addressing the following theoretical and practice gaps:

- It undertook an enquiry into relevant studies that are dispersed across various fields such as public-private collaboration, collaborative governance, stakeholder



engagement, and inter-organisational spanning and sustainability theory, in relation to value creation and capture from a firm perspective. This provided for a much needed integrated firm view of value creation through PPC processes (Ansari et al., 2001; Kivleniece & Quelin, 2012; Sharma & Kearins, 2011) in order to develop indicators and support firm evaluation of value through PPC processes.

- It explored the evidence base of value creation and capture called for by Ansari et al. (2001) from a firm perspective and built on the work undertaken by Keast and Mandell (2014) and Thomson et al. (2007) by verifying the extent to which collaborative efforts created and captured value for the firm beyond the “feel good” and trust building process (Sullivan, 2007). The study has responded to the overarching question on how firms capture value from PPC processes by demonstrating the extended value dimension and stakeholder perspective of PPC processes enabling value creation and value capture opportunities for private firms.
- Due to the disparate understanding of value across PPC actors, the study surfaced a private perspective of value creation and capture for firms through hybrid arrangements by elevating dimensions of value, expanding the profile of salient stakeholders; and contributing new combinations of constructs – competitive, collaborative and societal advantage - in realising firm strategic value (Ansell & Gash, 2007; Berardo, 2009; Borys & Jemison, 1989; Emerson et al., 2011; Keast & Mandell, 2014; Lepak et al., 2007; Quelin et al., 2017; Thomson et al., 2007; Walsh, 2011).
- A multi-dimensional foundational collaborative model is offered to improve the understanding of and practice within complex PPC processes. Current models on complex collaborative or cross-sectoral engagement processes reflect a linearity and single-dimension in their depiction which does not support the integrative, inter-dependent, aggregative and evolving nature of PPC processes that the scholars argue.
- Finally, the study offers a foundational planning and evaluation framework for firms engaged in PPC processes by extending the contributions of Keast and Mandell (2014); Quelin et al. (2017); and Thomson et al. (2007) from a private perspective.

Chapter 2 provides a brief overview and contextual setting for the study, focusing on the mining sector in South Africa and the multiple dynamics of operating in a developing, transitional economy. Extant contributions, syntheses and arguments, structured in line with the study’s sub-questions, forms the substance of Chapter 3 as well as defining the concept of firm strategic value from a stakeholder and sustainability perspective (Mainardes, Alves & Raposa, 2011). Chapter 3 delves into the literature review, concluding in research questions

embedded in a theoretical framework. This chapter demonstrates the relationships between value creation, firm constituents, and value capture through PPC processes.

The qualitative, exploratory, multi-stakeholder case rationale in Chapter 4 provides for richer PPC process insights and experiences, thereby building on theoretical contributions in this area. This chapter outlines the methodology, research tools employed, sampling strategy, data capture and data coding approach. Chapter 5 presents the research findings by taking the reader through frequency tables, respondent quotations and reflects on the analytical methods and data sources employed. Chapter 6 provides a discussion of the research findings and outlines key areas of contribution of the study. Chapter 7 consolidates the aim, methods, implications, and contributions of the study. And concludes the study by outlining limitations and providing recommendations for future research.

## CHAPTER 2

### **2. Mining history in South Africa and the backdrop for PPC processes**

Chapter 2 provides a framing of the study context within South Africa and emphasises the need for collaboration and partnerships. It provides additional context for international readers and the study's methodological choices. Emerging economies provide distinct institutional, political and economic nuances for firms, requiring a review of more established business models (Prahalad & Hart, 2002; Walsh, 2011). This chapter outlines contextual considerations by briefly covering the mining sector's history, backdrop for collaboration, and the resultant approach to public-private collaboration.

#### **2.1 Mining history in South Africa and the backdrop for PPCs**

The mining industry was pivotal in placing South Africa on the global economic map 151 years ago with the discovery of diamonds in the Orange River area in 1867. The gold rush in what was then the Transvaal Republic followed in 1886 and soon after a stock exchange was set up in Johannesburg in the late 1880s (Kane-Berman, 2017; South African Chamber of Mines, 2017). The diamond and gold discoveries led to foreign expatriates flocking to South Africa, land annexure attempts by the British government and the first South African War. Sections 2.2, 2.3 and 2.4 cover three important perspectives on mining in the South African context that have paved the way for government and business to begin together on essential work needed to remedy the ills of the past and ensure a sustainable future

##### **2.1.1 Mining and socio-economic redress**

The apartheid regime committed gross human rights violations between 1948 and 1994, which the South African Truth and Reconciliation Commission (TRC), established in 1995, was set up to redress. Industrial activity linked to mining catalysed cyclical employment contracts and recruitment processes of local and regional Black African labour that created a system of low labour costs, preventing families from living and settling in the city and resulting in the undermining of culture and human dignity (Forrest, 2013; Spector, 2014). Through the TRC the mining industry was identified as being directly involved in oppressive policies and capital accumulation at the expense of black South Africans. The Chamber of Mines at the time was

accused of failing to understand and acknowledge the moral and social implications its inaction had and would continue to have on the country (TRC, 1998).

The events of August 2012 that led to the deaths of 44 male workers at a platinum mine in Marikana in the North West province were a clear indication of the migrant labour legacies that have lived on since democracy (Farlam, 2015; Hartford, 2012). After Marikana, it was clear that socio-economic redress had to take on new forms. The mining industry value chain has been prioritised in the New Growth Path (Economic Development Department [EDD], 2009). Social and Labour Plans (SLPs) for mining operations capture the breadth and depth of the commitment by firms and government partners on areas such as community and sustainable development.

### **2.1.2 Mining from an economic perspective**

Chamber of Mines, now Minerals Council of South Africa (MCSA), President Mxolisi Mgojo was quoted in a press statement stating that *"Mining is the flywheel of the South African economy. When mining does well, it lifts many other sectors, those who supply inputs into the industry, and through the significant export revenue it brings back into the economy...the converse is also true – when mining struggles, most other economic sectors also feel the pain"* (Mining Weekly, 2017).

South Africa is currently the world's third largest coal exporter, third largest supplier of iron ore to China (the world's largest consumer), and largest producer of platinum, chrome, manganese, vanadium and vermiculite (USGS, 2017). Back in the 1980s, mining contributed 21% towards South Africa's Gross Domestic Product (GDP), following manufacturing. It has been shown that a 1% increase in real growth of mining will lead to an increase in the economic growth of a region by 0.16%, holding other things constant (Olawami, 2017). The South African government has put in place a Minerals Beneficiation Strategy following a study in 2012 that reflects downstream processing opportunities and contributions to enterprise and job creation.

However, the mining sector represented by the MCSA is quick to differentiate between complying mining companies and non-complying mining companies within the South African context and the role that they play in proving a platform to engage government stakeholders in how the sector can support economic inclusion through a commitment to collaborate (Chamber of Mines, 2017).

### **2.1.3 Mining and environmental legacies**

Despite the advent of democracy in 1994, South Africa remains challenged by infrastructure and basic services disparities. Attempting to meet the constitutional rights of citizens is challenging, given that some costs have been externalized partly due to weak regulation. They include environmental costs that are deflected onto firm constituents or stakeholders, improving firm efficiencies and profitability (Adler et al., 2007). These externalities include health of workforce and communities, pollution and degradation of natural resources, and mining waste. The transition to democracy brought in the state as custodian of natural resources such as water, requiring robust engagement on complex issues of land ownership, operations and externalities.

The departments of Mineral Resources, Water and Sanitation, and Environmental Affairs are central to the regulatory environment and compliance engagements with the mining industry. Levels of government are charged with differing roles and authority. For example, national government will administer policies with regional and provincial departments required to enforce, localize and monitor compliance with policy and regulation. Due to poor coordination between national, provincial and municipal government, mining companies have either attempted to engage, self-regulate, or in some cases ignore compliance requirements (Adler et al., 2007). Mining Vision 2030 and the development of the Mine of the Future with inputs from government stakeholders (Chamber of Mines, 2017) looks to find solutions that go beyond peripheral socio-economic, environmental and health legacies that were the focus of Corporate Social Responsibility (CSR) and public relations efforts. Scholars such as Hamann (2003) highlight stakeholder responses whereby the concept of CSR was perceived to represent business' enlightened self-interest and philanthropic focus.

### **2.1.4 The mining sector and political engagement**

According to the Mineral and Petroleum Resources Development Act (MPRDA) ownership of mineral rights is now vested in the South African people under state custodianship governed by permits (MPRDA, 2002). This is an important factor in how mining companies and government entities engage. The requirement of 51% black economic empowerment (BEE) shareholding for securing prospecting rights was released in June 2017 as part of the revised Mining Charter. *“The harmonisation of these policies is intended to ensure meaningful participation of Black persons in accordance with the objects of the MPRDA and the Mining Charter and provide for policy and regulatory certainty to invest in the development of the industry.”* (Mining Charter, 2017)

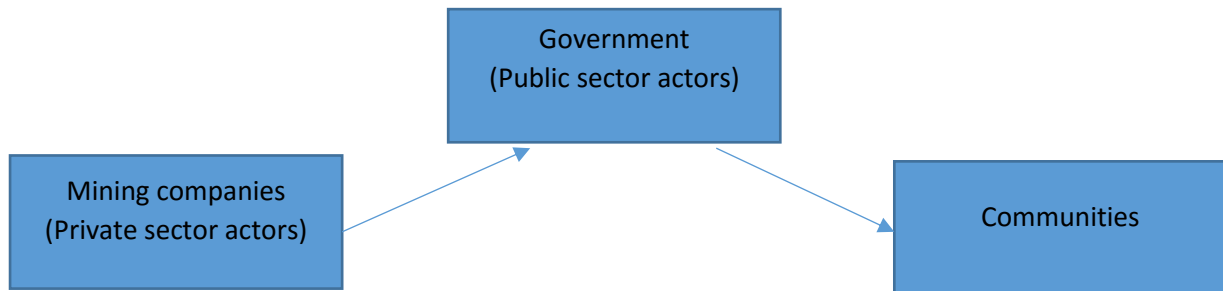
This was met by an interdict against implementation by the then Chamber of Mines, which noted that it was “*not the Mining Industries Charter*” responding to the lack of engagement and agreement in developing the requirements (as cited in Breytenbach, 2017). Added to the complexity of addressing legacy issues has been the emergence of what has been termed “state capture” in South Africa, implying that the third iteration of the Mining Charter, with last-minute inclusions, reflects state capture at play (Business Day, 2017). These represent two sides of the coin, requiring reflection on the intent towards redress, redistribution, compensatory justice, or opportunism (Swart, 2013).

The need for socio-economic redress, management of environmental impacts and responses to maintaining the economic contribution of what has been a significant industrial contribution to GDP over two centuries has led to various forms and models of engagement, cooperation and collaboration between private firms and the public or government sectors in South Africa. The following section delves into PPCs across public and private boundaries in the mining sector.

## **2.2 The mining sector’s approach to PPC processes**

Mining sector engagement with government stakeholders has predominantly centred on the implementation of CSR initiatives for the benefit of communities in operating areas and obtaining a social license (Benton, 2018; Hamann, 2004). Is this approach working? Esteves and Barclay (2011) allude to the instrumental approach of CSR when linked to stakeholder engagement and Benton (2018) suggests that there is an increasing mistrust between private sector mining operations and communities. Extant literature and current practices therefore suggest that there is a mediating role played by government actors within the mining sector as depicted by Figure 1.

**Figure 1. Mediating role played by government or public actors**



Citing Tim Hart of global firm, SRK Consulting, Benton (2018, p. 1) suggests that deeper approaches are required, whereby communities are treated as partners rather than mere beneficiaries, a philosophy that is gaining traction in the mining sector. However, the challenge remains in implementation. Esteves and Barclay (2011) confirm that the trend towards partnerships in the extractive and minerals sector is fairly recent due to the shifting operational context and the risks inherent in superficial engagements with the public sector and communities.

Sullivan (2007) has similarly elevated the discourse on collaboration and partnerships in extractive industries such as mining, stating that executives are increasingly aware of the high transaction costs linked to social investments and why this should be managed more effectively. Being specific to government actors, reference is made to the importance of deeper engagement due to shifts towards decentralized powers, strategic planning and coordination taking place at local level; government's role as brokers and capacity builders; and budget allocations for service provision.

Murdy (2006) raises the ongoing challenge of control of resources and dependencies for why joint action and new forms of partnerships are critical between an industry that contributes significantly towards economic and social development and government actors meant to mediate socio-economic processes. These range from macro-level policies to the effective use of tax revenues for enhancing the capacity of local government actors and the provision of basic services to prevent social tensions. Examples used by Murdy (2006) include the positive impacts on levels of poverty and economic activities in countries such as Chile and Botswana, where policy and institutional development alongside PPCs aided in the foundations for appropriate and effective governance.

In the context of value creation and capture, Buse and Waxman (2001) and Hamann (2014) balance the discourse by highlighting the risks of inadequately monitored and governed relationships and the risks linked to degrees of institutional capture by commercial interests in the mining sector.

No single sector has been challenged and will continue to be challenged like the mining sector. Actors in this context include the stakeholders and local communities who have derived both value and risk either directly or indirectly since the 1800s in South Africa. This scenario and sector therefore posed an interesting case for the research study to investigate the economic, social, environmental, governance and development complexities 24 years after the first democratic elections. Looking at the factors that require redress and transformation, and examples of self-regulation, provided the researcher with a breadth of constructs for a potential management framework that could be narrowed and tailored to other sectors.

The mining sector in many ways provides an observable and topical example of successes and failure in PPC efforts that may not be as explicit in other sectors. Using a case in the mining sector, despite its nuances, provided for a rich interrogation of PPCs, value creation and value capture that can be tested, refined and applied in various other contexts that may have been overlooked for their role in advancing sustainability levers. Chapter 3 of this research study unpacks the theoretical framing of PPCs in relation to value creation and value capture.



## CHAPTER 3

### 3. Literature Review

The purpose of this study was to explore and determine through a single in-depth case analysis how various categories of value created through a PPC process are captured by a firm and its salient stakeholders. Specifically, the researcher aimed to better understand the value capture process and the appropriation of value from a private perspective. In order to undertake this piece of research, it was necessary to critically analyse extant literature. It should be noted that the review of literature was a continuous feature across the different phases of the study.

The review delved into the linkages between value creation and value capture through collaborative processes and explored the distinct construct of value capture in terms of value appropriation, use, exchange and transformation. In support of this, key areas of literature were critically reviewed: a) public-private collaboration (government-business), b) value creation and value capture, and c) stakeholder management. A review of inter-organisational spanning and partnership literature supported the development of insights and inter-connections in the limited public-private collaboration domain. These provided the context and rationale for why PPC processes are established, the expectation of their outcomes and an appropriate research design for studying complex processes.

Current literature on the broad topic of value creation provides the context for an improved understanding of the constructs of value from a firm perspective that forms the foundation of the study. A critical review of value creation offers the background for gaining evidence of value capture through the PPC process. Literature focused on stakeholder theory was reviewed and provided the most appropriate means to improve the understanding of value with regard to sustainable private firms, particularly in response to alternative strategic decision-making and firm interdependencies (Freeman, 1984; Le Ber & Branzei, 2010b; Mainardes et al., 2011).

A range of information sources was accessed over a period of two years, including academic journals, dissertations, books, professional conference outcomes, institutional and country reports, internet and print media resources. One of the main themes emanating from the literature was the distinction between value creation and value capture, which became the focal point of the study. The review therefore offers the researcher's view of exclusions in current literature, which is complemented by the emergent need within management theory and practice in relation to the strategic nature of collaboration. Extant literature on value

creation and capture through cross-sector partnerships, networks and hybrid associations, has been included in the literature review to reflect on key concepts that sit within other fields of research and the existing gaps in theoretical and practical contributions.

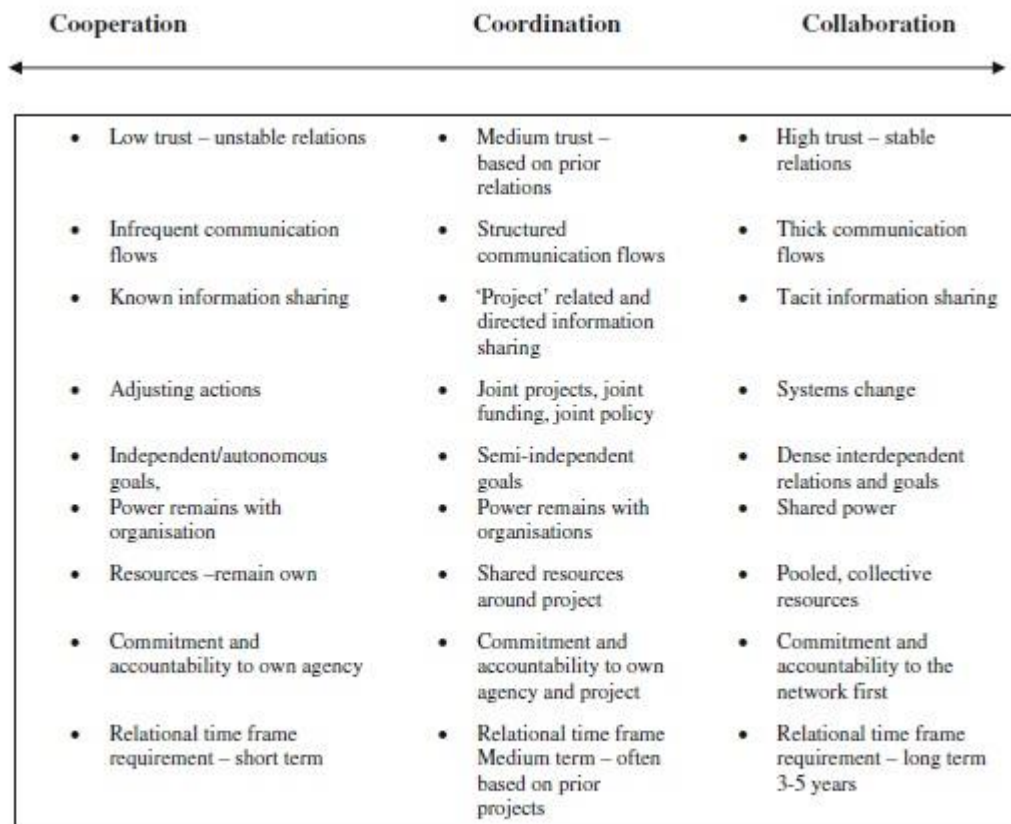
The key literature topics for the study remain, a) public-private collaboration, b) value creation and value capture and c) stakeholder management, and have been presented and critiqued in an integrated manner in relation to the research question and its sub-questions, resulting in the development of a theoretical model. Each section will start with a broad overview and build up towards a research argument.

### **3.1 Public-Private Collaboration**

Collaboration and inter-organisational engagement takes on a multitude of modes, structures and characteristics such as coordination, cooperation, alliances, joint ventures, collaboration, public-private partnerships (PPP), and collaborative governance. These are a few among the array of relational and governance forms (Ansell & Gash, 2007; Donahue & Zeckhauser, 2006; Keast & Mandell, 2014; Thomson, Perry & Miller, 2007). Keast and Mandell (2014) reflect on the continuum displayed by collaborative relationships depicted in Figure 2. These hybrid arrangements and varying governance models are the result of strategic and operational transitions by organisations as they look at repositioning, adapting and enhancing efficiencies (Borys and Jemison, 1989; Powell, 1987; Queliñ, Kivleniece & Lazzarini, 2017; Rangan, Samii & Wassenhove, 2014). Borys and Jemison (1989, p. 235) aptly referred to such hybrid arrangements as theoretical orphans, calling for further contributions alongside Ansell and Gash (2007) and Kivleniece and Quelin (2012).

Recent contributions by scholars Quelin et al. (2017) again call for future research into types of value distributed and studies that assess the process of value creation and appropriation. The scholars make specific reference to social value and improved empirical methods to increase the understanding of value-based outcomes. The work of Keast and Mandell (2014) in Figure 2 clearly outlines characteristics of cooperation, coordination and collaboration drawn from the initial efforts of Huxham and Macdonald (1992). It reflects on relational, resource, time-frame and institutional/system impacts and expectations which aids in an improved understanding of collaboration as a strategic choice. This empirical evidence base provided an important foundation for focusing the study.

**Figure 2. Collaboration relationship continuum (Keast & Mandell, 2014, p. 14)**



**Fig. 1** Relationship continuum

The PPC concept is often used interchangeably with PPPs, which are formally negotiated, legal contracts between public institutions and private firms, traditionally referring to the provision of public service or benefit through private technical, financial and operational capabilities (Hart, 2003; South African Treasury PPP Unit, 2015). Collaboration between public and private actors is more than a contractual undertaking and perceived to be enablers of innovation and value for private firms (Canker & Petkovsek, 2013; Henning, 2018). It involves the process of joint decision-making, flexible and more voluntary governance arrangements, shared norms and resources, higher levels of interdependency and mutually beneficial outcomes that are both financial and non-financial (Ansell & Gash, 2007; Donahue & Zeckhauser, 2006; Emerson, Nabatchi & Balogh, 2011; Keast & Mandell, 2014; Kivleniece & Quelin, 2012). This is further supported by Keast and Mandell's (2014) relationship continuum (Figure 2) and Kivleniece and Quelin's (2012) typology of public-private governance modes (Figure 3).

**Figure 3. Typology of Public-Private governance forms (Kivleniece & Quelin, 2012, p. 240)**

**FIGURE 2**  
A Typology of Public-Private Governance Forms

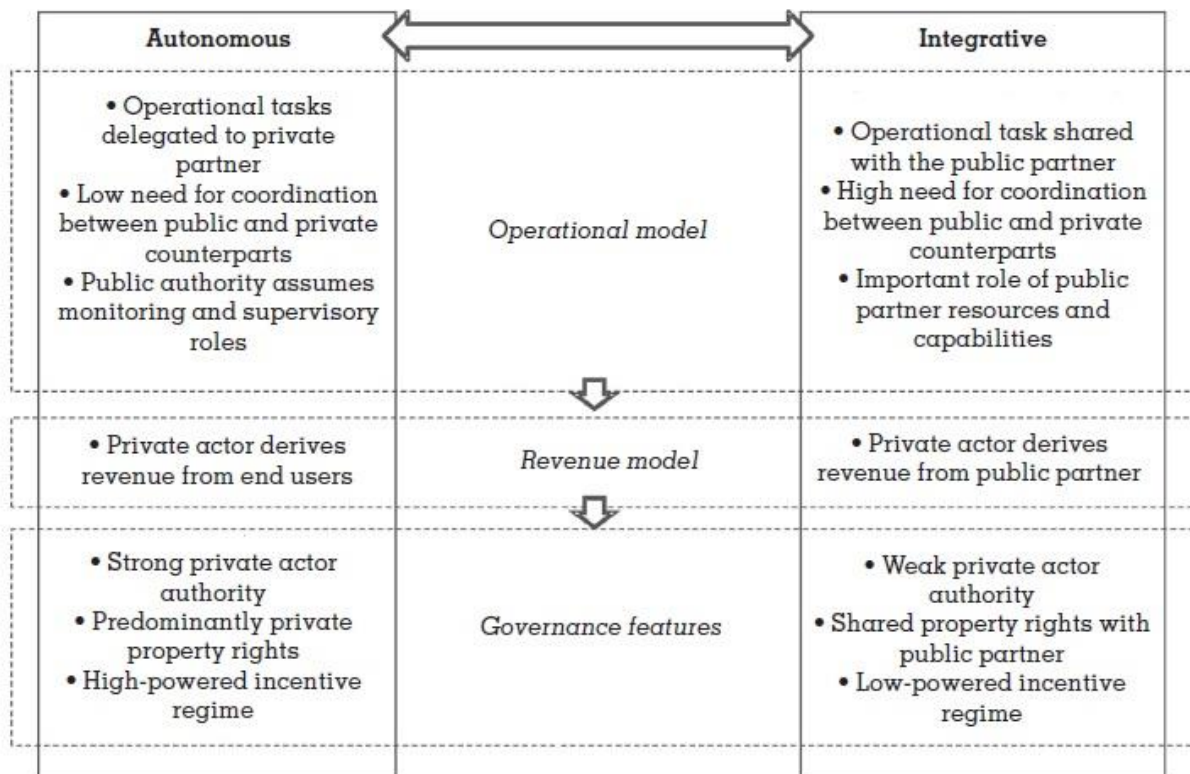


Figure 3 highlights the breadth of operational, revenue and governance considerations in public-private ties and the contractual relations that could exist between government and business. The typology suggests that even within more formalised governance forms the construct of value is measured against economic criteria as is the case in majority of PPPs. For the purposes of this study, the PPC process was defined in order to contribute towards a discourse on value from a private firm (business) perspective and required inclusion of literature from fields beyond PPPs and PPC processes. These include: a) strategy to respond to the growing need for sustainable, integrated organisations, b) general collaboration as it informs broader stakeholder engagement, and c) inter-organisational spanning to fill the void of limited literature on the PPC process between government and business partnership evaluation, as indicated by Table 1 in the introduction.

Building on current literature from the fields outlined above has allowed the researcher to define Public-Private Collaboration (PPC) as an iterative process involving hybrid associations established between business (private) and government entities (public) that engage through both formal and informal negotiation. Borys and Jemison (1989) refer to strategic transitions that are characterised by a firms' adaptation to emerging opportunities, repositioning within existing frameworks and expanding by bringing on board new capabilities as part of strategic renewal processes. The overall goal of a PPC process is to effect strategic transitions through combined management, competencies, resources and capabilities. It is a medium- to long-term process that enables the joint creation of structures, rules and norms that govern mutually beneficial interactions (Ansell & Gash, 2007; Borys & Jemison, 1989; Gray, 1989; Kivleniece & Quelin, 2012; Rangan et al., 2006; Thomson, Perry & Miller, 2007).

Having taken an economic perspective on a relational process, Rangan et al. (2006, p. 742) state that *"a constructive engagement between public and private partners would be best suited where the public benefits or positive externalities exceed private benefits"* and this context increases the opportunity for collaboration. However, as shown by the case of Unilever and DFID (Unilever, 2015), the PPC process discourse is not as simple as it seems to appear. Firms are opening up to the realisation that a healthy society supports a healthy and sustainable firm (Henning, 2018; Porter & Kramer, 2006). Joint ventures, alliances, and even PPPs, are built on strong commercial and contractual foundations to increase firm profit in the short to medium term. PPC processes in comparison tend to be less formalised, with elements of what Rousseau (1989) calls psychological contracting, referring to informal commitments, mutual benefits that lend to, develop and progress processes for contractual arrangements.

A number of scholars such as Hart (1995), Hart (2003) and Innes and Booher (1999) also suggest that a PPC process is less of a time-bound project, as is implied by PPP literature, and rather is emerging as a necessary institutional form or process of sense-making and joint action in view of complex global issues. Borys and Jemison (1989) and Powell (1987) made reference to how this idea is gaining traction in practice but less so in management literature. Almost two decades on, progress in theoretical contributions remains insufficient. Table 2 describes the array of partnership and collaboration models or processes that are often referred to interchangeably.

**Table 2. Key definitions of partnership and collaboration models/processes**

<b>Model/Process</b>	<b>Definition</b>
<b>Public-Private Partnerships (PPP)</b>	Negotiated, legal contracts between public institutions and private firms, traditionally referring to the provision of public service or benefit through private technical, financial and operational capabilities (Hart, 2003; South African Treasury PPP Unit, 2015).
<b>Public-Private Collaboration (PPC)</b>	An iterative process involving hybrid associations established between business (private) and government entities (public) that engage through both formal and informal negotiation. The overall goal of a PPC process is to effect strategic transitions through combined management, competencies, resources and capabilities. It is a medium to long-term process that enables the joint creation of structures, rules and norms that govern mutually beneficial interactions (Ansell & Gash, 2007; Borys & Jemison, 1989; Gray, 1989; Kivleniece & Quelin, 2012; Rangan et al., 2006; Thomson, Perry & Miller, 2007).
<b>Cross-sector collaboration</b>	Aimed at improving and innovating around economic, social environmental and governance challenges through collaboration between public, private and/or civil actors, contributing towards longer-term competitive advantage (Brinkerhoff, 2002; Van Tulder et al. 2016; Vangen & Huxham, 2006).
<b>Hybrid associations/arrangements</b>	New organisational forms featuring critical interdependencies, diverse interactions and institutional logics, that do not reside entirely in the private or public setting but falls within an intermediate arrangement between private and public partners (Kivleniece &

	Quelin 2012, p. 272; Gray, 1989; Margolis & Walsh, 2003; Villani et al., 2017)
<b>Collaborative Governance</b>	Brings public and private stakeholders together in collective forums with public agencies to engage in consensus-orientated decision-making (Ansell & Gash, 2007, p. 543).

The partnership and collaboration concepts above highlight a range of approaches that are implemented in response to complex operating environments and shifting markets. Factors such as business and government transitioning roles, interdependencies and the need for innovative institutional arrangements, remain common threads.

Without an evidence base of value to the firm and its key constituents, no amount of theoretical contributions will influence, enhance or extend practice in the domain of PPC processes. Le Ber and Branzei (2010a, p. 601) make a contribution towards value creation from a social and disenfranchised beneficiary perspective and clearly state that the study was agnostic as to whether and how much value was captured. To the knowledge of the researcher, other than Kivleniece and Quelin (2012), Mahoney, McGahan and Pitelis (2009), Queliñ et al. (2017) and Rangan et al. (2006), very few studies have looked at PPC processes and value creation from a private actor's perspective, maintaining the lag in theoretical contributions on indicators of value capture. And the studies that have been undertaken do not look at value from a multiple stakeholder lens. It was therefore imperative to respond to improving insights into sources of value, how firms define value capture, and how value that is created through PPC processes is captured by the firm and its key constituents.

### **3.1 What are the sources of value created through the PPC process?**

This sub-section of the literature review is a critical review of forms or sources of value that scholars state are created through a PPC process. This is an important first step that later enables the researcher to explore the concept and process of value capture.

The strategic worth of collaborative efforts is related to creating barriers to imitating their unique resource combinations and outputs (Nielson, 2007). Yet organisational theories and most collaboration studies undertaken to date have focused mostly on the process outcomes and characteristics, such as Thomson, Perry and Miller (2007) leaving a theoretical void with regard to the evidence of the strategic value created and captured for private firms (Ansari et

al., 2001; Bowman & Ambrosini, 2000. Similar to any engagement process, collaborating around a common purpose is not sufficient in enabling a PPC to deliver its set of objectives (Borys and Jemison, 1989). Ansari et al. (2001) stress that it is not enough to know that collaborative efforts work. Evidence is required on how and why, if it is to be of any strategic or practical use to private firms. Studies have been undertaken within the domain of CSR or the non-profit – business dyad. Recent scholars include Hamann (2004) and Seitanidi and Crane (2009). However, collaboration between business and government actors remains a challenging area especially within the current South African economic and political context requiring focus.

The opportunity to create strategic value is the primary reason that private firms and their actors engage in PPCs (Mahoney, McGahan & Pitelis, 2009). However, value is a broad concept and is defined in various ways for diverse purposes. Drawing from resource-based theory (RBV), valuable resources exhibit utility, degrees of inimitability and sources of competitive advantage (Amit & Schoemaker, 1993), creating strengths for organisations (Wernerfelt, 1984), and enabling their actors to exploit opportunities and offset threats (Barney, 1991). From an economic perspective, value is determined by the demand and relative supply of an object, or by its price (Porter, 1985).

Scholars have diversified their views on value to include more integrated approaches. These include Collis and Montgomery (1995, 2005), who make reference to value-based strategy largely linked to stock prices and economic value added (EVA). As important as economic value is, there are some categories of value that are harder to calculate or incorporate into financial statements to reflect a more integrated view for shareholders and stakeholders at large. Examples include the seminal work undertaken by Prahalad and Hamel (1990) on organisational core competencies and their inherent value, the true value of social licenses (Gunningham et al., 2004) and its enabling impacts, private actors being able to put a price on all resources consumed or utilised in improving efficiencies, and most recently, the cost of externalities (Porter & Kramer, 2011).

Social responsibility in business has been brought about through the normative view of stakeholder theory. Karp (2003, p. 15) states that being socially responsible is more than just “doing business”, and incorporates questioning how business is done and how value is created. Social value is an important construct for research focused on relational processes such as collaboration that have outcomes for a broader group of stakeholders than the primary private firms and public organisations, and their actors (Stadler, 2012). Henning (2018) describes social value as legitimately created and measured outcomes and outputs agreed upon by firm stakeholders including public or government actors. Bishoff, Vladova and Jeshke



(2011) refer to value created with outcomes linked to new or improved skills, capabilities, knowledge and information as intellectual capital. However, there seems to be significant overlaps in these concepts. Bontis (2001), Blandine and Dimitri (2012) make reference to human and knowledge capital, yet Akhavan and Hoseini (2015) conflate these with social capital, similar to the training and awareness sub-category in the Global Reporting Initiative (GRI) used by private firms around the world (GRI, 2014).

Hart (1995) brings to the fore the need for firms to include ecological value in their organisational framing and performance measurement. The argument is based predominantly on cost reduction in relation to managing pollution, increasing efficiencies, as well as opportunities for product and business diversification. Hart (1995) also states: *“Firms (either multinational or local) that are focused on generating short-term profits at the expense of the environment are therefore unlikely to establish long-term positions in the developing world.”* The recent work of Ramcharan-Kotze and Olivier (2018) reflects the gradual shift in partnership appreciation for both tangible and intangible value.

Slaper and Hall (2011) contribute to the earlier works of Elkington (1994) and the Triple Bottom Line (TBL) incorporating the economic, social and environmental dimensions of firm value. Yet, again the critical dimension of intellectual value seems to be downplayed or excluded in examples of TBL application.

Organisational and contingency theories put forward the notion of strategy supporting the direction of an organisation and its adaptation towards achieving a desired state into the future or future advantage (Chakravathy, 1996; Van De Ven, Ganco & Hinings, 2013). The key aspects of it being a mix of resources, capabilities, markets and related contextual factors (Amit and Schoemaker, 1993).

It is therefore argued that for value to be considered strategic it should create opportunities that are acted upon, institutionalised and appropriated. The concepts of competitive, collaborative and societal advantage therefore provide a theoretical framing for deepening the concept of strategic value within firms, incorporating the pillars of sustainability as opposed to bolting them on (Crane et al. 2015).

These contributions and critical evaluations are important in framing strategic value in the context of a PPC process, creating clear pathways for gaining evidence of value capture that are relevant and appropriate to private firms. Although there are various in-depth models of capital and value, the categories of economic, social, intellectual and ecological value, based on extant literature, adequately served the purpose of the research study. New categories might be needed, especially in light of the push for private firms and their actors to move

beyond their partiality for economic and traditional approaches of valuation, towards more inclusive approaches (Porter and Kramer, 2006).

The framing of value above leads the argument into a deeper understanding and expansion of what Kivleniece and Quelin (2012, p. 278) refer to as private value or benefits in their tripartite model of value tensions. Extant literature indicates that a range of outcomes exist that emanate from PPC processes. Yet, these sources have not been consolidated to allow for a more coherent understanding of value creation through PPC processes. For example Donahue and Zeckhauser (2006) refer to private drivers of collaboration being resources, productivity and legitimacy, but Kivleniece and Quelin (2012) refer to the drivers being related to reducing environmental uncertainty, offsetting market externalities and exploiting idiosyncratic resources in relation to property, and political and private intellectual capital. An analysis of value creation from a firm perspective was therefore beneficial to lead into a study on value capture. This is provided through Table 3.

**Table 3. Value creation for private firms through PPC processes**

<b>Value Perspectives</b>	<b>Value Dimensions and Outcomes (Actions, Impacts, Adaptation)</b>	<b>Authors and contributors</b>
<b>Societal Perspective</b>	<p><b>Social Value</b></p> <ul style="list-style-type: none"> <li>• Improved service delivery</li> <li>• Change in policies, laws and systems that improves livelihoods</li> <li>• Change in collaborative dynamics and governance regimes for future collaboration</li> <li>• Informed communities</li> <li>• New channels of communication</li> <li>• Improved health conditions and services</li> </ul> <p><b>Ecological Value</b></p> <ul style="list-style-type: none"> <li>• Resource value improvement and preservation</li> </ul>	Donahue & Zeckhauser (2006); Emerson, Nabatchi and Balogh (2011); Esteves and Barclay (2011); Hamann (2003); Henning (2018); Le Ber and Branzei (2010a); Rangan, Samii and Van Wassenhove (2006); Ramcharan-Kotze and Olivier (2018); Sullivan (2007).
<b>Collaborative Perspective</b>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Pooling of resources</li> <li>• Non-market based incentives</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Improved levels of trust, reciprocity and general interaction between public and private actors</li> <li>• Collaborative behaviour development</li> </ul>	Hamann (2004), Henning (2018); Innes and Booher (1999); Keast and Mandell (2014); Ramcharan-Kotze and Olivier (2018); Roussos and Fawcett (2000); Savage et al. (2010); Van Tulder et al. (2016); Vangen & Huxham, 2006

Value Perspectives	Value Dimensions and Outcomes (Actions, Impacts, Adaptation)	Authors and contributors
	<p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>Improved approaches to governance and sharing of information</li> </ul>	
<p><b>Competitive Perspective</b></p>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Resource security</li> <li>Deriving economies of scale</li> <li>Gaining access to markets</li> <li>Enhancing current and future profit</li> <li>Sales and patent royalties</li> <li>Development of complementary resources.</li> <li>Risk management</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>Leveraging authority and legitimacy</li> <li>Access to decision-makers</li> <li>Obtaining licenses to operate</li> </ul> <p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>Innovative solutions and technology developments</li> <li>Access to knowledge sources</li> <li>Access to novel practices and procedures</li> <li>Enhancing organisational skills and competencies</li> <li>Developing combinative capabilities</li> <li>Changes in firm practice</li> </ul>	<p>Ansari et al. (2012), Berardo, 2009; Canker and Petkovsek (2013), Dyer and Singh (1998), Esteves and Barclay (2011); Innes and Booher (1999), Kivleniece and Quelin (2012); Margolis and Walsh (2003); Rangan et al. (2006); Scherer, Palazzo and Seidl (2013); Ramcharan-Kotze and Olivier (2018); Sullivan (2007).</p>

Various scholars have noted that PPC processes create broader societal value or positive externalities, whereby specialised firm actions have meaningful public benefits (Donahue & Zeckhauser, 2006; Emerson et al., 2011; Rangan et al., 2006). Private firms do not necessarily engage in PPCs to primarily create public good because this is often perceived as the mandate of the public sector (Rangan et al., 2006). Shah, Arjoon and Rambocas (2016) further support this view through their consideration of political and economic power and perceived corrupt practices associated with private firms taking on public mandates.

Despite the increasing number of studies related to sustainable organisations and CSR, extant literature on PPC processes continues to separate positive externalities as social or public value and other sources of value as private benefit and value, suggesting that firms derive no

value from benefits generated for society or the preservation of ecological resources. Davis, Eisenhardt and Bingham (2009) call for responsible organisations and again draw attention to the interdependency between a firm and a thriving society, suggesting that private firms should be including the outcome of positive externalities from PPCs in their value creation and capture frame of reference. This is an approach that Porter and Kramer (2011) and Henning (2018) refer to as Creating Shared Value (CSV) and broader firm-societal advantages. This construct will therefore be referred to as sources of societal advantage.

Intermediate and process outcomes, as a second area of focus, provide opportunities for direct, quick wins and spin-off value that are often unexpected owing to the consensus building and experimental nature of PPC processes (Innes & Booher, 1999). Emerson et al. (2011) refer to these as actions, impacts and adaptation at system or macro-levels. Savage et al. (2010), Roussos and Fawcett (2000), and Vangen & Huxham (2006) refer to these outcomes or benefits as collaborative advantage that create pathways for firm value creation. Sources of collaborative advantage provides an appropriate category within which to determine how such value is captured.

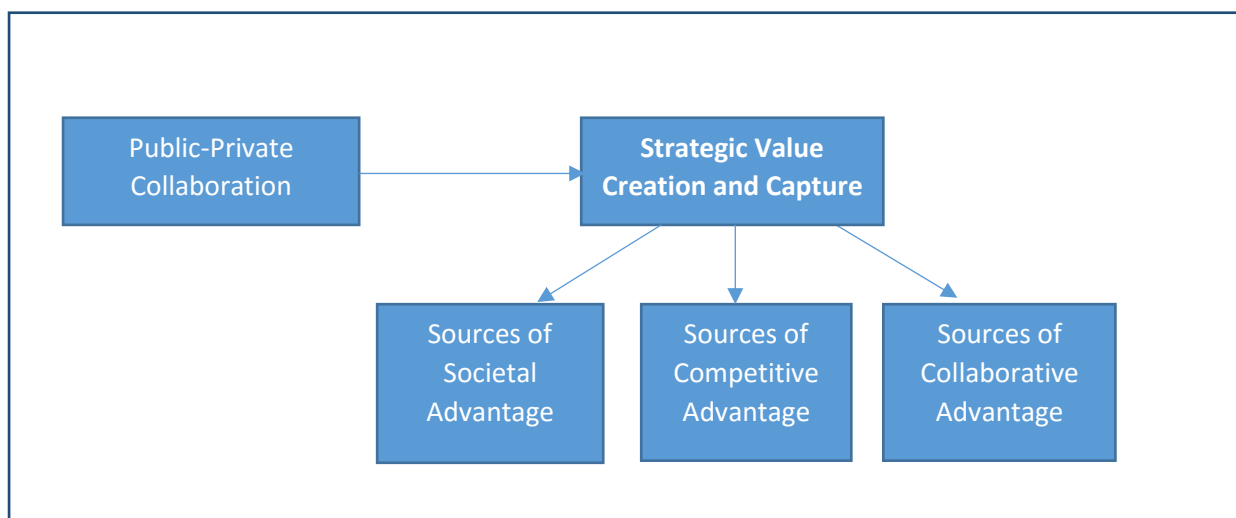
The third area of focus, which aligns with the contributions of Porter (1985), is referred to as sources of competitive advantage owing to the generation of numerous value indicators (outlined in Table 3). Research therefore suggests that a combination of economic, social and intellectual value is created through the PPC process to support a firm's drive for competitive advantage. Gains in resource security, economies of scale, access to markets, opportunities for future business, and critical information sourcing are important factors for firms engaging through PPC processes (Berardo, 2009; Borys & Jemison, 1989; Kivleniece & Quelin, 2012; Nidumolu et al., 2009; Rangan et al., 2006; Wernerfelt, 1984; Zadek, 2003). Many of the outcomes can be understood as either short-term financial gains or business development opportunities that still require levels of integration, internalisation and processing for value to be captured for a firm.

Thomson et al. (2006) and Sharma and Kearins (2011) highlight that collaborative relationships are interactive processes with both aggregative and integrative elements embedded in their nature, suggesting that value creation and value capture are observed over time. Emerson et al. (2012) also suggest that the PPC process is non-linear, and is operationalised in an emergent, interactive manner requiring adaptations on the part of each partner to realise value. The sequential depiction of value creation by Bowman and Ambrosini (2000) is therefore useful to build on, with developments on value creation and capture in more inclusive value contexts. Due to the complexities inherent in collaborative partnerships and their contexts with regard to sustainable practices, it is argued by the researcher that value

can emerge at any point during the relational process. And therefore purports that seeking the evidence or capture of value created through PPC processes should be questioned in relation to short, medium and long-term outcomes.

Previous research also indicated that intermediate and process outcomes are often the first benefits realised through functioning PPC processes (Innes & Booher, 1999; Roussos & Fawcett, 2000). It has been noted that actors engaged in PPC processes have different assumptions and expectations of the rate and quality of outcomes in the short term (Borys & Jemison, 1989) raising the importance of this study for at least one group of stakeholders, that is the private firm. Extant literature therefore supports that PPC processes create strategic value for private firms in the form of sources of societal, competitive and collaborative advantage. Haksever et al. (2004) refer to the strategic nature of value as financial and non-financial value created and appropriated across firm stakeholders.

**Figure 4. Constructs of strategic value creation and capture for private firms**



Societal, Competitive and Collaborative Advantage constructs provide a clearer framework of strategic value creation through the PPC process for the study to be operationalised as indicated by Figure 4. Yet, these areas of value creation remain unexplored from a value capture perspective, with calls for the evidence of value creation through PPC processes to be less anecdotal (Ansari et al., 2001). It is therefore necessary to define value capture in relation to PPC processes. The next section of the literature review addresses this and responds

### 3.2 How do firms define value capture through PPC processes?

Section 3.2 provides a brief overview and synthesis of what value capture signifies for private firms. This is necessary for two reasons. One, heterogeneous stakeholders in networked systems such as PPC processes do not understand value and its capture in the same way (Borys & Jemison, 1989; Bridoux & Stoelhorst, 2014). Two, it provides the context to take forward a study related to gaining evidence of value capture.

*“Resources may be capable of producing profits, but if the resource owner, not the firm, is able to capture this exchange value, firm profitability will suffer.”* (Bowman & Ambrosini, 2000, p. 8). This statement assumes that 1) the firm is a solitary, non-relational entity with no interdependencies beyond its institutional borders and 2) that profit is the only form of value for a firm. Extant literature and the integrated value-based argument that will be outlined below suggest certain differences in assumptions. This includes Donaldson and Preston (1995) view that a firm is a coordinating mechanism for stakeholder needs and interests that go beyond the purely economic interests of shareholders. This review indicates that further work needs to be undertaken in the field of value capture from a firm and its stakeholders’ perspective (Garriga, 2014).

The distinction between value creation and value capture is an important one when researching the evidence base for a PPC process, still maintaining that each dimension of value is inextricably linked to the other. Value capture has received significantly less focus in literature, potentially due to its subjectivity when dealing with multiple groups of stakeholders (Bowman & Ambrosini, 2000; Garriga, 2014). And the difficulty in measuring value base on traditional frameworks (Queliñ et al., 2017).

Henning’s (2018) contributions become important in framing and measuring value through PPC processes within what he articulates as the integration of market and non-market environments for the firm and its influence on integrated strategic choices. Baron (1985) refers to non-market environments as interactions between key stakeholders such as government, private firms and communities, amongst others, whereby institutions and characteristics differ from those of the market environment in regard to rules, processes and actions. Market and non-market, and consequently multiple stakeholder perspectives such as the firm and its constituents, therefore remain important in framing strategic value through PPC processes for management theory.

From a resource-based perspective, Bowman and Ambrosini (2000, 2010) refer to three forms of value, namely perceived use value (UV) or product/service qualities, exchange value (EV) or price, and transformation value (TV). Schumpeter and Opie (1934, p. 66) referred to these

as “new combinations” that increase use and ultimately exchange value (Dyer & Singh, 1998). Transformative value is of particular interest when it comes to sources of value generated and captured through PPC processes as it indicates a level of institutionalisation and iteration in the value creation-value capture process (Crossan & Berdrow, 2003). Van Tulder et al. (2015) not-for-profit and for-profit dyad study, in line with the Theory of Change, refer to the latter elements of the impact value chain such as outputs, outcomes and impact. They define impact as the ultimate changes that a partnership effects and that can be measured at partner, stakeholder and system level, and can be viewed alongside a firm definition of value capture.

The appropriation of value is an important indicator of value capture. Appropriation clearly links a resource or transaction-based perspective to a stakeholder perspective, balancing the importance of each in the overall process (Lepak et al., 2007). Yet, in framing value capture it is important to note that stakeholder views of value are multi-faceted, and in some instances, compete with each other (Garriga, 2014). The process of defining value capture was therefore important, especially in light of the contributions of Bridoux and Stoelhorst (2014, p. 8) who meaningfully draw our attention to the constitution of a firm as *“a nexus of heterogeneous stakeholder relationships that are aimed at creating value”*.

This further lends to a theoretical definition of value capture for partnerships as involving the appropriation, use, exchange and transformation of value created through PPC processes across heterogeneous firm constituents. The definition of value capture through partnerships such as PPC processes is an important step in supporting the extension of organisational management theories in the evolving cross-sectoral domain. However, it is not yet clear how firms capture the value and advantage created through PPC processes.

### **3.3 How does a firm capture sources of advantage through PPC processes?**

Drawing on Bridoux and Stoelhorst (2014) reference to the firm as a nexus of heterogeneous stakeholders, this sub-section critically analyses the value constructs and dimensions from a salient stakeholder perspective for actors involved in the PPC process and their role in capturing value. It is therefore argued that to enquire into “how” firms capture value through PPC processes cannot be adequately explored without questioning “who” captures value.

#### **3.3.1 Who captures sources of collaborative advantage?**

Previous studies have shown that collaborative partnerships are complex and dynamic, not often delivering the results expected by partners (Keast & Mandell, 2014; Turcotte &

Pasquero, 2001). In their attempt to create theoretical coherence for the process of collaboration Thomson et al. (2007) outline five variable dimensions as a measurement framework – governance, administration, organisational autonomy, mutuality and norms. However, of the 57 survey items included in their study, only two attempt to probe the outcomes of the collaboration going beyond the engagement process.

It is stated by Ansell and Gash (2007) that if scholars are to extend contributions in the field of collaboration, it is important to differentiate between constructive collaboration indicated by positive engagement, and successful outcomes of collaborative partnerships. It is often cited that it is of little use if partners “collaborate successfully” with few of their intended objectives achieved (Ansell & Gash, 2007). This alludes to Borys and Jemison’s (1989) inference that value creation and capture through collaborative processes are disparate in their stakeholder expectations. This has strengthened the need for a single firm perspective and the studies focus.

Sources of collaborative value that constitutes various relational and process outcomes and in some instances small wins, are suggested as pathways for value creation and capture. (Innes & Booher, 1999; Roussos & Fawcett, 2000, Vangen & Huxham, 2006). Yet, differentiating between short-term wins and long-term investment and value capture is frequently at odds due to stakeholder expectations (Haksever et al., 2004) and the use of distal and proximal indicators of value capture (Ansell & Gash, 2007). Conley and Moote (2010), focused on collaboration for improved natural resource management in developed economies, supported the importance of having included sources of collaborative advantage in determining the various dimensions of value created and captured. Integrating this finding with the realisation that collaborative processes are learning and experimentation platforms that have the potential to generate unanticipated value for a firm and its stakeholders (Innes & Booher, 1999) necessitates the inclusion of this value construct in the value capture discourse.

Previous studies infer that stakeholders such as shareholders, employees and public actors (Haksever et al., 2004) predominantly benefit from the collaborative process through the pooling of resources (Dyer & Singh, 1998), and improved levels of trust, reciprocity and public actor engagement (Kivleniece & Quelin, 2012; Savage et al., 2010; Turcotte & Pasquero, 2001), that enable improved access to information and better practice (Keast & Mandell, 2014; Savage et al., 2010). Decreasing contractual and future governance costs and providing other non-market based incentives such as subsidies for firm shareholders was stated as benefits (Ansell & Gash, 2007; Oliver & Holzinger, 2008). Collaborative Advantage is therefore understood as the intermediate and process value that is created through collaborative action



offering value capture pathways or value transformation opportunities for firms and their constituents. Extant literature suggests that a firm captures economic, social and intellectual sources of collaborative advantage created through the PPC process by its shareholders, employees, and public actors.

While exploring the value capture for salient stakeholders, it should also be noted that the ambiguity that helps collaborative efforts to work in earlier stages of PPC processes, can at times limit the achievement of the desired outcomes (Turcotte & Pasquero, 2001). For example, the diverse views of firm and public stakeholders that are appreciated in establishing the PPC process later increases the possibility of deadlock in decision-making. This again reflects the complex and dynamic process, acting as a possible disincentive for private firms to follow this route.

In summary, the effective capture of value through sources of collaborative advantage is usually the first indicator of the potential for a PPC process to create value and for that value to be captured by a firm and its stakeholders (Innes & Booher, 1999; Roussos & Fawcett, 2000; Vangen and Huxham, 2006) if considered within linear processes. This led the enquiry into the next sub-section, which explored how firms capture value from sources of competitive advantage. Based on the nature and internal focus of previous literature, sources of competitive advantage was considered as a construct of value that is currently perceived as having the most significance for a private firm.

The next section succinctly considered the salient stakeholders involved in capturing value from sources of competitive advantage. Having created the context and understanding of PPC processes, value creation and value capture in previous sections, the researcher was able to respond more directly to the question of how firms capture value from sources of competitive advantage.

### **3.3.2 Who captures sources of competitive advantage for a firm?**

Sources of competitive advantage as unpacked in section 3.1.2 indicated that opportunities exist for economic, social and intellectual value capture for a firm and its stakeholders. Literature on PPC processes and stakeholder management suggests that stakeholders involved in the capture of economic value include shareholders and employees in their capacity as investors of time and capital, and having their interests and livelihoods linked to the firm and its performance (Haksever et al., 2004; Ramirez & Tarzijan, 2018). Several scholars assert that shareholders and employees capture economic value through the PPC process in the form of resources, profits, cost reduction, sales, access to markets and

economies of scale that they are able to use or exchange (Kivleniece & Quelin, 2012; Mitchel, Agle & Wood, 1998; Rangan et al., 2006).

Stakeholders such as employees and service providers directly involved in the PPC process are expected to capture sources of social value that improve operational capabilities (Berardo, 2009; Haksever et al., 2004; Mitchel et al., 1998; Scherer, Palazzo & Seidl, 2013). The firm's shareholders and employees equally expected to benefit from enhanced authority and legitimacy through the PPC process (Borys & Jemison, 1989; Haksever et al., 2004; Rangan et al., 2006).

Employees and service providers are considered the direct beneficiaries of intellectual value captured, given that it is held to play an empowering and enabling role (Canker & Petkovsek, 2013; Haksever et al., 2004; Keast & Mandell, 2014, Kogut & Zander, 1992). It was also asserted that customers benefit from products and services that come about thanks to innovation derived from intellectual value captured through the PPC process (Canker & Petkovsek, 2013; Dyer & Singh, 1998).

However, it was inferred that sources of competitive value may require a level of transformation and institutionalisation before they can be considered as captured. Based on respondent comments to Keast and Mandell (2014, p. 17) whereby the collaborative process "*mostly delivered ... feel-good results*" without noticeable client value" and Borys & Jemison's (1989) insights into differing understandings of value, it is clear that value needs a level of conversion. For example intellectual value, such as improved access to information, needs to be transformed (Bowman & Ambrosini, 2000) before it is of value to shareholders. Institutionalisation (Crossan & Berdrow, 2003) and transformation (Bowman & Ambrosini, 2000, 2010) of sources of competitive advantage are as important as direct value capture. This includes employees' ability to embed learnings that will allow for the capture of complementary resources and combinative capabilities (Kogut & Zander, 1992; Zahra & George, 2002). Competitive advantage is therefore understood as use or exchange value created through collaborative action that maintains, improves or allows transformation of a firm's capabilities and resources in relation to its competitive landscape. Considering these contributions and factors, extant literature implies that a firm's shareholders, employees, service providers and customers capture economic, social and intellectual sources of competitive advantage created through the PPC process.

This section has established the foundation for value capture in relation to PPCs and the context for a firm as a nexus of salient stakeholder value creation and capture. The next subsection followed a similar format of "who" captures value related to sources of societal advantage.

### **3.3.2 Who captures sources of societal advantage?**

The third construct of value creation and capture, sources of societal advantage, emerged as an important field considering the work of Henning (2018) and Porter and Kramer (2006) on CSV and the varying levels of firm interdependencies. CSV is one of the concepts that looks at embedding social value within the strategic layers of a firm and is valuable in building upon with implementable collaboration models and processes. This sub-section delved into understanding the emerging value of sources of societal advantages and the stakeholders that benefit from its outcomes.

In his critique of the CSV concept, Henning (2018) indicates that engagement between firms and governments was a glaring omission, considering the trade-offs between social and economic goals when operating within ineffective or wrong policy contexts. Sources of societal advantage are characterised by transactions that have the potential to create value for third-party stakeholders or what is referred to as positive externalities, non-financial impacts and public benefits wherein stakeholders do not 'pay' for the benefits they receive (Donahue & Zeckhauser, 2006; Mulgan, 2010; Rangan et al., 2006). It has its roots in the work undertaken by the economist Arthur Pigou in 1992 and has evolved as one of the value constructs of the PPC process particularly when economic value is pitted against social and ecological value.

Calls for business to move beyond a risk mitigation approach are on the increase, particularly in view of collectively owned resources. Over the years scholars have demonstrated the opportunities that exist in areas of global change such as food security and in which the responsibility, influence and impact of successful implementation and related outcomes lies across sectors (Porter & Kramer, 2006; Walsh, 2011). However, society itself constitutes a range of stakeholders, with varying degrees of saliency for the firm (Mitchel et al., 1998). For firms to continuously invest resources in PPC processes while navigating the complex challenges of such partnerships requires that the benefits, in this case sources of societal advantage, be made more explicit (Kivleniece & Quelin, 2012, Rangan et al., 2006; Turqotte & Pasquero, 2001).

Who captures sources of societal advantage? Is it only third parties? And what is their relationship to and impact on the firm? Vos (2003) refers to such stakeholders as the involved and the affected. Haksever et al. (2004) describes this category of stakeholders as society-at-large that has a stake in the firm in relation to taxes, jobs, and the impact of firm activities on

quality of life. Stakeholders that previously were ranked as second, third or less salient (Mitchel et al., 1998) are becoming more vocal and involved in rectifying wrongs related to social and ecological impacts resulting from firm operations. A good example is the recent case brought against Aquila Steel SA (Pty) Ltd and three of its directors by the Traditional Healers Organisation. The Centre for Environmental Rights (2015) termed Aquila's actions as "*causing illegal and extensive damage to one of South Africa's most sacred cultural sites.*" This arose from the company's mining activities and the longstanding miners' approach of adhering only to the regulations of a single authority. Aquila did not consider and act in accordance with the impact its activities would have on society at large.

Engaging in PPC processes positively influences the perceptions of stakeholders, such as environmental or pressure groups, argues Polonsky (2001), resulting in improved reputational performance for the firm, its shareholders and employees (Haksever et al., 2004). This is linked to the previously cited outcomes of improved strategic bridging (Shah, 2011) and increases in firm legitimacy (Borys & Jemison, 1989; Rangan et al., 2006).

Research in the realm of sustainability suggests that the current fragmented operating and living environment demands creative institutional arrangements that go beyond the role of public stakeholders (Clayton & Radcliffe, 1996; Porter & Kramer, 2011; Streck, 2004). There are various examples of private firms and public entities working together. One such initiative is the South African Strategic Water Partners Network (SWPN) made up of many private firms collaborating with government entities such as the Department of Environmental Affairs (DEA) and the Department of Water and Sanitation (DWS) to improve water security for all (SWPN, 2015).

*"Businesses that are dependent on water can no longer take this resource for granted regardless of the industry or sector they operate in. Decreasing water availability and reduced reliability of supply will increase competition between business and local communities for this resource. In this context, government and the private sector face increasing pressure to work together and forge new types of partnerships ... "* – Minister of Environmental Affairs, Edna Molewa.

Private firms are seen as change agents and innovators, generally benefiting from improving or maintaining the state of ecological capital (Luthans & Slocum, 2004; Nidumolu et al., 2009; Prahalad & Hamel, 1994). Concern for ecological capital boosts top and bottom lines and benefits shareholders, employees and customers (Haksever et al., 2004; Lozano, 2007; Nidumolu et al., 2009; Porter & Kramer, 2006). An analysis and consolidation of extant literature provides an understanding of societal advantage as value created, maintained or improved through collaborative action for firm constituents and society at large. Contributions

suggest that a firm's shareholders, employees and communities capture social and ecological sources of societal advantage created through the PPC process.

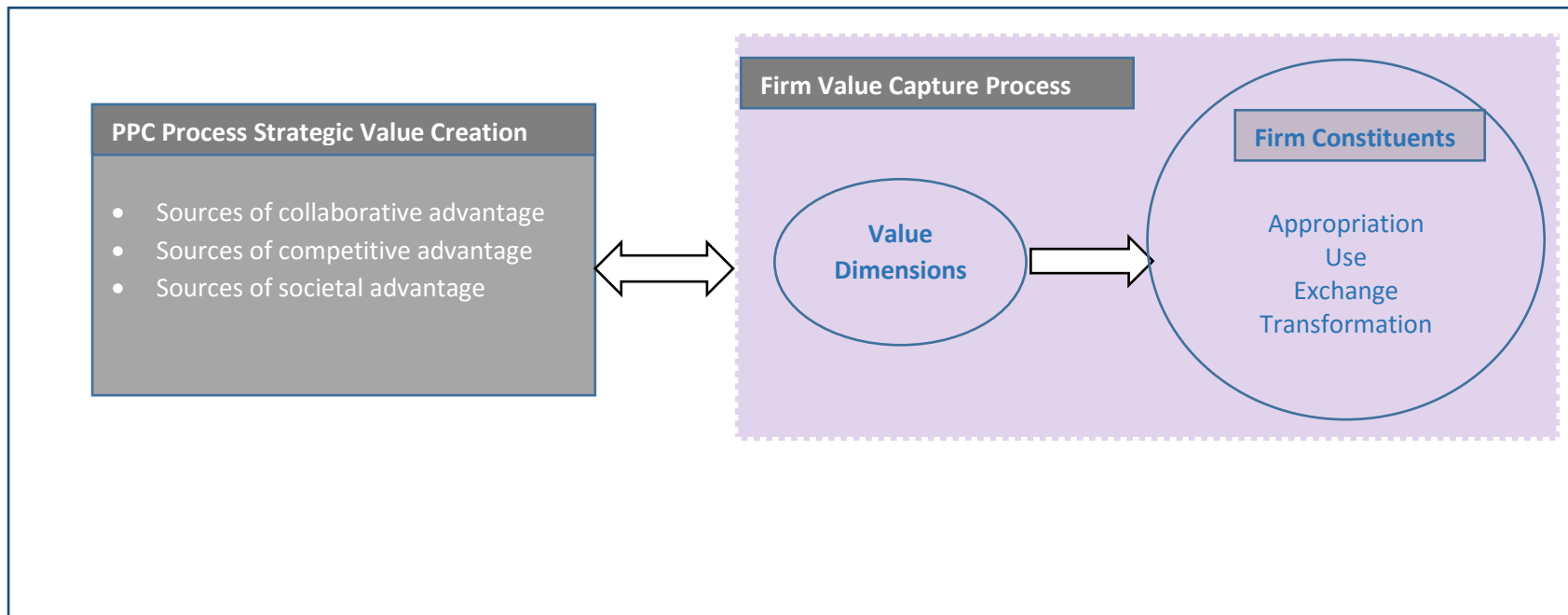
This sub-section concludes the critical review and synthesis of relevant literature that informed the key concepts under study - value capture of collaborative, societal and competitive advantage by a firm's salient stakeholders. The next section summarises the literature review and outlines foundations of a theoretical model and situates the research questions and concepts in a logical and coherent manner.

### **3.6 Developing a theoretical model**

For value creation through the PPC process to have meaning for private firms and to support the various calls to engage beyond firm boundaries, corroboration of value capture, both pecuniary and non-pecuniary, is required. Scholars have suggested a number of outcomes or perceived benefits such as the generation of sources of value that support firm competitiveness (Borys and Jemison, 1989; Dyer & Singh, 1998; Kivleniece & Quelin, 2012; Queliñ et al., 2017; Porter and Kramer, 2011; Rangan et al., 2006) and the generation of intermediate and process outcomes which support the collaboration process and related stakeholders (Roussos & Fawcett, 2000; Thomson et al., 2007).

Remaining competitive requires sustainable and responsible firms (Davis et al., 2009; Freeman, 1984; Porter & Kramer, 2006), which PPC processes are said to support by way of both direct and indirect value capture and positive externalities that provide advantages to society (Innes & Booher, 1999; Polonsky, 2001; Shah, 2011). Outlining the value constructs and probing the experiences of stakeholders who benefit from a PPC process provides a unique view of the process within an emerging economy context. For example, the study provides a multi-capitalistic approach that firms can consider as part of their strategic planning (Haksever et al., 2004). Figure 5 below outlines the theoretical model that guided a meso-level analysis of firm value capture through a PPC process.

Figure 5. PPC Strategic value creation and capture theoretical model



### **3.6.1 Sources of strategic value created and captured**

As part of the PPC process, value creation and capture is proposed to take on various forms or constructs that have emerged from extant literature. These include creating sources of competitive advantage (Ansari et al., 2012; Berardo, 2009; Burt, 2005; Canker & Petkovsek, 2013; Dyer & Singh, 1998; Innes & Booher, 1999; Kivleniece & Quelin, 2012; Margolis & Walsh, 2003; Rangan et al., 2006; Scherer, Palazzo & Seidl, 2013), sources of collaborative advantage (Innes & Booher, 1999; Roussos & Fawcett, 2000; Keast & Mandell, 2014; Savage et al., 2010), and sources of societal advantage (Donahue & Zeckhauser, 2006; Emerson et al., 2011; Rangan et al., 2006).

PPC process strategic value creation and capture emerges as a nested dimension (Emerson et al., 2011) within a broader system, allowing for iterative value creation and capture over time (Ansari et al., 2012). In response to the first sub-question – What are the sources of value that are created through a PPC process? Literature advances that PPC processes create value for private firms in the form of sources of societal, competitive and collaborative advantage.

Research questions and contributions from extant literature remain anecdotal and in need of validation. Engaging firm constituents through the research process allowed the researcher to validate, confirm and provide divergent views, thereby contributing towards theory practice and policy.

### **3.6.2 Defining value capture for sustainability**

The understanding of value and, more specifically, value capture has been shown to be disparate across firm salient stakeholders whereby government and business have different measures by which they assess, assume and communicate value (Borys & Jemison, 1989; Bridoux & Stoelhorst, 2014). It has been demonstrated that value capture is perceived across economic, social, intellectual and ecological dimensions. Likewise, the firm is made up of stakeholders, and are referred to as firm constituents, allowing for the appropriation of value created (Donaldson & Preston, 1995; Garriga, 2014). By isolating value capture as the dependent variable, the researcher was able to delve into its characteristics, namely: use, exchange, transformation and appropriation in relation to collaborative, competitive and societal advantage created (Bowman & Ambrosini, 2000, 2010; Crossan & Berdrow, 2003; Lepak et al., 2007; Schumpeter, 1934; Vangen & Huxham, 2006). Appropriation of value being

central to its capture was expected to be multifaceted across a range of firm constituents (Bridoux & Stoelhorst, 2014; Garriga, 2014).

Therefore, in response to Research Question 2 – How do firms, who are driven by sustainability objectives, define value capture through PPC processes? – Extant literature states that value capture involves the appropriation, use, exchange and transformation of value created through PPC processes across heterogeneous firm constituents.

Engaging firm constituents allowed the researcher to validate appropriation, use, exchange and transformation and it is expected that these will take on various forms that can be categorised into economic, social, intellectual and ecological value. Owing to the importance of value capture to the firm and non-disclosures, it was anticipated that not all constituency engagements would have been direct.

Value capture indicators are drawn from the TBL contributions of Elkington (1997) and the five forms of capital offered by Goodwin (2003). This is an important level of exploration beyond the sources of value framework as it will later allow for the development of indicators for value creation and capture.

### **3.6.3 Capturing collaborative advantage**

Several scholars suggest that relational and process outcomes are the pathways for strategic value creation and capture (Roussos & Fawcett, 2000; Weiss, 1998). As learning and perceived experimental platforms, varying levels and appropriation of the outcomes of a PPC process exist (Ansell & Gash, 2007; Conley & Moote, 2010; Haksever et al., 2004; Innes & Booher, 1999). Firm constituents closely involved in the PPC process are expected to capture both pecuniary and non-pecuniary collaborative value (Dyer & Singh, 1998; Kivleniece & Quelin, 2012; Oliver & Holzinger, 2008; Savage et al., 2010; Turcotte & Pasquero, 2001). In responding to research sub-question 1 – How does a firm capture sources of collaborative advantage created through a PPC process? – extant literature suggests that a firm's shareholders, employees, and public actors capture economic, social and intellectual sources of collaborative advantage created through the PPC process.

In regard to shaping the indicators, a number of sources exist that contribute towards the areas of economic, social and intellectual value. For example, the stakeholder framework outlined by Heksever et al. (2004) and the stakeholder capabilities provided by Garriga (2014) provided key indicators for value appropriation among firm constituents. The contributions of scholars Keast and Mandell (2014) in the form of collaboration transformation elements and the five



key dimensions from Thomson et al. (2007) guided the indicators for responding to research sub-question 1.

Dyer and Singh (1998) and Innes and Booher (1999), in addition, provided an outline of process and intermediary criteria that guided the evidence based approach. Bringing these contributions together informed the data gathering and aided in validating the capture and appropriation of value through PPC processes.

### **3.6.4 Capturing competitive advantage**

Literature on PPC processes and stakeholder management suggests that stakeholders involved in capturing value deemed to enhance a firm's competitiveness cuts across economic, social and intellectual dimensions of value. This is due to their capacity as investors of time and capital, their interests and livelihoods being linked to the firm and its performance (including increased operational efficiencies and productivity), and their improved legitimacy and overall ability to innovate (Beauchamp & Bowie, 1993; Canker & Petkovsek, 2013; Dyer & Singh, 1998; Haksever et al., 2004; Kivleniece & Quelin, 2012; Mitchel et al., 1998; Scherer, Palazzo & Seidl, 2013).

Levels of transformation and institutionalisation play an important role in the appropriation of value (Borys & Jemison, 1989; Bowman & Ambrosini, 2000; Crossan & Bedrow, 2003; Keast & Mandell, 2014; Kogut & Zander, 1992; Zahra & George, 2002). Literature in response to research sub-question 2 – How does a firm capture sources of competitive advantage created through the PPC process? – suggests that firm shareholders, employees, service providers and customers capture economic, social and intellectual sources of competitive advantage created through the PPC process.

Scholars such as Porter (1985) provide guidance on competitive advantage specifically linked to cost leadership, differentiation strategies and related stakeholders. The value capture factors – appropriation, use, exchange and transformation – are guided by Bowman and Ambrosini (2010), and the contribution of Crossan, Lane and White (1999) on institutionalisation of learnings and processes provided the requisite indicators for responding to the research sub-question 2 and guided the sampling and data gathering process.

### 3.6.5 Capturing societal advantage

Creating and capturing value across firm constituents is what Porter and Kramer (2011) refer to as CSV. The dependency between a firm and society has been recognised, garnering significant interest in the last decade. PPC processes as multi-stakeholder partnerships are expected to benefit society, thereby creating and allowing for firm value capture in diverse forms. These social and ecological benefits are anticipated to improve firm legitimacy, reputation and opportunities for strategic bridging (Borys & Jemison, 1989; Donahue & Zeckhauser, 2006; Kivleniece & Quelin, 2012; Rangan et al., 2006; Shah, 2011; Turqotte & Pasquero, 2001).

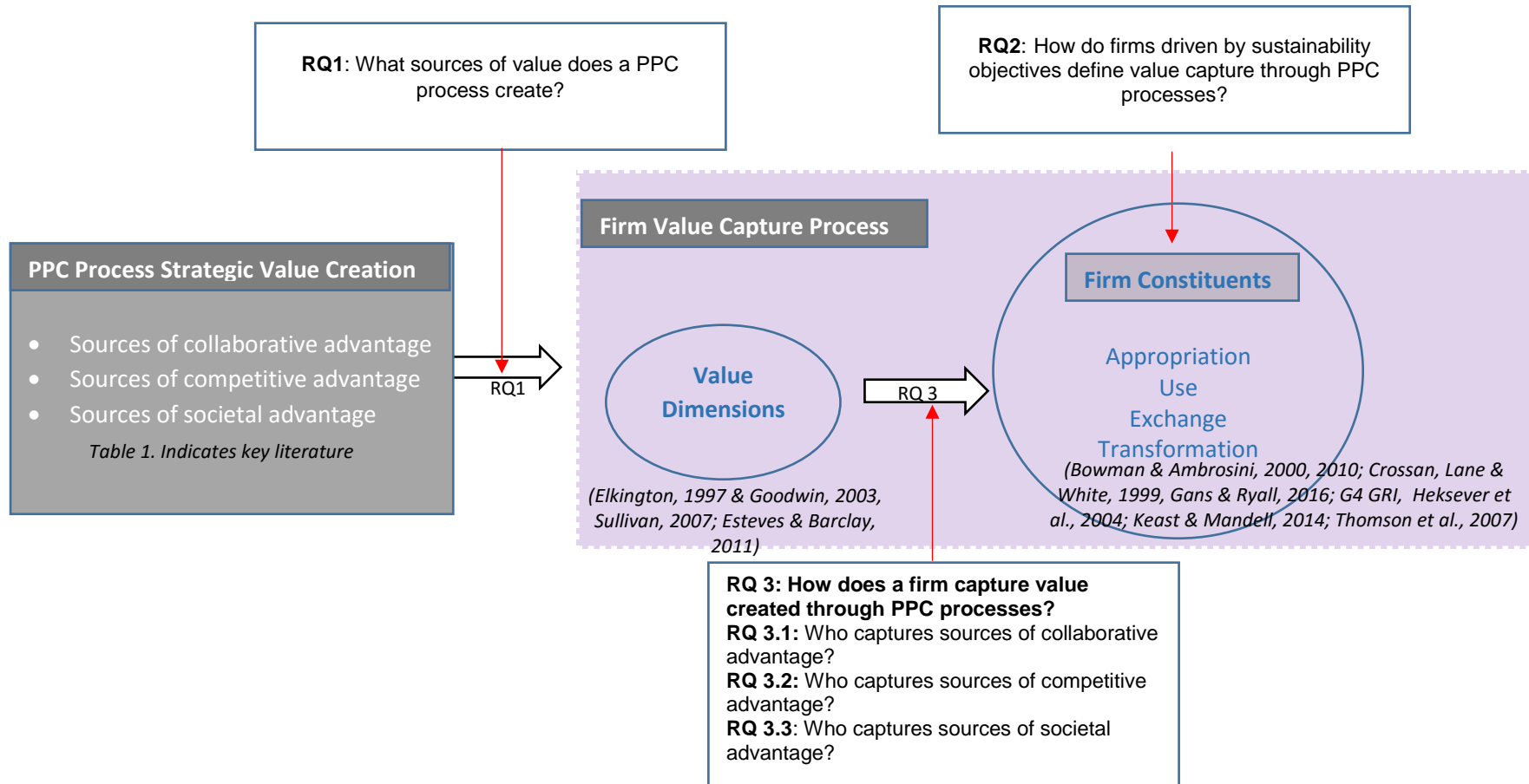
As critical innovators in complex global and local contexts, it is expected that firms capture ecological value that is linked to the sustainability of operations and improved efficiencies that provide for shareholder through to community value capture (Luthans & Slocum, 2004; Nidumolu et al., 2009; Prahalad & Hamel, 1994)

Research sub-question 3- How does a firm capture sources of societal value created through the PPC process? – extant literature states that a firm's shareholders, employees and communities at large capture social and ecological sources of societal advantage created through the PPC process. Determining the evidence of value capture related to ecological and social value is provided by the contributions of Goodwin (2003) and the G4 GRI Reporting Indicators.

In conclusion, Figure 6 draws from extant literature presented in this chapter and outlines the theoretical model that guided and focused a qualitative research study on value capture through PPC processes. It positions each of the 3 research questions and sub-questions presented above in relation to the study of value capture, value appropriation to key firm constituents, and the dimensions or type of value that is either created or captured through PPC processes. In operationalising the study, that is gaining evidence of value creation and capture, the theoretical model was put to the test. This created the opportunity to put forward a contextually aligned model.

The next chapter is significant in that it outlines the qualitative, exploratory, case research methodology and design that was utilised and indicates key sampling selection criteria, the range of data gathering tools, data coding and analysis processes and procedures. It additionally responds to issues of reliability, validity and ethics.

**Figure 6. Theoretical model and research questions**



## CHAPTER 4

### 4. Research Design and Methodology

This chapter is focused on outlining the methodology and research design of the study and provides relevant details on the approach and choice of methodology, the sampling strategy and selection, access and the role of the researcher, data collection, ethical issues, reliability, validity and data limitations. It examines how and why the chosen methodology, which uses in-depth interviews, focus groups, secondary information, and observational tools, has enabled the researcher to respond to the research questions and sub-questions.

#### 4.1 Case strategy rationale

A qualitative study was undertaken with an exploratory case strategy selected to address the context-rich areas of the research question and sub-questions (Halinen & Törnroos, 2005; Piekkari, Plakoyiannaki & Welch, 2010). Collaboration processes within networks, particularly those of a cross-sectoral nature, demonstrate characteristics such as complexity in their purpose and engagement, the presence of governance structures that are loosely connected, permeable boundaries, and higher rates of contextual change. Taking these features into consideration required a research methodology that was flexible and reflexive and which considered the increased number of factors and changing contexts that are often challenging to measure (Halinen & Törnroos, 2005; Keast & Mandell, 2014; Miles & Huberman, 1994, Van Tulder et al., 2016). Hence a qualitative approach was chosen that proved to be valuable in bringing South African nuances to the surface.

A case strategy allowed the researcher to base the study on relevant theory as indicated by the theoretical model in Chapter 3 and to incorporate new concepts as they emerged (Dubois & Gadde, 2003, 2014; Halinen & Törnroos, 2005; Piekkari, Plakoyiannaki & Welch, 2010). Similar single case studies or partnership area studies have been undertaken by Derksen, Franklin and Bock (2008); Lodhia and Martin (2014); and Royer, Bijman and Kifle Abebe (2017). Yin (2009) argues that a case study allows for in-depth analysis and findings specific to a particular context, with the potential to inform future research. The case strategy provided for interpretative sense-making, using contextual descriptions that are fundamental to understanding relational processes (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mantymäki, 2011). An appropriately bounded system was selected for the study, based on a number of constructs and factors outlined in Chapter 3; the diversity of firm and PPC process

stakeholders who were expected to capture value; and a number of corroborative sources of information relevant to the PPC process and value capture study (Siggelkow, 2007). However, certain areas of enquiry into value capture required engagement with and through a partnership governance mechanism (Kivleniece & Quelin, 2012). With the unit of analysis being a PPC process embedded in a mining firm, the level of analysis was at the meso-level, which allowed for a firm perspective based on its appropriation of value within a networked, collaborative process (Lepak et al., 2007). Langley (1999) outlines the difficulty in analysing process data for studies such as this, where boundaries are ambiguous, where data sets are not as neatly packaged as in studies that follow linear phases, and where different phenomena are intertwined. Studies into processes therefore require an iterative approach that allows for recycling between research phases and tracks.

There have been calls in extant literature for more quantitative comparative analysis studies (Keast & Mandell, 2014). However, relational processes such as collaboration require more than a set of abstract numbers, percentages, and descriptors. Such networked, relational processes require a design that gathers and presents a richness of complex phenomena as was found by Villani et al. (2017). Research in this field compels a researcher to delve into unanticipated areas of importance that could potentially emerge during the data gathering process.

Comparative analysis is most suited to cases that are similar in nature. In the domain of PPC processes, however, this is seldom the case and so comparing apples with apples may be quite challenging and limiting. This study was therefore pragmatically designed based on what best addresses the research questions within the relevant context and provided for what Ansell and Gash (2007) call for in relation to enquiries into interactive, iterative, and non-linear processes.

The research study asked more than “Do PPCs create value for private firms?” and “What is this value?” It responded to the call from Ansari et al. (2001) to acquire the evidence that value is created and captured. In order to do this, the following questions were asked:

Overarching question: How do private firms and their constituents capture strategic value in the case of a public-private collaboration process in South Africa?

Sub-questions included: What are the sources of value that are created through a PPC process? How do firms, driven by sustainability objectives, define value capture through PPC processes? And how does a firm capture sources of value created through a PPC process?

Previous research has focused predominantly on systematic literature reviews (Ansell & Gash, 2007; Emerson et al., 2011; Kivleniece & Quelin, 2012; Savage et al., 2010) and instantiation

(Mahoney et al., 2009; Rangan et al., 2006), with very little based on a range of qualitative methodologies other than Donahue and Zeckhauser (2010), Keast and Mandell (2014) and Stadler (2012). Studies that have involved case inquiries to provide more contextual insights, have predominantly been undertaken within the CSR domain or in developed economies, such as the study undertaken by Kivleniece and Quelin (2012) in the United States of America or Keast and Mandell's (2014) Australian case from a less integrated, predominantly economic lens. More so, there have been limited depth of argument and comprehension in relation to value capture through PPC processes. In an emerging field, significant learnings and theoretical insights can be gained from diversifying not only research design and methods, but the context as well (Emerson et al., 2011).

As much as value has been theoretically framed in Chapter 3, the study was open to varying interpretations of what respondents deemed to be value and value capture (Denzin & Lincoln, 2011). It should also be noted that a qualitative approach allowed for an emergent design, which is critical in the field of value capture (Bowman & Ambrosini, 2000, 2010; Kivleniece & Quelin, 2012). The choice of methodology equally allowed for questions and processes to shift or be modified to enable the research question to be answered. This was important as it enabled the researcher to engage with varying respondents who had heterogeneous understandings, expectations, and mechanisms for capturing value (Bridoux & Stoelhorst, 2014).

## **4.2 Sampling strategy and selection**

The research study was focused on a firm perspective of value capture through PPC processes, and so the unit of analysis was the PPC process that the firm was involved in. Literature on public-private collaboration and partnerships often conflates the meaning of private organisations with non-governmental organisations (NGOs). This study was consistent in applying the term "private" to business or for-profit firms or both. Being referred to predominantly as the civil society sector, non-profit engagement fell outside the direct scope of the study.

For the purposes of this study, it was important that the selected firm for the case demonstrated a number of key characteristics. First, the firm has been engaged in one or more forms of public sector collaboration for at least three years, which allowed for both proximal and distal indicators to be included (Ansari et al., 2001). This was a significant factor when considering that PPC processes generate and capture value over time (Innes & Booher, 1999;

Thomson et al., 2007). The requirement of three years also reflected some level of firm value capture through the PPC process to have been maintained.

Second, the firm's rationale for collaboration was closely linked to its sustainability objectives and strategic planning, which ensured buy-in and participation from leadership (Stadler, 2012). The firm selected, within which the PPC process was embedded, has recently been included and rated in the Financial Times Stock Exchange (FTSE Russel) and Johannesburg Stock Exchange (JSE) Responsible Investment Index Series (JSE, 2016). Extant theory suggests that PPC processes often takes place at multiple levels due to high level sponsors, the role of rights owners, and the level of impact expected in an emerging economy context (Stadler, 2012; Winn & Pogutz, 2013). Firm actor engagement through the PPC process with the public entity therefore needed to span national, provincial, and local government departments, institutions, and agencies.

To provide for an appropriate unit of analysis, the firm PPC process that was explored was situated within a listed corporate entity based in South Africa. Medium - to large firms provide complexity and varying degrees of integration, which added value to the study. In addition, firms operating according to sustainable best practice in some form, such as King IV, and the Global Reporting Initiative (GRI) principles, allowed the study to incorporate both economic, intellectual, social, and ecological capital gains.

The firm and PPC process selected equally provided a range of stakeholders and respondents who provided valuable insights into value appropriation (Lepak et al., 2007). In addition, a larger firm PPC process with a multitude of stakeholders contributed diverse perspectives (Ansari et al., 2001) and opportunities for the required level of analysis within the single case (Yin, 1994, 2009). PPC processes by their very nature are built on connections and interdependencies. It was important to ensure that the case was appropriately bound while considering the meso-analytical approach (Halinen & Törnroos, 2005). The single focus from a firm perspective aided in this approach.

PPC processes are complex in nature and the issue of embeddedness has posed problems for researchers in choosing which of its numerous dimensions one should focus on (Fletcher & Barret, 2001, Langley, 1999). The upfront theoretical model based on extant literature guided the study and the analysis of information within volumes of data to ensure that it was relevant. Equally, the framing of value provided a useful lens which, through its integrated features, allowed appreciation of the complexity of the PPC process and created a boundary for the study in terms of its value dimensions (Langley, 1999).

PPC processes are dynamic and therefore predisposed to change (Halinen & Törnroos, 2005). Given that, a PPC process was chosen that had been running for more than three years. The case sampling criteria is indicated by Table 4.

**Table 4. Case sampling criteria**

<b>Collaborative engagement with public sector</b>	Deeper engagements that responded with rich insights as opposed to coordination or cooperation
<b>Going concern, minimum three years of PPC process engagement</b>	A PPC process where actors were still engaged. Responds to value capture over time (proximal and distal indicators)
<b>PPC process embedded in a large firm and case delimitation</b>	Large enough that it allowed for various constructs and factors to be explored. The firm through the PPC process would be accountable to a number of stakeholders Aligned with sustainability principles Firm organisational structure within which the PPC process was embedded allowed for a meso/meta level of analysis Meets the objectives of the study
<b>Embeddedness</b>	A network or process that is sufficiently embedded in spatial, political, technological and market structures yet guided by the theoretical model to help delimit volumes of data
<b>South African</b>	Based in a sector within an emerging economy that did not ostensibly present previously researched firm contexts and which allowed acceptable access for the researcher.

#### 4.2.1 Case selection

In selecting the firm and PPC process to be studied, the researcher embarked on a number of engagements, attended business sessions, and undertook online searches to establish the baseline of public-private engagement and partnering activity. In addition, annual and sustainability reports were reviewed.



A South African mining firm showed interest in participating in the study as part of a larger sustainability strategy review and development process. At the time of the study, the unit of analysis was only one operation of the mining firms' multi-national network of operations. Embedded in one of South Africa's largest provinces in terms of area and population, the setting comprises a mix of racial, language and cultural makeup and diversity which is common in post-apartheid South Africa. The municipal region is characterised by relatively equal urban-rural splits with commercial activities concentrated close to the economic centre. Provincial strategies include strong thrusts to ensure urban-based expansion, investment attraction, entrepreneurial business support and improved cooperation within the Southern African Development Community (SADC). The mining operation is central to the commercial and job creation activities across three towns in the Province with an investment of over \$2.2 billion made by the firm since mine establishment. It is equally important to note that it is located within an ecologically sensitive area and heritage site in the country, similar to other mining operations in the SADC region.

The firm had recently established a Sustainability Committee, an Executive Committee, a Social Investment Committee, complied with requisite certification schemes, and drove its performance against better practice frameworks. It adhered to principles related to product, quality, rarity, community, and responsible trade and sourcing strategies that included business, environmental, and social standards. The firm also stated its commitment to partnerships that ensure wealth creation and improved quality of lives (Sustainability Report, 2014).

The firm's stakeholder engagement included shareholders such as national and provincial government departments and agencies, civil society organisations, inter-governmental organisations, unions, customers, consumers, and employees across its operating companies. In addition to local public sector collaboration, the firm engaged in broad multi-stakeholder initiatives such as the Extractive Industry Transparency Initiative, the United Nations Global Compact (UNGC), the Responsible Jewellery Council and the United Nations CEO Water Mandate. All these have an impact on how the firm undertakes its operations and requisite public engagements (Sustainability Report, 2014).

Based on the criteria above, the firm and the researcher identified a PPC process as part of the flagship operation established in the 1990s with mining rights expiring in the next twenty years. The identified PPC process or area served as the unit of analysis, with robust sustainability needs requiring collaboration across a range of internal and external stakeholders. When considering the PPC process area (Hamann, 2004), the operational

requirements that contributed towards the establishment of earlier mining structures was at the time of the study being transformed and improved and was expected to set benchmarks against social and environmental performance. Due to the sensitivity and confidentiality requirements of the study, the researcher has refrained from providing a more detailed background that could easily identify the firm, its operations or stakeholders under study.

#### **4.2.2 Case Participation**

In order to respond to the research questions, the selection of participants in the sample case was purposeful and heterogeneous. Internal firm stakeholders directly and indirectly involved at management, PPC process, subsidiary company and specialist level made up the primary participant sample (Thomson et al., 2007). However, the participants were expected to span key external stakeholders such as customers and service providers to ensure validity of the study. The research study incorporated both site and process level sampling within the case. This was managed through various phases of data gathering. Table 5 outlines the case participant approach that was taken, including the sampling considerations above.

The stakeholders outlined in Chapter 3 were invited to form the base of case participants, that is, the PPC process and firm constituency. Halinen and Törnroos (2005) have noted the actuality of varying levels and structures within PPC processes that were factored into the study. Vertical, horizontal, and geographic sampling considerations were therefore applied as indicated by the second column in Table 5. The purpose of the diverse participants was to ensure that different perspectives and understandings of value were captured from persons with requisite knowledge, involvement and influence in the PPC process.

**Table 5. Sampling frame and case participants structural approach**

Case participants (based on Stakeholder framing in Sections 2 and 3)	Vertical (V), horizontal (H), and geographic (G) sampling	Number of contacts	Data gathering method
<b>Lead department (point of research relationship)</b>	V – Group and Corporate Services	2	Interview
		3	Focus group
<b>Management and employees</b>	V – Mine management	2	Interviews
		0	Email
		1	Focus Group 2
		1	Observation
	H – Lead coordinators and PPC process participants (boundary spanners)	7	Interviews
		0	Telephonic
		1	PPC process meeting/s observation
		0	Email
		1	Focus Group 2
	H, V & G – Key support functions/departments: sustainability, strategy, financial, CSI, human resources	4	Interviews
		1	Telephonic
		0	PPC process meeting/s observation
		0	Email
		1	Focus Group 2
		3	Secondary Information (Sustainability and Stakeholder Reports/Audits X 3)
<b>Shareholders</b>	V – Financial, strategy and sustainability departments	1	Interview
		3	Secondary Information (Annual Report X 3 years)
<b>Public partners</b>	H – Lead coordinators and PPC process participants ( <i>with firm and public partner consent</i> )	1	Email
		1	PPC process meeting/s Observation
<b>Service providers</b>	V – PPC process specific Procurement leads ( <i>with firm and SP consent</i> )	1	Interview
		2	Focus Group 2
<b>Customers/ Consumers</b>	V & G – Sales and Marketing	1	Email
		1	Secondary information/audits and reports (stakeholder audit)
<b>Communities</b>	V & G – PPC process specific	3	Secondary information and reports X 3 years

### **4.3 Access and role of the researcher**

The researcher was external to the sample case nor held any formal association with non-profit pressure groups or regulatory public entities, providing the required level of objectivity (Ansari et al., 2001; Piekkari et al., 2010) Permission was gained through the drafting and use of invitations to participate and consent forms that included exit clauses and confidentiality protection for participants and respondents. A Non-Disclosure Agreement (NDA) was entered into between the researcher and the firm to ensure confidentiality of the firm's identity, and protection of sensitive information and intellectual property in line with the study's ethical application.

### **4.4 Data collection and research tools**

The research study relied on various sources of information during the data gathering phase, through targeted methods and tools which were used where appropriate and when required. These included face-to-face interviews, email and telephonic interviews, observation, and focus groups. Where personal interviews were not possible owing either to the unavailability of respondents or to their preferred method of engagement, the researcher conducted them by phone or provided email questionnaires in line with the semi-structure interview questionnaire prepared. Triangulation was applied to reduce bias and improve the reliability of findings (Eisenhardt, 1989; Miles & Huberman, 1984; Piekkari et al., 2010). In addition to the expert interviews undertaken, the final focus group included external participants from the extractives sector.

#### **4.4.1 Semi-structured interviews**

Based on the firm constituency outlined in Chapter 3, twenty (20) semi-structured interviews were conducted over a ten-month period with primary internal case participants and select external case participants, as indicated in Table 5. Case participants were also selected based on their geographic, vertical, and horizontal relevance to the unit of analysis.

These interviews were captured via audiotape and transcribed within a month, with field notes made within two days of the interview. The interview process of data gathering took on a responsive approach that allowed for changes in questions asked, participants, and sites. Interviews took place at a firm site and time most convenient for respondents.

A semi-structured interview guide directed case participant contact (see separate document Appendix 1: Research Tools). The guide was tested with a general industry individual to refine data gathering, planning, and tools (Yin, 2009). This interview was excluded from the study as the individual was from the financial services sector. Each interview took on average 45 minutes. Data from the interviews has been complemented by data drawn from reports and key documents, as well as focus groups.

#### **4.4.2 Telephonic and email data gathering**

Two telephonic interviews were undertaken as study participants were unable to meet face-to-face because of their travel itineraries. Three email questionnaires were used for the same reason. In both telephonic and email instances the structure and flow of the interview guides was to ensure a similar line of questioning. Owing to time constraints experienced by management and PPC process lead coordinators and other respondents, clarification was sought via email on the interviews and information already provided.

#### **4.4.3 Secondary information**

An important source of information for the purpose of triangulation was the secondary data that the firm has produced and undertaken through evaluations, employee and customer audits, and financial, sustainability, and integrated reporting. These included sustainability reports, stakeholder audits used to inform strategy development and financial performance, environmental, social and governance (ESG) Performance Reports. External sources were derived from the Chamber of Mines, Statistics South Africa, and Mining Charter Reports from the Department of Mineral Resources. This source of data provided additional facts, and processes and constructs of value capture that have corroborated and enriched insights gained from interviews (Dasgupta, 2015).

#### **4.4.4 Observation**

In order for the researcher to gain relevant contextual insights, a relevant PPC engagement between the firm and its public partner was observed. An observation guide was developed as outlined in Appendix 1: Research Tools. This form of data gathering allowed the researcher to delve into the process and relational constructs that enable value creation and capture.

#### **4.4.5 Focus Groups**

Two focus groups were undertaken, one at the beginning of data gathering, and the other at the end of the research study utilising an online platform. The first, lasting about one hour, consisted of three participants and allowed for unstructured dialogue to assess a baseline for the study and test the conceptualised boundaries of the PPC process. It was also valuable to the study in terms of a cross-pollination of interpretations that existed within the firm (Sheppard & Jones, 2013). For example, stakeholders who were considered customers needed to be unpacked and clarified in the first focus group, including those stakeholders who were most relevant to the PPC process. The focus group assisted in finalising the case participant list as per Table 5. A focus group moderator guide was developed (Appendix 1: Research Tools) and used to steer data gathering. As useful as the guide was, the conversation was emergent and certain planned questions were not necessary as participants engaged well and drew information out of each other.

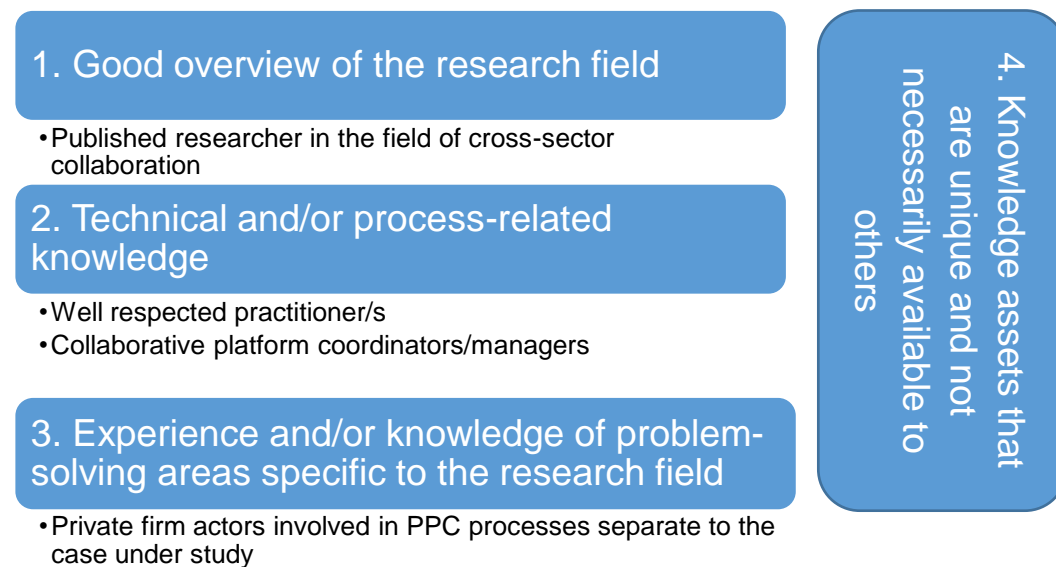
The second focus group was undertaken as an online forum and consisted of two participants from the PPC process and three external participants. It provided an opportunity to enhance the triangulation process and sense-check the emergent value capture constructs. The combination of internal and external case participants was insightful for the final analysis and reflection on the value capture constructs.

#### **4.4.6 Expert Interviews**

The study included five interviews with experts that were not connected to the firm. This was to gain factual knowledge that complemented contextual knowledge gathered through the single case research (Kolb, 2008). It is suggested that expert interviews are relevant to process-related studies and support knowledge and theory generation. Bogner, Littig and Menz (2009) state that experts have access to other study related cases and stakeholders who are outside the scope of this study (privilege), thus making them important for extending contributions to the research field and partly addressing aspects under methodological limitations and the utility of the research recommendations and management framework in broader contexts.

An expert, according to Bogner, Littig and Menz (2009), is defined as having specific qualities and competencies. Figure 7 indicates these and the sampling criteria used for the study's expert interviews. Table 6 provides an indication of the context within which experts operate, linked to the criteria developed for the expert interviews.

**Figure 7. Expert interview sampling criteria**



**Table 6. Expert Interviewees**

<b>Expert 1</b>	Private firm – CEO of Concession Company
<b>Expert 2</b>	Industry body – Head of Department
<b>Expert 3</b>	National PPC Initiative – Head of Programme
<b>Expert 4</b>	Provincial Economic Initiative – CEO of Partnership
<b>Expert 5</b>	South African Tertiary Institution – Partnership and Collaboration Specialist

#### **4.4.7 Responding to Data Saturation**

Fusch (2015, p. 1409) reminds qualitative researchers that there is no one-size-fits-all method to achieve data saturation and that not all research designs are universal, where depth is more important than the numbers. In the case of exploratory research this becomes important in order to respond to the research questions. Guest, Bunce, and Johnson (2006) state that the population size is an important consideration when determining the sample size. In this case the entire firm population directly involved in the PPC process was interviewed including subsidiary company respondents, and external parties.

#### **4.4.8 Procedures and Data Gathering Challenges**

There were various procedures that needed to take place to enable the data gathering process and ensure the participation of the firm, case subjects and stakeholders. These steps are outlined in Appendix 6. They included the scheduling and distribution of pre-contact letters, formal requests, internal firm communication, and communication of data gathering timelines and objectives. Despite the amount of formal communication, numerous follow-up calls and emails were required to ensure an adequate level of participation. The final focus group was postponed on three occasions over an eight-month period.

The data gathering process through in-depth interviews worked well for most case participants. However, certain participants were based in different parts of the country, not in close proximity of the case PPC or the researcher, and in some instances were travelling abroad. An email questionnaire was designed to gather their inputs for the study and email contact used for clarification between researcher and email respondents. Most of the secondary data sources within the company could be classified as “self-reporting” with a degree of firm bias. It is for this reason that secondary data was analysed from external sources.

The data coding process comprised the semi-structured approach and process learnings across data gathered through focus groups, interviews, secondary information, field notes, and memos. This process is far from linear, as depicted by the iterative data analysis process in Figure 8. It incorporates various phases of coding, categorising, and sense-making that often looped back to revisit coding phases, allowing for a deeper analysis of data in Chapter 6. The outcome was a narrowing, merging, and synthesising from a plethora of codes to constructs and emergent themes (Bloomberg & Volpe, 2012).

#### **4.5 Data management strategy**

Data collection outputs took the form of recordings, transcripts, documents, field notes, and memos. All data was segmented, labelled and filed in three separate systems – Dropbox, computer drive, and an external hard drive. It was important to separate data related to the various data sources and research support documentation. Table 7 below reflects the system of folders used to manage data and research processes.



**Table 7. Data management system**

Research/ Data Gathering:	Research/ Data Analysis and Results:
• Case recordings/audio files	• Code Definitions
• Consent Forms	• First Cycle Deductive
• Expert recordings/audio files	• Second Cycle Inductive
• Email Questionnaires	• Third Cycle
• Field Notes. Memos	• Post Coding
• Interview Guides	• Towards Results
• NDAs	○ Diagrams and Graphs
• Sample Frame	○ Tables
• Secondary Information	○ Screenshots
• Transcripts	• Network views and tables
○ Case	• Draft Discussion and Interpretation
○ Expert	• Final Write-Up
○ Focus Groups	• Appendices

The Computer Assisted Qualitative Data Analysis Software (CAQDAS) used was ATLAS.ti (Miles & Huberman, 1994) as it allowed for coding, annotating and locating volumes of data, determining importance and visually representing relationships, among other key functionalities that were necessary for within-case analysis.

#### **4.5.1 Transcription of voice recorded data – interviews and focus groups**

The researcher used an independent service provider to transcribe recordings of 20 interviews and one focus group. The researcher provided guidance on the format required, analysis software to be used, labelling of transcriptions, and general confidentiality clauses. The transcription brief is provided as Appendix 5. Transcribing activities took place within two weeks of each interview having taken place and the researcher checked each recording against its transcription before beginning the analysis process. Based on the confidentiality requirements of the study, transcripts and recordings were labelled without identifiers. The second focus group was an online forum due to the unavailability of required respondents.

#### **4.5.2 Reflection documents – Memos and Field Notes**

Field notes were developed within 48 hours of interviews as a reflection document to capture key themes, settings, and questions raised both directly during the interviews and focus groups, and as part of the reflection process (Jansick, 2011). Initially capturing the field notes provided an immediate reflection on the individual interview. Deeper reflection that the memo process provided came after data gathering.

Memos can be compared to research journals or lab notebooks that provide an intellectual space for researchers and were therefore coded as part of the data set (Clarke, 2005; Vogt et al., 2014). A significant amount of insight and appreciation for the data is gained during the coding process, where one has the opportunity to stop and reflect on what was being stated, contradictions, and possible new areas of research missed by the researcher during the interview and on developing the field notes. It also gave the researcher an opportunity to return to the audio files where required.

#### **4.5.3 Secondary Information – Reports and Internal Documents**

Reports, documents, and third party public sources were identified as providing additional insight into the study from internal and external stakeholders on reputation, service expectations, relational impact, and economic impact, and were included as data. Content analysis, researcher and objective third party inputs were undertaken during the coding and post-coding processes.

These were broadly identified during the data gathering phase and were narrowed down after the second cycle inductive coding process. It assisted in ensuring that the secondary information sources selected provided levels of evidence and alignment, that is, triangulation with either value or risk themes that were starting to emerge. Table 8 provides an outline of secondary sources of information.

**Table 8. Secondary information sources**

Secondary Information Source		Purpose
Integrated Reports 2015, 2016 (incl multi-year trends)	Internal (BAST CO)	To triangulate and gain further evidence of value capture categories and themes, platforms and mechanisms provided as indicators of value capture by respondents.
Mining Charter Assessment 2015	External (Department of Mineral Resources)	
Public Partner Statements	External	
Socio Economic Development Reports	Internal (BAST CO)	
PPC Economic Indicators	Internal (BAST CO)	
Stakeholder and Partnership Material 2016	Internal BAST CO	
Reports and Statements	External (Chamber of Mines as industry-government engagement platform)	

#### 4.5.4 Analytical Approach

The approach to data analysis needed to assist the researcher in responding to two important objectives: 1) surfacing themes, evidence issues that relate to the theoretical model developed (Stake, 1995); and 2) surfacing themes, evidence, and issues that have not been explored by extant literature thereby contributing towards new theory. Therefore an abductive approach was used to provide a basic lens through which to focus the study and guide the data gathering process noting the need for flexibility. Deductive coding was followed by a longer inductive approach lending to the validity of the study and undertaken with an open mind to allow themes to emerge from the data. The process therefore allowed for an interweaving of inductive and deductive analysis, allowing the data to “breathe and speak for itself” (Seidman, 1998, p. 100).

## 4.6 Data Coding

Data coding followed both a template and an edited approach. A priori list of codes was developed and is indicated (see Appendix 9). These were drawn from extant literature and used as a point of reference for categories and codes, providing the researcher with a framework within which to begin the coding process. Each of these categories and codes were assigned an operational definition to ensure that they were mutually exclusive (Saldana, 2016).

A first cycle deductive coding of data was undertaken using the priori coding list which resulted in a number of “lumped data” categories or meta-codes (Miles et al., 2014). This provided the researcher with an overview of the data, the opportunity to reflect on assumptions and the need to be further immersed in the data. It became clear that there were categories of data that may have been either categorised differently by previous scholars for varying contexts or not identified as a standalone family or category within a PPC value capture context. These were noted and a deductive code list formed (see Appendix 10).

This demonstrated the value in preventing tightly structured methodologies and approaches to qualitative analysis that would have filtered out new, emerging and serendipitous insights (Bloomberg and Volpe, 2012). First cycle deductive coding equally confirmed the decision to see value in process, concept and in vivo coding (Keddie, 2006; Saldana, 2016).

Second cycle inductive coding providing an opportunity to get close to the data (Charmaz, 2011). Data coded included categories and variables of:

- value created codes;
- value capture codes;
- levels of institutionalisation (indicator of capture);
- whether the value capture datum reflected:
  - use
  - exchange; or
  - transformation value;
  - and for which stakeholder, e.g. Government Partner: Legitimacy as opposed to Firm: Legitimacy; and
- broader baskets of public, NGO and partner stakeholder mentions, varying platforms of engagement, and general statements on the significance and complexities of PPC processes.

As much as part of the analysis was inductive, it did need to respond as objectively as possible to the research questions that were originally proposed. The broader baskets were created to create ease for contextualisation during the write-up of analysis, results, discussions, and conclusion chapters.

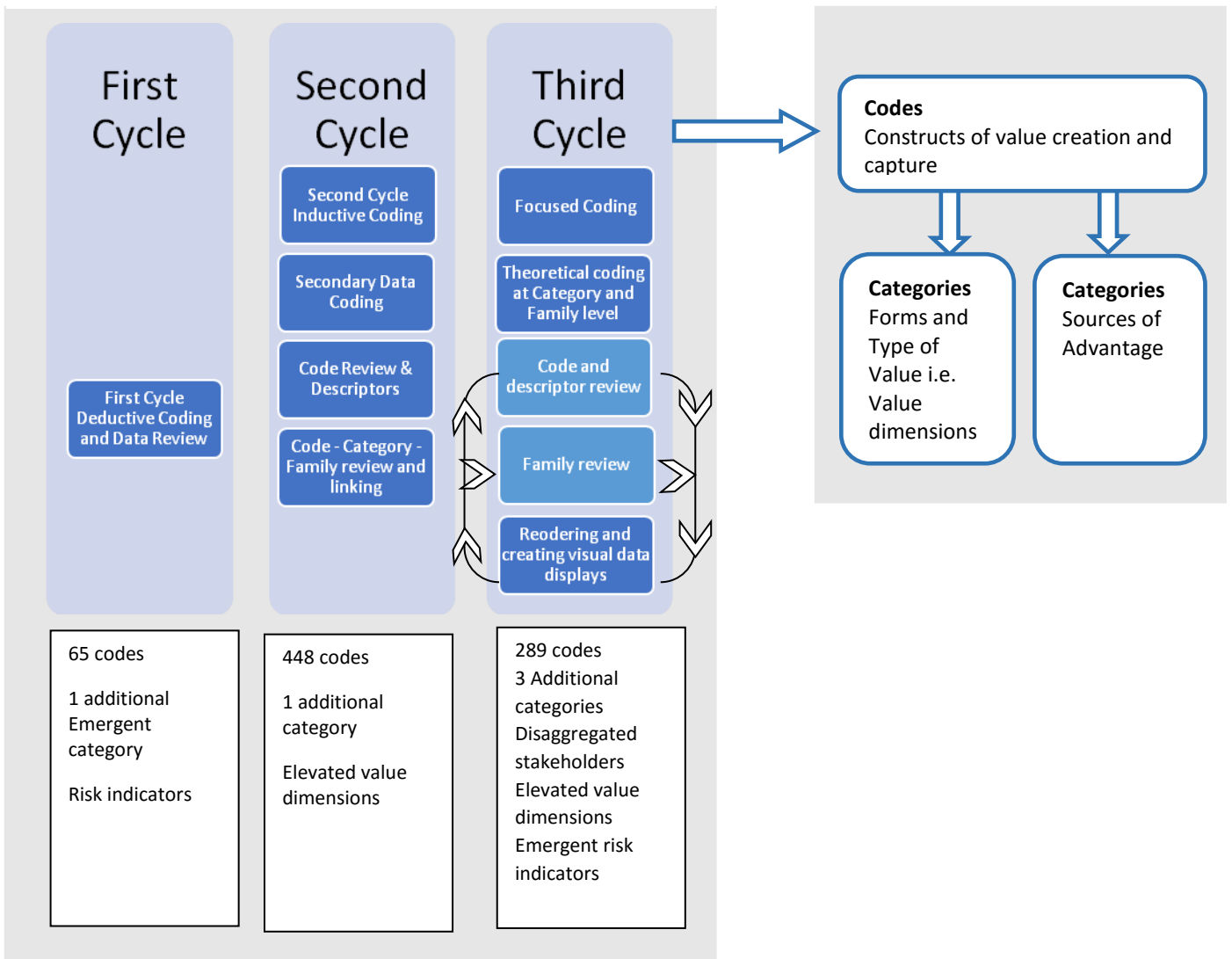
The researcher chose not to code memos (other than secondary data memos) as there were a number insights that could have been regarded as conceptual leaps, thus creating issues of data reliability. Memos were, however, used as reflection spaces that allowed for tracking the researcher's thoughts during the coding process. It assisted in gaining further insight into:

- potential code descriptors;
- additional interviews that were required;
- potential new codes and categories; and
- identification of, for example, contradictory statements by respondents.

For the study, the researcher chose to code deductively and inductively, followed by a review of data within each code in terms of its relevance, which ensured that it was mutually exclusive and then created a descriptor. In some instances the codes themselves changed upon a second review of the data within them and describing them at first glance did not seem the most logical or efficient approach to take. This method was inspired by Lindolf and Taylor (2001, p. 242) who highlight that the analytical journey is a "blend of strategic mindfulness and unexpected discovery." Also noting Langley's (1999) view of sense-making when working with process data.

However, family and category codes linked to the research study questions were defined prior to initiating the coding process to ensure that coding did not take the researcher on a tangent that added little value to the study's objectives (see Appendix 9). These were reviewed after coding as part of the analysis and theory building and will be discussed in later chapters. Figure 8 provides a process view of the coding and analysis process.

**Figure 8. Iterative data analyses process**



Third Cycle Coding allowed for the transition between coding, analysis and writing up the analysis chapter. Another round of coding was undertaken to search for patterns while at the same time to ensure that the analysis was focused. The categories were then reviewed again to ensure fit with the study's objectives. This resulted in simultaneous or overlapping coding that responded to the nature and objectives of the study (Miles et al., 2014). The chosen approach to analysis was aimed at increasing levels of reliability and validity of the study and its findings.

Due to the possible issues of reliability that could arise from solo coding, the researcher included two discussion sessions with an independent qualitative research specialist to test process and coding decisions. This helped to guide, inform and confirm the deductive approach followed by an inductive, immersive approach in identifying codes and categories of stakeholder value.

In addition to codes and categories that emerged from the data, a number of quotations were identified, analysed, and selected to be interwoven into the Research Findings and Discussion Chapters that follow, to provide contextual evidence in relation to the stated research questions and theoretical framework (Bloomberg & Volpe, 2012). It should be noted that the 'roll up' of codes into categories was not a simple allocation or roll up exercise based on a given framework. It involved a considered level of abstraction and linkages to develop a foundational framework. Some of which were drawn from extant literature as indicated by Table 3 and the additional emerged from the study in response to research questions.

#### **4.7 Case and Respondent Confidentiality**

The study required that all organisational, personal and operational identifiers be removed, coded and analysed anonymously due to the sensitive nature of the study and in line with ethical commitments. All uploaded transcripts were reviewed using the find and replace functionality to change names, locations, and operational identifiers. Secondary multimedia data uploads proved to be problematic, as stakeholders and company identifiers were visible and audible. Secondary data that complied with confidentiality requirements were uploaded to ATLAS.ti.

#### **4.8 Responding to research validity**

Yin (2003) highlights that the purpose of a single case is to expand on or generate theory and not prove theory or statistical generalisation as is the case with this study. It is appropriate for analytical generalizations or findings within specific contexts that may inform other contexts (Lodhia & Martin, 2014). This study allowed for the integration of knowledge and development of constructs within a particular research context, gaining depth on practice within a PPC process from a firm perspective. The contributions allow for future cross-case analysis, transferability and tailoring of concepts for other sectors or research contexts.

The methodological approach outlined comprehensively in this chapter is summarised below.

- Multiple stakeholder views have been incorporated across firm, customer, and expert respondents whereby multiple perspectives and knowledge bases complemented and contributed a level of objective resonance to contextual inputs;
- Development of sampling criteria based on extant literature;
- Multiple sources of secondary information was incorporated into the study and quoted where relevant;

- Deductive coding was undertaken against the theoretical framework developed upfront. Inductive coding was undertaken to expand the verification of indicators against the theoretical framework and extant literature constructs;
- The coding process was reviewed by an independent qualitative research expert within the academic sector;
- The study employed a combination of research techniques to gather data – focus groups, interviews (in-depth and telephonic), email questionnaires and clarification, observation and secondary information analyses for the purposes of triangulation; and
- The objectivity of the researcher not employed nor compensated by the firm, with no formal association to non-governmental or pressure groups, nor regulatory bodies or public entities.

The methodological choice had the sole purpose of responding to the research questions and extending organisational theory and practice for the benefit of firm actors and policy-makers. The next chapter delves into the research results.



## CHAPTER 5

### 5. Research Results

The previous chapter provided insight into the operationalization of the research and data coding. Chapter 6 presents the data acquired from a qualitative case research study that was aimed at determining how private firms capture strategic value through public-private collaboration processes. According to Weatherbee (2012) case reporting must put forth persuasive arguments, be plausible to the reader and the presentation needs to resonate with the intended audience. For the purpose of this exploratory study the research results are presented to demonstrate transparency, understanding and contribution to theory, evidence and practice (Weatherbee, 2012; Welch et al., 2011).

The researcher responds to the research questions by drawing on data (visual and supporting quotations), based on the theoretical model outlined in Chapter 4. These are presented in the following format:

- Sources of strategic value (responding to Research Question 1)
  - Sources of competitive advantage;
  - Sources of collaborative advantage; and
  - Sources of societal advantage
- Defining value capture through PPC processes (responding to Research Question 2)
  - Salient stakeholders capturing value; and
  - Value capture constructs
- Capturing sources of strategic value (responding to Research Question 3 through sub-questions)
  - Competitive advantage;
  - Collaborative advantage; and
  - Societal advantage

Table 9 provides an indication of the type of respondent in relation to their responses and the code prefixes and interpretation.

**Table 9. Code prefix and interpretation**

<b>Code prefix</b>	<b>Interpretation</b>
<b>Firm - .....</b>	Firm respondents includes executives and management within the employ of the firm
<b>Expert - .....</b>	Expert respondents refer to the experts respondents outside of the employ of the firm and PPC process
<b>Customer - .....</b>	Customer respondents refer to the Business-2-Business customers of the firm
<b>Online - .....</b>	Online respondents refer to the sense-making online group which comprised of internal and external firm respondents
<b>NEW - .....</b>	New is an indication of codes and categories which emerged from the study

A number of new constructs have emerged from the study which are presented in the research results and will be interpreted and discussed in Chapter 7 alongside theoretical contributions made by the study. A complete list of codes is provided in Appendix 7.

## **5.1 Sources of strategic value through PPC processes**

In response to research question 1 – what sources of value does a PPC process create?, extant literature posited that PPC processes create strategic value for private firms in the form of sources of competitive, collaborative and societal advantage. The following sections describe and outline the evidence of the sources of value (competitive, collaborative and societal) that have been created and captured through the PPC process.

### **5.1.1 Sources of Competitive Advantage**

For the purposes of this study, sources of competitive advantage was defined as use or exchange value created through collaborative action that maintains or improves a firm's capabilities and sustainability in relation to its competitive landscape (Bowman & Ambrosini, 2010; Christensen, 2001; Pitelis, 2009; Porter & Kramer, 2011). A number of competitive advantage constructs emerged presented by Table 10 and Table 11 which provide a frequency count for combined indicators derived from study respondents.

**Table 10. Competitive Advantage - Indicators of value**

<b>Construct/Code</b>	<b>Grounded</b>
Customer – Consistent supply of products	11
Customer – Facilitates product development operations	4
Customer – Product availability	3
Customer – Product quality assurance	2
Expert – Accessed information and learning	9
Expert – Accessed input resources	4
Expert – Decreased investment risk	1
Expert – Firm brand management	5
Expert – Managed market externalities	2
Expert – Transitioned beyond compliance	5
Expert – Transitioned beyond CSI	1
Firm – Accessed complementary strategic resources	6
Firm – Accessed decision makers	13
Firm – Accessed information and knowledge	37
Firm – Achieved societal impact	1
Firm – Anticipated policy change	5
Firm – Benefited from resource efficiencies	6
Firm – Buffered against market externalities	4
Firm – Communicated firm differentiation	3
Firm – Created competitive positioning	1
Firm – Created first mover advantages	2
Firm – Developing innovations	9
Firm – Enhanced legitimacy	19
Firm – Government knowledge and information sharing	12
Firm – improved risk management	37
Firm – Improved self-regulation	3
Firm – Input into implementable policy	13
Firm – Planned for future skills development	4
Firm – preservation of profits	8
Firm – Transitioned beyond compliance	7
Firm – Transitioned beyond compliance	7
Online – Accessed information and knowledge	1

These constructs were partially guided by contributions from scholars such as Ansari et al. (2012); Canker and Petkovsek (2013); Haksever et al. (2004); Kivleniece and Quelin (2012); Margolis and Walsh (2003); Rangan et al. (2006); Scherer et al. (2013); and Sullivan (2007), amongst others. And closely related, albeit different, constructs that were identified through the inductive coding process, are included in the 26 constructs assigned to the Competitive Advantage family or category with 243 quotations drawn from interviews. The codes were split between respondents in this case being customers, experts, firm and online respondents for ease of emergent associations, linking of concepts and deriving any useful meaning.

Firm respondents provided the following inputs in response to questions on benefits of collaborating with government stakeholders.

*“... where do we get that information, we get it from government because government has done quite a lot of research in those areas.”*

*“... in terms of addressing threats and opportunities partner with government.”*

*“I rather go and sit around the table with our partner and say ‘Look, this is the process we plan to follow, these are the models we will be using, how do you think the process is going to run?’ – and engage in that way...”*

The quotes above refer to stated benefits of accessing knowledge and information, managing risks, generating business opportunities and understanding processes that the firm may not have been able to secure without a collaborative relationship and insights of their government partners.

Firm respondents leaned toward specific indicators in certain responses. Whereas expert respondents tended to respond in generally broader terms. The quotation below provides an example of an expert response to the question on indicators of benefit to the firm and its stakeholders:

*“I think the value that comes from collaborating has to do with improved access to information, it has to do with coordination of action, it has to do with influencing each other’s perspectives and priorities, and it has to do with bringing complimentary resources and competencies to the table...”*

Coordination of action and influencing perspectives and priorities are clear leading process indicators that are often stated when evaluating the mutuality of the relationship (Thomson et al., 2007). Complimentary resources and competencies are pecuniary value indicators that trail process or pathway indicators (Roussos & Fawcett, 2000), creating linkages (Savage et al., 2010) to value capture.

**Table 11. Competitive Advantage Frequency Table**

Higher code density (10+)		Lower code density (9 and below)	
Accessed information and knowledge	47	Developing innovations	9
Improved risk management	37	Preservation of profits	8
Enhanced legitimacy	21	Benefited from resource efficiencies	6
Created future advantage opportunities	18	Anticipated policy changes	5
Implementable policy development	13	Ensured brand relevance	4
Transitioned beyond compliance	12	Planned for future skills development	4
Accessed decision makers	12	Buffered against market externalities	4
Consistent supply of products to customers	11	Facilitates product development operations (processing)	4
Accessed complimentary/input resources	10	Communicated firm differentiation	3
		Improved self-regulation	3
		Ensures product availability to customers (general)	3
		Created first-mover advantages	2
		Provides product quality assurance	2
		Decreased investment risks	1
		Created competitive positioning	1
		Transitioned beyond CSI (societal impact)	1

Table 11 is a consolidation of firm, expert, customer and online respondent indicators of value into code frequencies. This provides evidence of PPC processes creating various dimensions or forms of competitive advantage for the private firm. 9 Value constructs emerged with higher code densities of 10 and above (highlighted in green) when compared with the others. Further mentions of indicators of value through the PPC process revealed by respondents included the following:

*“And you can actually see that filtering down, getting to a point where it will become policy, it will become legislated. So we try and engage very early on in that sort of early planning stage.”*

*“And because those relationships are forged already, it is easy for [CEO] to engage on that level. So it is almost like you are building on a foundation...”*

These and other mentions provide evidence of early stage collaboration that supports the influencing of implementable policies and increased collaboration status whereby trust and relational foundations are improved at higher levels across firm and government actors.

When experts and firm respondents were probed on compliance and legislation in relation to the PPC process, responses confirmed that ongoing collaboration had enabled firms to transition beyond a compliance mindset in their operations (Gerber-Waliser and Shrivasta, 2015).

*“So I think compliance yes, is a driver, but I also think that companies do go far beyond that through the [partnership].”*

*“...numerous policies and commitments that actually by far exceeds minimum legislative requirements.”*

The acceptance of the firm and its activities as a vital resource, or enhanced legitimacy (Ashforth and Gibbs, 1990), had a frequency count of 21 mentions. Firm respondents provided context around their enhanced legitimacy as follows:

*“...because we have got that already standing relationship with those specific stakeholders, it is easier to start having the conversations around partnerships.”*

*“So what we have seen, because of the relationships that we have had, with the various stakeholders, there is a sense of ‘let’s include them’ in some of the other activities. I don’t think in the past we were really involved in a lot of mining round table discussions, it is actually something we got involved in just two years back.”*

*“The conversation is now more to ‘how can we also include BAST CO, etc, in the conversation of how to build the province, whether it is infrastructure, education or whatever the case may be.”*

Expert respondents shared the following indicators of value related to firm legitimacy benefits:

*“But there is a reputational benefit of engaging with the public sector.”*

*“...they have long legacies and they want to maintain those I think, they see their ability to engage with government as a key aspect.”*

Firm and expert respondents have indicated that the existing collaboration and relationship created value in how the firm was perceived and further engagement opportunities that it created to work with government entities to contribute towards provincial priorities.

Future advantage opportunities relate to the ideas, innovations and future business opportunities (Christensen, 2001) that the PPC process created for the firm. Firm respondents provided the following responses when questioned on benefits that went beyond social value:

*“...different milestones for the mine, at [year] what sort of partnerships do we need to forge to create that... really maximise on the opportunities that lie in that specific timeline.”*

*“...this is not a partner for today, it is a partner for tomorrow as well.”*

*“...partnership as a basis of doing business...so understanding that to be a future fit company, what does that look like, what are the challenges to that, and how do we partner to resolve that?”*

Responses focused on future possibilities and looking ahead. It relates closely to managing risk at the other side of the opportunity coin, whereby one of the respondents stated that:

*“We also in terms of addressing future threats and opportunities partner with government. So for example one of the biggest safety issues we have as a group is not inside our fence, it is outside of our fence; because statistically driving on the roads around our mines are more dangerous than entering our mines.”*

An expert respondent, when probed on value linked to mining engagement with government and resources upon which operations were dependent, shared that:

*“...there is a risk that it could go anywhere, and I think people are now getting more and more into this idea that we need to be undertaking adaptive and mitigation measures....”*

Respondents shared openly on the partnerships value to support the development of more implementable policy whereby government partners have a greater awareness of the business context and policy requirements are transitioned or institutionalised through to firm strategy.

*Expert respondent: "...here is a lot of value that they derive, particularly in interacting with the public sector, in not only just implementing, mitigating sort of initiatives, but really looking at influencing policy going forward in really shaping the thinking around [resource] in the government space as well."*

*Firm respondent: "...as we place more emphasis on the work we do changing the policy space and not only just driven by the people – which is why we now as an entity, as an organisation are moving towards getting more involved in the policy dialogues and shaping policies – so that what we do does survive or does go beyond just the individuals that participate in the network but goes back to the strategies."*

*Firm respondent: "...so you know if legislation is passed that is not practical, you know we have various channels which we work through – beginning with the regional office – and then an understanding of how they intend to regulate and basically enforce what is written into legislation; and if it is impractical you know, we need to get their understanding of why it is impractical and then take that through..."*

Accessing decision-makers (Margolis & Walsh, 2003; Rangan et al., 2006) within the public sector was another stated benefit during the study.

*"...our CEO, if he can pick up the call and call the Premier and the Premier won't hesitate to actually have an engagement and actually link up to what the request is from [general manager]. And because those relationships are forged already, it is easy for [CEO] to engage on that level"*

*"...I must say you know, over time we have had challenges, but as we speak of now I think we have very, very good relationships because we can easily pick up the phone and call the mayor of Messina and say 'hey, you know we need this' or 'can we see you, we need to discuss this'. So you don't have to maybe phone her office and things like that, you can easily call her directly."*

Customer and firm respondents shared that the firms' collaboration with government partners supported the consistent supply of products for sales functions.

*Firm respondent: "So for us to work in partnership with government protects that [product] equity and that desire....especially in high-end goods company like this."*

*Customer respondent: "It is in our best interests that [firm] are in a position to consistently supply us with the right type of product. It is therefore very important that*



*[firm] maintain a good working relationship with government partners as these government partners directly impact the mining of the raw product as well as the import of the product.”*

Accessing complementary resources (Kogut & Zander, 1992; Zahra & George, 2002), that the firm could build on or match in line with its strategic intent, was stated as a benefit.

*“...that report is going to tell you exactly what government is trying to achieve, it is going to give you statistics, it is going to give you information, it is going to give you the focus areas, it is going to give you an example of the partners that are interested in coming on board.”*

*“We’ve often got the capacity. So they’ve sometimes got the resources”*

Considering Tables 10 and 11 together with firm responses, it is evident that the firm and its nexus of stakeholders or constituents created and captured value from the PPC process. In particular, the mining firm benefited mostly from accessing information and knowledge, improving its risk management, enhancing its legitimacy, creating future advantage opportunities, contributing towards implementable policy development, transitioning beyond compliance, accessing decision-makers, ensuring a consistent supply of products to their Business to Business (B2B) customers and having accessed complimentary input resources as the most cited benefits or indicators of value.

This statement is made whilst noting the earlier argument that PPC value creation and value capture are closely interlinked features. However, the results provide for a clearer evidence base that is broader than the collaborative process value called for by Ansari et al. (2001). The next section looks at sources of collaborative advantage and will extend the work of scholars such as Keast and Mandell (2014).

### **5.1.2 Sources of Collaborative Advantage**

Sources of collaborative advantage are defined as intermediate and process value created through collaborative action, offering value capture pathways or value transformation opportunities for firms and their constituents (Roussos & Fawcett, 2000; Savage et al., 2010; Sharma & Kearins, 2011; Thomson et al., 2006). A range of collaborative advantage constructs emerged from the study as displayed in Table 12. Table 13 provides a frequency count for combined indicators derived from study respondents.

**Table 12. Collaborative Advantage - Indicators of value**

<b>Construct/Code</b>	<b>Frequency/ Grounding</b>
Expert – Accessing political networks	2
Expert – Creating shared objectives	1
Expert – Enhanced political status	2
Expert – Government co-ownership and understanding	4
Firm – Co-development of solutions/opportunities	8
Firm – Improved political support	10
Firm – Increased pro-active engagement	5
Firm – Leveraged partner networks	5
Firm – Pooled economic resources	14
Firm – Understanding political mandates	4
Firm – Understanding political structures	3
NEW – Balancing accountability	2

The constructs presented by Table 12 were partially guided by contributions by Innes & Booher (1999); Roussos & Fawcett (2000); Savage et al. (2010); and Keast and Mandell (2014). 13 constructs were assigned into the Collaborative Advantage family with 59 quotations drawn from interviews.

Constructs presented in Table 13 are structured according to the type of respondent with additional codes labelled New. Expert respondents once again keeping to broader less specific indicators of value. The following quotations are expert responses when asked about the evidence of value through PPCs:

*“Well I mean I don’t know what you mean by evidence. I don’t know, I haven’t come across that and I haven’t done it myself...Qualitatively speaking and on a case by case basis or maybe anecdotally, sure – I have seen the benefits. I mean you could see Marikana is a failure of effective collaborating. I mean the thing is collaborative approaches are part of the bigger picture ... kind of context sensitive strategy, so it is difficult to disentangle that.”*

*“...they get benefit in different ways and have different objectives. It can’t really be lined up on the same scale. But that is my knee jerk reaction, I haven’t really thought about that.”*

Expert responses indicate that there is not sufficient consideration given to this area in extant literature and in practice beyond the process indicators of trust and shared vision, what Sullivan (2007) refers to as the ‘feel good’ process. Expert responses again confirm the need for this study and its contributions.

**Table 13. Collaborative Advantage Frequency Table**

Higher code density (10+)		Lower code density (9 and below)	
Pooled economic resources	15	Co-development opportunities	7
Improved political support	10	Leveraged partner networks	7
		Increased proactive engagement	4
		Government co-ownership and understanding	4
		Firm understanding of political mandates	4
		Firm understanding of political structures	3
		NEW – Balancing Accountability	2
		Enhancing political status	2
		Creating shared objectives	1
		Co-development of solutions	1

Table 13 combines both firm and expert code frequencies providing evidence of where and how firms create and capture collaborative value through PPC processes. Two constructs emerged with higher code densities of 10 and above when compared with the others. These were the indicators of value most frequently mentioned by respondents. Respondents provided examples of how the process of collaboration created and facilitated benefits to be realised. The following quotations serve to show how codes have been linked to the pooling of resources.

*“... let’s put in money that will go around school infrastructure – you put in X amount and we put in X amount, so it is a rand-for-rand sort of partnership”*

*“... ultimately we decided to come together and share resources in terms of money where it was a rand-for-rand spend, where we share resources like engineers, planners...”*

Quotations from firm respondents below serve to demonstrate how value has been derived through improved political support.

*“You know, we were always proactive, building the relationships... But now, because they understand fully what we are doing, you then get a case where the MEC calls and says [Manager], we are hosting this event on this date, I want you guys to get involved, can you see us or come and talk?”*

*“And will they understand and support me? ...we have a situation where we could call the Premier and he would say ‘we are supporting you, we understand what the mining industry is going through generally, not just in SA but the world, from a recession point of view and job cuts and everything’ and we simply called the Premier, updated him... We called the MEC and the different stakeholders, the local mayors...this was what we were going through ...perhaps you need to join us if we need to meet with the community? You know such things, because I mean partnerships is not just about the financial gains, you really actually see how the partnerships really come in when you are in dire straits...”*

The depth of evidence linked to improved political support strengthened the elevation of the need for broader value dimensions during the categorisation of codes. As was expected, pooling of economic resources was supported as stated in extant literature.

Informed by quotes and generated codes, Tables 12 and 13 provide evidence that the firm and its nexus of stakeholders or constituents created and captured value from the PPC process. In particular, the mining firm benefited mostly from the pooling of economic resources and improving its political support as the most cited benefits or indicators of collaborative advantage. Whilst pooled economic resources are expected to be reflected within sources of competitive advantage, it is noted that the pooling itself is a process indicator towards the preservation of profit and decreasing of investment risks as indicators of value creation and capture in regard to sources of competitive advantage.

Respondents notably made reference to a function of the PPC where each partner has the opportunity to hold the other accountable for delivery and transparency. One of the respondents stated that:

*“...we take each other to task. If you didn’t deliver you know that in the next meeting there are going to be some fireworks.”*

This alludes to the governance and process value of PPC processes which will be discussed in the next chapter. The next section of this chapter looks at sources of societal advantage and extends the contributions of Donahue and Zeckhauser (2006); Emerson et al. (2011); Esteves and Barclay (2011); Rangan et al. (2006); and Sullivan (2007).

### 5.1.3 Sources of Societal Advantage

Sources of societal advantage is defined as value created, maintained or improved through collaborative action for society and communities at large, that is, beyond firm boundaries (Donahue & Zeckhauser, 2006; Emerson et al., 2011 and Rangan et al., 2006;). Table 14 provides a visual representation that is imported directly from ATLAS.ti of emergent constructs that are important within a mining context in South Africa in relation to societal advantage.

**Table 14. Societal Advantage - Indicators of value**

<b>Construct/Code</b>	<b>Grounded</b>
NEW – Expert – Supporting human rights and indigenous people	1
NEW – Firm – Building community capacity	2
Firm – Development of community infrastructure	16
NEW – Employee empowerment	6
NEW – Firm – Maintaining local heritage	2
Joint redress	7
NEW – Firm – Bridging community relationships for government	11

The constructs presented by Table 14 were partially guided by contributions from Donahue and Zeckhauser (2006); Emerson et al. (2011); Esteves and Barclay (2011); Rangan et al. (2006) and Sullivan (2007). Eight constructs were assigned into the Collaborative Advantage family or category with 52 quotations drawn from interviews.

Table 15 is again structured according to the type of respondent with 5 additional constructs labelled ‘New’ and one construct labelled ‘Joint redress’. The latter construct is drawn from firm respondents who reflect on the importance of jointly addressing the social challenges within the South African context as presented by the following quotations:

*“as a company I think we fully realise that we cannot expect the government on its own to redress issues of this country, it is impossible.”*

*“... you started seeing government coming up with things like the social and labor plan, the mining charter... that you need to engage the local municipalities ... and let’s be honest it was a very painful process for the private sector to start engaging government on initiatives to implement around our communities but we learnt. If you look at it, if you see what government is trying to achieve and what we as a company are trying to do within the community, there is no difference, it’s the same thing.”*

The responses above speak directly to collaboration for redress (social value), shifts in policy and practice within the public sector domain, and collaboration to identify shared actions objectives. The five new constructs are presented following Table 15 together with corresponding respondent quotations.

**Table 15. Societal Advantage Frequency Table**

Higher code density (10+)		Lower code density (9 and below)	
Development of community infrastructure	16	NEW - Sustainability of CSI projects	8
NEW - Bridging community relationships for government	10	Joint Redress	7
		Employee Empowerment	6
		NEW - Building Community Capacity	2
		NEW - Maintaining local heritage	2
		NEW - Supporting human rights and indigenous people	1

Table 15 combines both firm and expert code frequencies providing evidence of where and how firm stakeholders or constituents create and capture societal value through PPC processes. Two constructs emerged with higher code density mentions of 10 and above when compared with the others. These were the indicators of value through the PPC process most frequently mentioned by respondents. The following respondent quotations outline benefits of

PPC processes linked to the two most cited constructs that being development of community infrastructure and bridging of community relationships for government partners.

The following quotations make reference to the development of community infrastructure:

*“...what the communities keep saying to us and how it adds value....’We know the issues around infrastructure for schools, we know that you have partnered with the Department of Education because for a long time they haven’t actually utilised the funding in terms of really looking at the backlog when it comes to looking at infrastructure.’...”*

*“...it’s really around local government, fixing up roads in the towns, assisting with sanitation, water projects and things like that. I have just received a bit of feedback on the water situation in [neighbouring town] – there was vandalism of the pumps and things like that. So we are going to speak to the district council now and find out. Because they have put security in place but they need to beef up the security because you know this is brand new pumping systems and pipelines and things like that – we installed, with them.”*

*“You know, it is not our mandate to go and build schools, we have to rely on the relationship. So as much as we have benefited from them, with us they have benefited a lot, because you find that especially the communities, the projects they cannot do, they come to us and say ‘[firm name], can you not perhaps look into this? Maybe you can put it into your social labour plan for the following year.’ Things like that. So continuous engagement and public private partnerships play a very key role.”*

*“...when you actually implement any project where the government is not involved, the sustainability of that project then becomes an issue because if I can build a school now and that school is not in the program of the department, there will be no budget for it; nobody is going to maintain that school. There won’t be funding for that school because it is not in the department’s plans.”*

The following quotations make reference to the bridging of community relationships for government:

*“...’At times they [government representatives] overlook our communities and push their own projects as opposed to ours. So we are saying to you ‘don’t engage with municipalities, rather talk to us.’ We obviously were a little bit confused so we took the mayor with us to that community that was protesting against the mine and they told him very bluntly ‘We don’t want to talk to you, we are talking to BAST CO.’...”*

*“Now recently we are trying to forge that relationship with the MEC of Health, because we have found through our engagements with the communities that they need clinics... there is not a lot of infrastructure, it is a rural place, I mean we service [town mentions] our labour sending area... And we are seeing a lot of inputs from communities saying ‘we need to go into the health side, what are we doing there’....so because we have got that already standing relationship with those specific stakeholders, it is easier to start having the conversations around partnerships.”*

*“I don’t know what they see us as but I think what it could lead to is that we are in cahoots with the government, which means that we favour [political party], which means that our interest is not your interest. So then you get separate standing committees to speak on behalf of the community. But that is the party you voted for, and they don’t trust each other. So you start becoming the patty in the burger. That is what you become.”*

It should be noted that there are a number of embedded constructs in the responses. Further interpretation suggests that there are governance risks and opportunities in PPC processes that requires the private sector to oftentimes shift its role and expectation of its partners as contexts evolve. The findings of this research study also suggests that extant literature may have provided overly generalised findings in relation to the role of government partners and that of private sector firms engaging through PPC processes.

Ensuring the sustainability of CSI projects is a new construct and differs from ‘identifying CSI projects’. Respondents stated that PPC processes enabled the firm to ensure that CSI projects were managed effectively including a transfer of ownership where required in order to maintain benefit to communities post the firms’ involvement in the project or area. Respondents stated that:

*“...when you actually implement any project where the government is not involved, the sustainability of that project then becomes an issue because if I can build a school now and that school is not in the program of the department, there will be no budget for it; nobody is going to maintain that school. There won’t be funding for that school because it is not in the department’s plans.”*

*“...if you do those things with government then it is easy for government to buy in and it is easy for government then to take it forward in terms of the maintenance and the looking after those infrastructure programmes. So there is quite a lot of benefit in terms of looking at how the private sector and government can work together because I think you know, on broad terms we are all trying to achieve the same thing.”*



These responses demonstrate the need and value of PPC processes even if merely to remind actors that goals are similar with varying approaches, confirming the value of collaboration towards this realization.

Maintaining local heritage, supporting human rights and indigenous people emerged as new constructs. This is of particular significance to the mining sector when considering legacy issues and land ownership rights highlighted in Chapter 2. The following quotations demonstrate the learnings by the firm related to local heritage and human rights imperatives.

*“So for instance the [operation] is within a world heritage site buffer zone, and that is where we would use these existing relationships ....to say [to government partners] ‘okay fine, here is a particular issue...this is the impact of the company...’, “*

*“...we have got to say you know, that the only way to avoid human rights concern is through partnership, but I think quite often it does include, or should include some dimension of collaborative approach rather than merely contractual or even adversarial approaches.”*

Building community capacity (Chaskin, 2001) emerged as an indicator of societal advantage, differing from the standard CSI approach of firms for purely reputational gain. Employees of the firm are drawn directly from the community and neighbouring towns and recognised as representing the community. The benefit to employees therefore has a spill over effect on the communities that they represent within a mining context. The following respondent quotations provide insight into the emergent constructs.

*“You can stretch your rand, you can stretch your resources, and you can build capacity as well. You really also uplift the community in a much better way.”*

*“[with reference to relationships with government]...It means it is easier for them as well. If there is something that our employees need in the community or maybe from the government department – government departments are able to prioritise us. I will give you an example: there is an issue around housing in both our two labour areas. Because of the type of relationship we have built with the two municipalities over a period of time, the type of projects we have pre-empted, some of which were adopted from the IDPs and SLPs, the municipality is able to prioritise us. And say ‘let’s have a conversation, we are looking for a site, if you want to work together how can we develop it so that it benefits the employees?’ ”*

During the triangulation of data process and the analysis of secondary data, the firm had reported that three of its enterprise development programme participants, as part of a beneficiation engagement with government partners that was initiated in 2016, will soon be

eligible as accredited buyers of its products. In addition to supporting the establishment of three new industrialists, this approach will result in job creation for community members beyond the firm's mining operation.

The Societal Advantage Category has unearthed a multitude of varying perspectives to social value creation and capture from PPC processes that has built on extant literature and previous cases. Considering that it does require public and private joint efforts to sustain CSI projects, build community capacity, maintain local heritage, and support human rights.

This section has provided evidence of value creation and capture through PPC processes that cuts across competitive, collaborative and societal sources of value. The following section builds on defining and determining dimensions of value capture utilising the pivotal work undertaken by Bowman and Ambrosini (2010) and other scholars as a foundation.

## **5.2 Defining and determining value capture through PPC processes**

The study furthermore aimed to build on the definition and dimensions of value capture through determining how and by whom value is captured through PPC processes. At the beginning of the study value capture was stated as involving the appropriation, use, exchange, and transformation of value created through PPC processes across heterogeneous firm constituents. Section 5.1 provided an indication of heterogeneity of stakeholders and their understanding and perceptions related to value. Chapter 6 expands the salient stakeholder or constituent profile and dimensions of value derived from respondent insights.

**Table 16. Salient firm constituency in PPC processes**

<b>Salient Firm Constituency in PPC Processes in the Mining Sector</b>
Shareholders
Employees
Customers
Suppliers
Communities
Government partners
Management (disaggregated from employees)
NEW – Mining sector
NEW – Other firm operations
NEW – Youth

The initial firm stakeholder or constituency profile included shareholders, employees, customers, and communities based on the stakeholder frameworks of Heksever et al. (2004) and Garriga (2014). These were purported to be the primary or salient beneficiaries of value from a firm’s collaboration with government partners in the case of this study. During the study a variation in the profile emerged. This is indicated by Table 16.

Evidence of heterogeneous internal firm stakeholders and the need to disaggregate Employees and Management was noted through the study as was found by Liebermann et al. (2017) and Bridoux and Stoelhorst (2014) in within firm boundary studies. From a PPC process perspective Management is predominantly tasked with government partner collaboration and benefit from certain dimensions of value such as access to information and knowledge. While Employees in the case off PPC processes are seen as beneficiaries of value linked to building capabilities, job security and community infrastructure. Table 17 presents the dimensions of value to management and frequency counts.

**Table 17. Value to management**

<b>Construct/Code</b>	<b>Grounded</b>
Ecological value to management	2
Economic value to management	31
Intellectual value to management	33
Political value to management	16
Relational value to management	12
Social value to management	7

An additional salient constituent that emerged from the study was the mining sector represented by mining firms and associations such as the Chamber of Mines. The following respondent quotation makes reference to learnings from PPC process forums –

*“... all these sort of forums are then taken through structures like the CEO Elimination of Fatalities Task Team... the different structures that are set up in the Chamber of Mines and the Chamber in particular is engaging with the Department on these sort of challenges... then obviously there is also the broader Tripartite forums.”*

The firm under study, particularly its management structures established an internal platform to ensure that it institutionalises learnings across other firm operations realising benefits for operations external to the study’s PPC process boundaries –

*“I am... responsible for coordinating and making sure that our other mines understand what the learnings are and make sure that they take heed of those learnings and that they implement, so that we don’t sit in the same situation we sit in with some of the other mining companies.”*

Youth, as a disaggregated constituent within communities, was a stakeholder group that was mentioned during the data gathering process and when triangulated with secondary data appeared as a separate stakeholder group in development and support programmes. Table 18 presents respondent codes linked to youth.

**Table 18. Youth as a key stakeholder**

<b>Construct/Code</b>	<b>Grounded</b>
Youth discontent	1
Youth distrust of government	1
Firm – Youth expectations	2
Firm – Youth programme	2

Respondents stated that:

*“... I have found that many of the youth structures ... they are not interested in elected officials. It is older people who are the so-called community leaders so they are not interested. To them the traditional leaders, for many of them, they don't have a right of existence anymore. They aren't there. You see this up-swimming of the youth, what is there for the youth? They are the lost generation.”*

Results show that there is a growing discontent amongst youth and distrust of government with subsequent increase in expectations of the private sector.

**Table 19. Value capture constructs**

Value Capture Construct	Frequency
Transformation Value to Customers	2
Use Value to Mining Sector	2
Use Value to other firm mining operations	5
Transformation Value to Employees	7
Use value to Customers	13
Exchange Value to Government Partners	15
Use Value to Suppliers	18
Use Value to Employees	25
Transformation Value to Communities	51
Use Value to Shareholders	51
Transformation Value to Government Partners	53
Transformation Value to Management	73
Transformation value to shareholders	75
<b>Use Value to Communities</b>	<b>102</b>
<b>Use Value to Government Partners</b>	<b>128</b>
<b>Use value to firm Management</b>	<b>320</b>

Value capture beyond extant constituents

Higher frequency counts or mentions of value capture dimensions for stakeholders or constituents

Table 19 provides an overview of respondent mentions of value capture for shareholders, customers, management, employees, government partners, suppliers, other firm operations and the mining sector. Codes were allocated to specific stakeholder categories capturing the type of value capture were based on the following definitions drawn from extant literature:

- **Use Value (UV)** is defined as a product, service, human input, or separable knowledge assets that provide immediate/direct utility or intermediate value through possible interactions with complementary resources, processes or institutionalisation.
- **Exchange value (EV)** is defined as tangible or intangible value exchange between a firm and one or more of its stakeholders where there exists some form of use value transaction.
- **Transformation value (TV)** is the conversion or levels of institutionalisation of use value or exchange value.

Table 19 indicates that use value to management, government partners and communities have higher frequency counts when compared to other stakeholders or constituents. While use value to shareholders and transformation value to management, shareholders, government partners and communities were higher than for customers, other firm operations and the mining sector. Exchange value as an indicator of value capture did not feature beyond 15 mentions for government partners.

Mutually exclusive code assignments were applied for transformation, use and exchange value categories (TV, UV and EV) linked to each constituency group. However, the employee and community constituency groups proved somewhat challenging as was argued earlier in Section 6.1. Employees are embedded in communities and by separating use value to communities from use value to employees would suggest that value to employees as salient constituents has no spill over benefit to the community. Where value capture links were direct, value to employees was included in value to communities.

The next section further presents the research findings in relation to research question 3 and its sub-questions as to how and who captures value.

### **5.3 Capturing sources of competitive, collaborative and societal advantage**

A central tenet of the research study is to provide the evidence of value capture – appropriation, use, exchange and/or transformation of value created through PPC processes. Sections 5.1 and 5.2 provided a build up to this section in order to respond to the study's research questions. Having extended the firm stakeholder or constituency base to reflect the mining context and the need for inclusive growth in South Africa (National Treasury, 2017), the researcher was able to code the data using the definition of value capture to identify appropriation, use, exchange, and transformation evidence for the broader constituency base.

Appropriation is indicated by the allocation of value to a specific stakeholder or constituency category embedded in the value capture codes.

The results that are presented in this section refer to Research Question 3 and its sub-questions below:

**How does a firm capture value created through PPC processes?**

- RQ 3.1: Who captures sources of collaborative advantage?
- RQ 3.2: Who captures sources of competitive advantage?
- RQ 3.3: Who captures sources of societal advantage?

Table 20 provides an overview of the respondent mentions of the categories of value or value dimensions. The sub-constructs of value provides an indication of the extent of data coding. Each quotation within codes was analysed for its 1) dimension of value and 2) the stakeholder or constituent who benefitted from the value creation and capture processes within the PPC.

**Table 20. Value capture constructs linked to salient constituents**

<b>Value Capture – Constructs linked to Salient Stakeholders/Constituents</b>	<b>Frequency Count</b>
<b>Economic Value to Management</b>	<b>187</b>
<b>Intellectual Value to Management</b>	<b>183</b>
<b>Political Value to Management</b>	<b>105</b>
<b>Intellectual Value to Public Partners</b>	<b>102</b>
Economic Value to Shareholders	90
Economic Value to Communities	65
Political Value to Shareholders	62
Social Value to Shareholders	53
Social Value to Government Partners	47
Ecological Value to Management	38
Relational Value to Management	34
Social Value to Management	32
Economic Value to Employees	27
Social Value to Employees	26
Socio-Economic Value to Government	25
Intellectual Value to Employees	22
Ecological Value to Communities	20
Economic Value to Customers	14
Political Value to Communities	11
Relational Value to Government Partners	11
Ecological Value to Shareholders	9
Social Value to Communities	9
Relational Value to Shareholders	8
Intellectual Value to Suppliers	5
Innovation Value	3
Economic Value to Suppliers	2
Relational Value to Customers	2
<b>Ecological Value to Customers</b>	<b>0</b>
<b>Social Value to Customers</b>	<b>0</b>
<b>Social Value to Suppliers</b>	<b>0</b>

Higher frequency counts or mentions of value dimensions for stakeholders or constituents

No frequency counts for specific value dimension linked to specific constituents



Economic value to management, intellectual value to management, political value to management and intellectual value to public or government partner mentions were above 100 with some closer to 200. Economic value to shareholders and communities, political value to shareholders and social value to shareholder mentions ranged between 50 and 100. Table 20 indicates that there are diverse dimensions of value which emerged from the study through a combination of inductive and deductive coding approaches. The inductive coding reflected nuances in the definition of social value. This required further disaggregation of value dimensions that are often conflated in broader categories of value within extant literature.

Table 20 provides evidence of benefit to all salient stakeholders from the PPC process with no mentions of benefits such as social value to customers and suppliers and ecological value to customers. However, social and ecological value to other stakeholders such as management, employees and government partners were high, ranging between 26 and 50 mentions. A category of socio-economic benefit to Government partners emerged in relation to their role and function within society and governance structures. That being to provide enabling economic and social conditions for society outside of a for profit mandate.

Overall the study provides evidence of strategic value creation and capture through PPC processes for private firms. Chapter 5 presents the research results in response to the theoretical model and research questions. This is followed by Chapter 6 which provides a discussion of the results and research findings.

## CHAPTER 6

### 6. Discussion

This chapter links previous theoretical gaps, evidence and concepts with an empirically validated view of PPC processes in the South African mining sector. It demonstrates the evolving nature of collaborative arrangements, hybrid governance models, and the growing need to advance theory in the complex domain of PPC processes and strategic value.

#### 6.1 An integrated perspective on value creation and capture for firms through PPC processes

This study aimed to advance contributions on PPC process evidence of value creation and capture and the appropriation of value for firms (Lepak et al., 2007; Liebermann et al., 2017). Current studies are fragmented across disciplines such as public-private collaboration, collaborative governance, stakeholder engagement, and inter-organisational spanning and sustainability theory, in relation to value.

The management discourse on PPC processes, outside of the CSR or non-profit views, has been focused on value creation based primarily on social or economic models and concepts of value such as RBV, rents, and transaction costs, within contractually bound dyadic relations. Most of the social and ecological value studies have centred on a public actor, non-profit or CSR perspective with very little on supporting firm embedding of integrated value indicators for partnerships. Studies have provided theoretical fragments stating that the challenges are disparate in stakeholder understanding, and conceptualising and measuring value capture through PPC processes. Yet these studies provide no integrated strategic view, or clarity on how value creation and capture could be planned for, measured and managed (Ansari et al., 2001; Thomson et al., 2007). Firm practitioners within business and industry still lack the evidence of operational, tactical and strategic benefits of the PPC process in the medium to long term. Scholarship should encourage the development of models that facilitate institutionalisation within business and industry and to advance value capture theory in the domain of cross-sector collaborations.

For example, a recent study by Lieberman, Garcia-Castro, and Balasubramania (2017, p. 1208) provided for a quantitative Economic Value Creation and Appropriation (VCA) model by undertaking cross-comparisons between airline and automotive industries in the United States. Their challenges included incorporating “out of balance sheet” gains, noting that the

model was agnostic as to reasons behind firm performance; how value is created and why certain stakeholders capture more value than others. That instance shows yet again the contributions of this study in combining theoretical contributions that are able to complement and build a broader understanding of strategic value.

Thus, the results of this study go beyond determining only the process indicators of collaboration. It provides the constructs and evidence base called for by Ansari et al. (2001) and builds on the work undertaken by Keast and Mandell (2014) and Thomson et al. (2007) related to verifying how collaborative efforts create value beyond the “feel good” and trust building process (Sullivan, 2007). It delves into the details of how and by whom value is created, used, transformed, exchanged and distributed. It provides the type or dimensions of value appropriated and a foundational framework to assess the process for private firms in hybrid arrangements called for by Quelin et al. (2017).

## **6.2 Extending firm constituents**

Previous studies on cross-boundary collaboration and hybrid associations have predominantly focused on homogenous stakeholder groups while not considering the unequal perspectives of value residing in heterogeneous sub-groups (Bridoux & Stoelhorst, 2014). The study has confirmed the need for firm considerations of heterogeneous internal and external firm stakeholders. The study has disaggregated employees and management as noted by Liebermann et al. (2017) within firm boundary contributions. From a PPC process perspective the study found that management, as a separate internal firm constituent group, is predominantly tasked with government partner collaborations and benefits from specific dimensions of value such as economic value (Heskitt, 2017) in relation to operational efficiencies, improved risk management and leveraging complimentary resources. Management is the main repository of intellectual value, situated mainly in access to information and knowledge, and in skills and joint capability building.

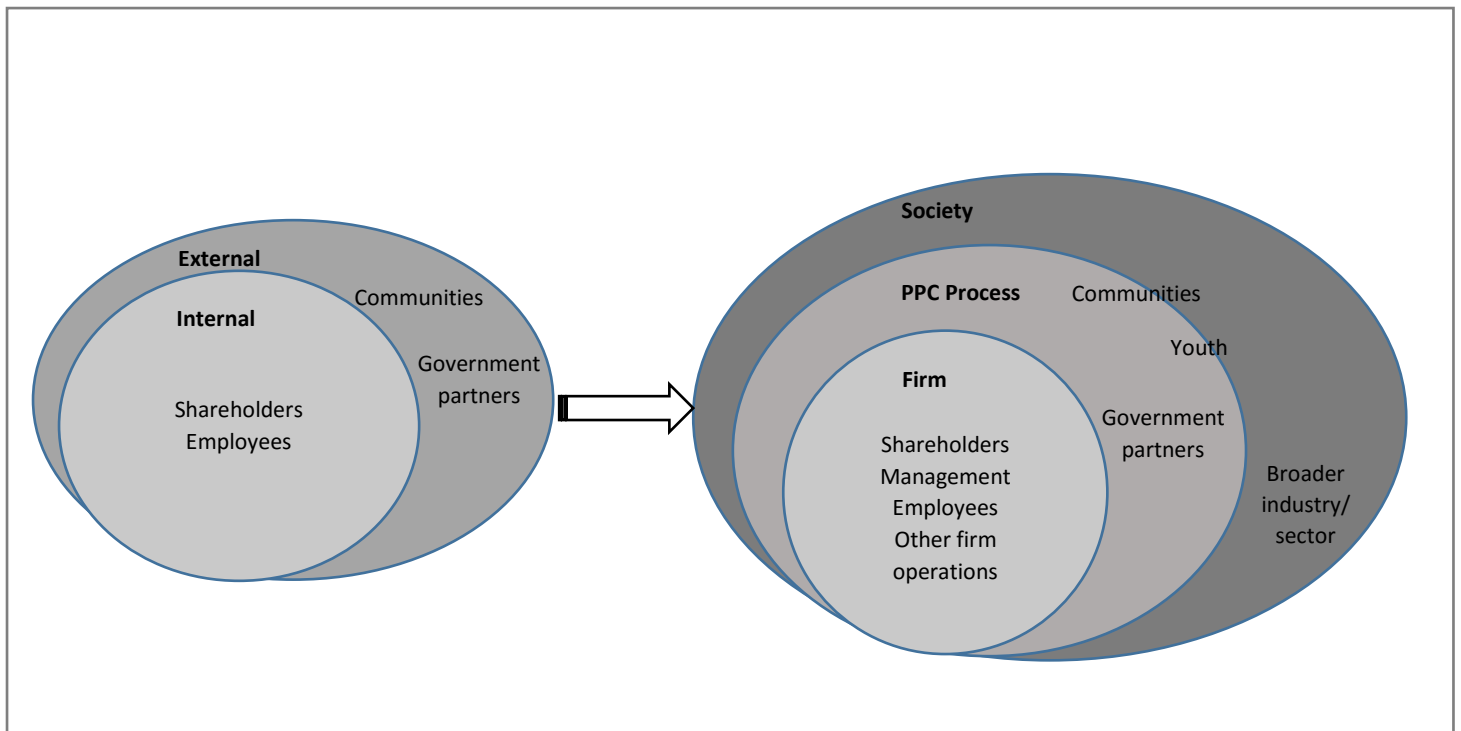
In PPC processes employees are seen as beneficiaries of value associated with the development of skills, job security and improved community infrastructure. Management played a dual role that included boundary spanning in the PPC process (Cross & Parker, 2004; Schotter & Beamish, 2011). The study's findings in Table 20 equally confirm that management in PPC processes possess key intellectual assets and have developed strategic capabilities and knowledge sets through the PPC process. This suggests a high replacement cost to the firm with potentially low exit costs to management (Lieberman et al., 2017) owing to the growing need for boundary-spanning capabilities across hybrid arrangements that are advocated for by the United Nations SDG 17.

Collaborative Advantage provides adequate motivation for why public actors or government partners remain within the salient firm constituency model, albeit from the private sector perspective. This stakeholder or constituency group benefits from socio-economic (including operational), intellectual, social and relational value through PPC processes and engagements with the private sector. Research findings suggest that the benefit realised by government partners supports the ongoing, iterative value creation and capture process within PPCs. As capabilities are built, lessons are learnt and institutionalised within government, demonstrated by 53 mentions of transformation value to government partners.

Youth as a distinct stakeholder group currently does not feature on the firm salient constituency model drawn from extant literature (Garriga, 2014; Haksever, 2004). However, the rising discontent and challenges faced by youth in the PPC-linked community was highlighted through the study. Supporting this finding was Peyper (2017) reporting in Fin24 that South African youth unemployment is a national crisis, sitting at 67.4% for youth under 25. Combining discontent, lack of trust in government, and increasing expectations of the private sector shows the critical need to effectively implement programmes beyond planning and strategising. It is therefore recommended that youth form part of the salient constituent profile of PPC processes.

The results suggest a shift in the perspective on stakeholders or the concept of salient constituents as indicated by the growing role of communities and youth not only as beneficiaries but also as active partners in the PPC process. For example, Chaskin (2001, p. 295) defines building community capacity as the *“interaction between human, social and organisational capital”* and resources that exist and can be leveraged within a specific community to solve collective problems, improve or maintain the well-being of a community. The definition acknowledges but does not confine value generated to only formal processes. It similarly differs from the standard operating approach whereby communities are seen as passive partners in the process. Using Chaskin’s (2001) definition communities should be considered active participants. Figure 9 demonstrates the evolving role of heterogeneous stakeholders in a constituency profile within a PPC process with communities and youth spanning the boundaries into the PPC process itself.

**Figure 9. Firm shift in salient constituent model**



Value capture for stakeholders that are indirectly involved in the PPC process supports the concepts of spill-over effects and positive externalities that in turn support future value creation for the firm (Gray & Wood, 1991; Gunningham, 2004; Innes & Booher, 1999; Polonsky, 2001 and Shah, 2011). Learnings from a single PPC process in this case have enabled value to be created and captured by the broader mining sector, communities and the firm. If firms are understood as a set of complex relational processes and exist as a nexus of inter-dependent stakeholders who influence and are influenced by their environments (Bridoux and Stoelhorst, 2014), this continues to have implications for society, the existing paradigms of organisational structure, and the firm's role in its environment.

Hybrid arrangements such as PPC processes do not conform to traditional institutional arrangements and differ from extant literature's 'bounded' models of firm governance (Villani et al., 2017). Balancing accountability has close links to governance in partnerships, power, and negotiation dynamics that are seldom formally regulated (Hellman and Schankerman, 2000). Scholars such as Brinkerhoff (2002), Forrer et al. (2010) and Hamann et al. (2011) make reference to public accountability, informal accountability mechanisms, accountability in general and reciprocal accountability.

Based on the current South African political context and challenges related to state capture and the elevated political value dimension, there is potential to contribute towards catalysing and improving partnership governance models, monitoring engagement, and ethical boundaries, and supporting value capture that is not obscure and lacking transparency. Balancing accountability and the process of co-creation go hand in hand. Balancing

accountability is a key indicator of collaborative value and important in progressing the field of cross-sector collaboration and hybrid association governance models (Ranjan & Read, 2016).

This study has implications for both organisational theory and stakeholder theory. The blurring of organisational boundaries requires less of an instrumental and transactional lens and more of a transformative view of the role of the firm as part of society as opposed to the firm and society. This has practical implications for firm shareholders and management in their ability to be responsive to contexts and transitory underlying factors (Christenson, 2001). This study calls for continuous questioning of current structural, stakeholder and internal firm capability strategies, with considered shifts in resources.

### **6.3 Expanded value dimensions**

Diverse dimensions of value (Figure 10) disaggregated by the study are often conflated in broader categories within extant literature. Relational, political and intellectual value have played an important role in the PPC process. The findings of the study suggests that all three dimensions of value be levelled with social value instead of subsumed or aggregated within a broad concept that is challenging to understand and therefore challenging to operationalise (Rousseau, 1985).

Relational and political value constructs are often subsumed by either intellectual or social value (Akhavan & Hoseini, 2015; Allee, 2000). Bowman and Ambrosini (2010, p. 479) remind scholars that *'value capture is determined by bargaining relationships between stakeholders and their representatives.'* The ability of firms to have beyond-firm boundary relationships that are negotiated and can be leveraged towards achieving current or future competitive advantage (Christensen, 2001) requires that relational value in the context of collaboration processes be elevated from within social and intellectual value. The study's findings have shown that relational value is captured by shareholders, management, and government partners.

The following quotation provides the firm's view of the networks that were available through the PPC process and what it meant for business sustainability:

*"... you talk to government or unions or employees or contractors it has got to be front of mind... Why are we having these partnerships? It is to create something that is going to transform the country and lead to a better life for all... if we don't transform, if there is not a better life for all then we haven't got a business."*

Value capture scholars Gans and Ryall (2016) make reference to value networks that are involved in upstream and downstream value production from an economic perspective. The study confirms the evidence and warrants the elevation of relational value beyond its existing conflation with social value.

The intrinsic political capabilities needed to navigate the dynamic South African socio-economic landscape (Forrest, 2013; Spector, 2014), creating blurred public-private accountability between government and firm actors (Gray, 1989; Stoker, 1998), is not unique to the mining sector. Health, education, and water are among a few sectors that are undergoing similar challenges and discourses. SDG 17 demonstrates that such challenges are no longer distinctive to emerging economies.

Social redress remains high on the agenda when considering the role of the private sector in attempting to right the wrongs of the past and the public sector in creating an enabling environment for transparent redress and economic transformation that goes beyond enriching a few (Hartford, 2012; Hellman & Schankerman, 2000). Political value, in the context of PPC processes, is separate to relational value, as it focuses on significant and distinct political processes, capabilities, knowledge, networks, psychological contracting, and dynamic shifts within an African context.

Improving a firm's political value refers to the goodwill and buy-in in a dynamic sector that brings with it a number of mining sector legacies (Hartford, 2012) that are at the forefront of mining operations in South Africa. Similarly, in a context of political and regulatory uncertainty, state capture and poor governance, improved understanding of political mandates and structures is paramount to ensuring business continuity. Enhanced political status reflects the firm's ability not only to access decision-makers through standard operational processes but also to elevate the relationship for more strategic political engagements that are in support of effective and ethical governance modes. Shareholders, management and communities benefited from the political value created through the PPC process.

Contributions from Bowman and Ambrosini (2010) and Crossan and Berdrow (2003) led to the definition of value capture for the purpose of this study to mean *the appropriation, use, exchange and transformation of value created through PPC processes across heterogeneous firm constituents*. The research findings outlined in Chapter 5 have demonstrated that for PPC processes the concept of value is subjective, that intermediate value is an important enabler for value capture and that firm constituents are not only heterogeneous, but also in certain instances, inter-dependent.

Exchange value presented lower mentions (15) when compared to use and transformation value and therefore validates the principle of mutual benefit of PPC processes as stated by

scholars such as Ansell and Gash (2007); Borys and Jemison (1989); Gray (1989); Kivleniece and Quelin (2012); Rangan et al. (2006) and Thomson, Perry and Miller (2007). Exchange value in this study referred predominantly to the pooling of resources that are leveraged through PPC negotiations. This supports Maddock and Tallman (1998) in their earlier call to shift transaction-specific and relationship-specific outflows to future value investments that we see taking place within this PPC process. Partner resources are adjusted to fit each other as a form of “exchange” (Madhok, Keyhani, Bossink, & Vlaar, 2015), differing from RBV theory where exchange value is seen as retained profits or re-investments passed on to owners of equity (Bowman & Ambrosini, 2010).

The results provide an alternative contextualised definition of value capture, which is presented in Table 21. It not only advances theory by defining value capture as a process within a hybrid arrangement such as PPC processes, it also provides contextualised definitions for each of its constructs. Thereby, providing concepts that can be further tested by scholars in diverse contexts and more easily operationalised by policy makers and practitioners. The constructs of value capture and its iterative link to value creation as processes is illustrated in Figure 12, reflecting the shift from the linear models suggested by extant literature.

**Table 21. Defining value capture and its constructs for PPC processes**

<b>Value Capture as Appropriation, Use, Exchange and Transformation of Value Created</b>	
<b>Value Capture</b> Value capture through PPC processes is a subjective concept that involves the appropriation, use, exchange and transformation of value across heterogeneous and/or interdependent firm constituents.	<b>Appropriation</b> refers to the distribution of value across firm constituents
	<b>Use Value (UV)</b> is defined as a product, service, human input, or separable knowledge assets that provide immediate/direct utility or intermediate value through interactions with complementary resources, processes or institutionalisation.
	<b>Exchange value (EV)</b> is defined as tangible or intangible value exchange between a firm and one or more of its stakeholders where there exists some form of use value transaction or adjustment.
	<b>Transformation value (TV)</b> is the conversion or institutionalisation of use value or exchange value across

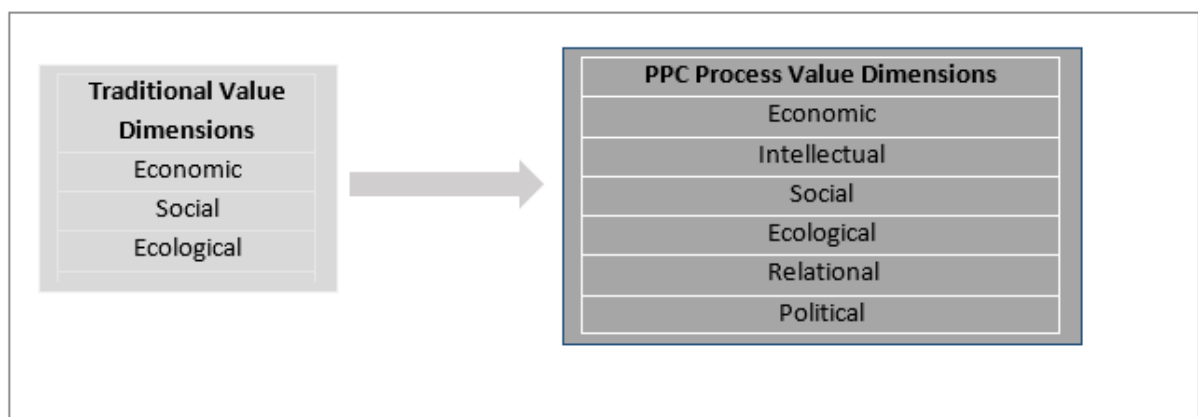


	heterogeneous constituents that results in system-level shifts (e.g. policy, strategy, social structures)
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Intellectual Value to both firm management and government partners presented in Chapter 5 presents over 100 mentions of value capture. Yet, this construct remains hidden within social value. Akhavan and Hosseini (2015) remind us that intellectual assets are manifested through knowledge networks. Being such a network, PPC processes bring diverse teams, groups, communities and expertise together to respond to complex tasks. Knowledge generation, information sharing, joint learning, co-creation, innovation, capability building and skills development have been key areas of value capture as revealed by the study and should be elevated as an important value dimension.

Figure 10 outlines the study’s recommendations in expanding value dimensions that are considered in the planning, operationalisation and evaluation of PPC processes. It is common place to view PPC processes as purely responding to social needs as put forward by Le Ber and Branzei (2010b). However, from a firm perspective the study has indicated the various types of value that are created and captured through a PPC process that go beyond social value and require a level of disaggregation such as political, relational and intellectual value. Whilst social value as a key construct requires a level of disaggregation to improve its relevance as a value dimension in the PPC process discourse. Figure 10 presents the expanded value dimensions that are nested in Figure 12 later in this chapter, illustrating the interconnectedness of stakeholders in the value creation and value capture processes.

**Figure 10. Expanding value dimensions for PPC processes**

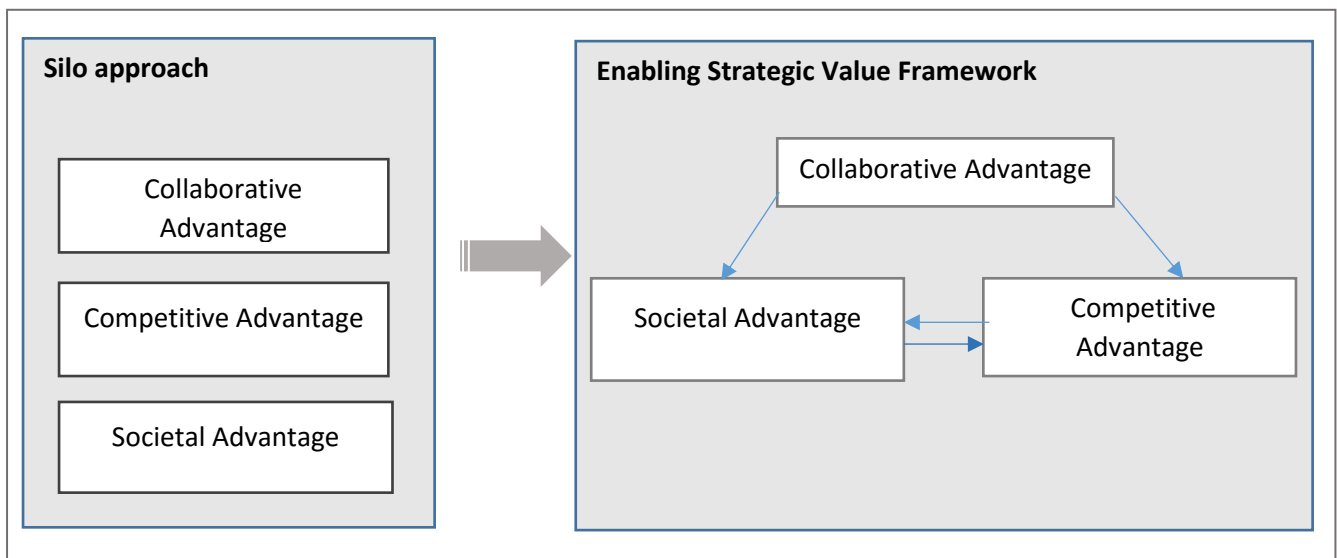


The study further found evidence of collaborative advantage constructs mediating benefits and offering strategic value creation and value capture opportunities for firm constituents.

Figure 11 below illustrates the shift from a linear and silo understanding of sources of value to an enabling framework that has the potential to aggregate value over time. By connecting the findings related to strategic bridging role (Shah, 2011) of private firms one must question extant literature's continued reference to government partners playing a bridging role between private firms and communities, thereby providing social licence benefits (Gunningham et al., 2004). Scholars such as Polonsky (2001); Borys and Jemison (1989); Rangan et al. (2006); Porter and Kramer (2011) and Benton (2018) state that there is an increasing mistrust between private firms and communities.

The study's results suggest a contradictory perspective, demonstrating the strategic bridging role played by the private firm. The firm helped government and communities to improve their relationship, which had suffered from divergent community groups lacking trust in local government and its perceived intent. Figure 11 combines the role of Collaborative Advantage as both a mediating super-construct of value leading to Competitive Advantage and as an enabling process for Societal Advantage. It equally illustrates a new combination of constructs (collaborative, competitive and societal advantage) in understanding strategic value through partnership processes.

**Figure 11. Enabling strategic value framework through PPC processes**



This suggests an overly generalised view of the benefits of PPC processes and the overlooked evolving role of actors involved as represented by extant literature. These findings and contributions raise questions such as 1) Do both public and private entities require a 'social licence' within a South African mining context? and 2) What role does social mobilisation play in emerging economies when considering the growing active participation of heterogeneous

communities and youth as access to information increases through more inclusive business models? Studies in these areas would add value to discerning the contributions PPC processes and climate factors make in considering them as appropriate hybrid associations.

Inclusive growth, co-generation of value and the concept of collaborative advantage therefore holds that firms have the potential to transition from profitability ratios to value ratios (Ranjan & Read, 2016; Vangen & Huxham, 2006). Grönroos and Helle (2012) refer to Reciprocal Return on Relationship (ROR<sub>R</sub>) that is the creation of joint and/or incremental productivity gains. The term reciprocal assumes equal or common value creation, which this study has demonstrated is not the case in PPC processes. It also assumes incremental value. This study makes reference to multiplier effects and spin-off value that may at times not be incremental. Building on the work of Grönroos and Helle (2012) it is suggested that the definition of Value Capture through PPC processes provides a complementary contribution by way of Partnership Return on Investment (ROI<sub>P</sub>) that should be considered when firms undertake integrated planning, reporting and valuations. ROI<sub>P</sub> provides not only for productivity or efficiency gains. It includes outcomes and impact linked to value creation and capture based on a broader and more integrated value model. Figure 11 contributes towards the build-up of an appropriate model in view of a PPC processes iterative and evolving nature.

#### **6.4 A multi-dimensional model of strategic value creation and capture through PPC processes**

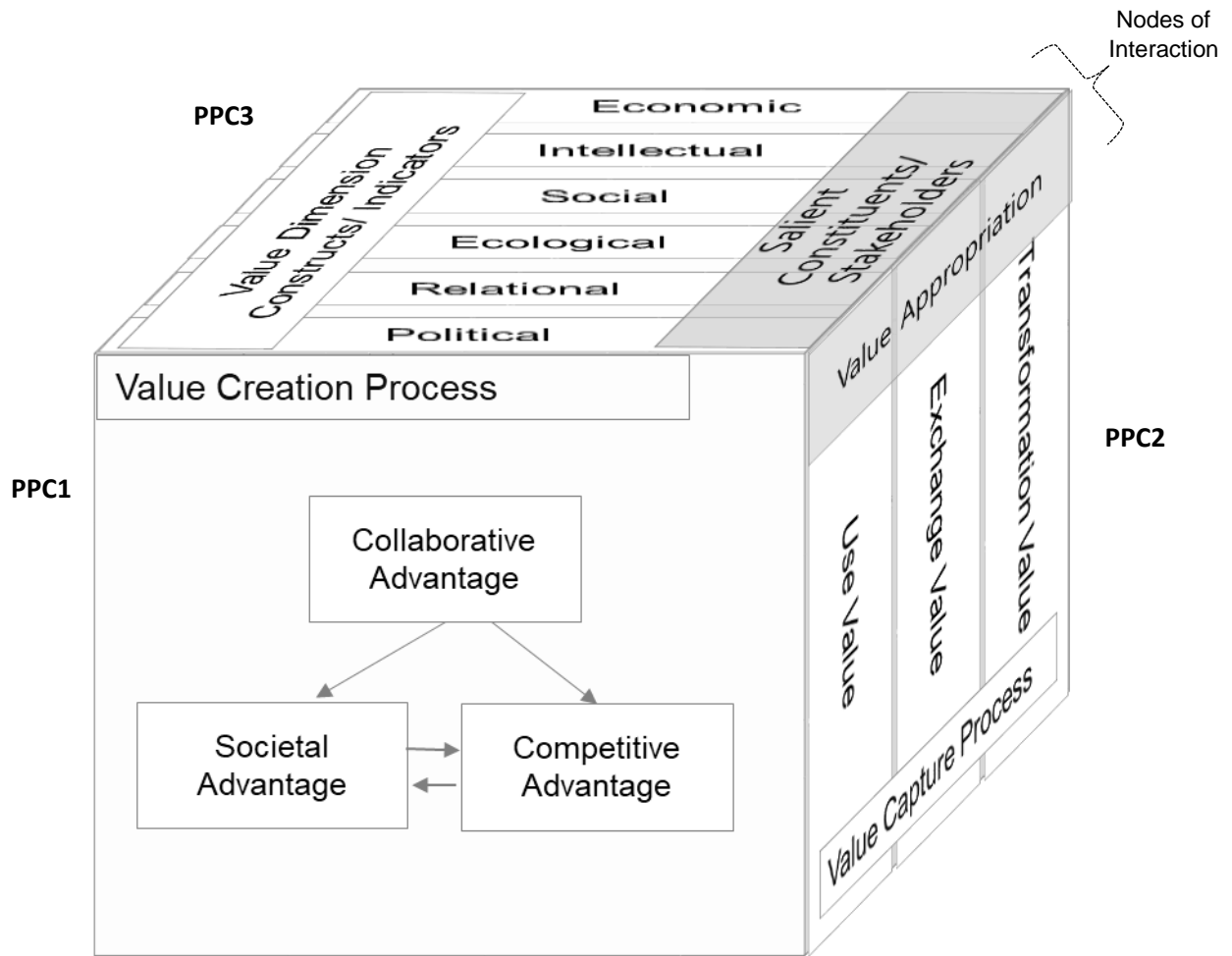
Villani et al. (2017) reminds us that the success and survival of firms is dependent on the adoption of business models that enable value creation. The four order/loops of partnership impact put forward by Van Tulder et al. (2016) is useful in highlighting the organisational performance that needs to be managed and measured. However, the scholars refer to these as tactical value. Firm actors realise multiple forms or dimensions of value that have been surfaced by this study that go beyond tactical into strategic indicators of value.

The results reflect that traditional linear models of value creation and capture are no longer relevant in all contexts when considering the evolution of market and non-market strategies that are underway (Henning, 2018). Ramcharan-Kotze and Olivier (2018) highlight the disconnect between collaboration partner acknowledgement of complexity in collaboration processes yet continue to be guided by inflexible and irrelevant models and tools that frustrate and challenge actors involved.

Use of a cubed model displays the multi-dimensional nature of PPC processes with cross-cutting variables and nodes of interaction. Combining learnings from the contextualisation of value capture; expanded constituency and value dimensions, and the direct, mediating and complementary role of value creation super-constructs, has allowed the researcher to put forward a multi-dimensional business model of strategic value creation and capture through PPC processes.

The shift from the traditional linear representation of PPC processes from the theoretical model presented in Chapter 3 to a multi-dimensional model reflects the interdependencies, nested activities, iterative and evolving nature of PPC processes that involves a number of dimensions requiring insight and management. The development of a multi-dimensional business model allows for the integration of critical enabling value creation processes, alternate and inter-linked methods of value capture including appropriation, and a multitude of value constructs and indicators. It provides a functional frame through which PPC process complexity and value can be understood, leveraged and managed. It is recommended that further studies using a combination of methodologies be undertaken to aid in the refinement and evolution of the model illustrated in Figure 12. The model presents PPC processes as less transactional and more as a transformative partner as part of society as opposed to the firm and society.

Figure 12. A multi-dimensional model of value creation and capture through PPC processes



**Note:** Plane **PPC1** represents the PPC value creation process in which activities, engagements and investments are undertaken that enable value creation and value capture to aggregate over time. Plane **PPC2** represents Value Capture – either use, exchange, transformation that is appropriated. Plane **PPC3** represents economic, social, ecological, intellectual, relational, and political value dimensions which when created and/or captured are appropriated across heterogeneous yet interdependent stakeholders. **Nodes of interaction** represent the interface between the type of value capture, heterogeneous stakeholder appropriation and multi-dimensional benefits realised and aggregated over time.

## **6.5 Towards the operationalisation of value dimensions**

With firms increasingly looking to measure the outcomes and impact of their collaborative efforts and cross-boundary partnerships, having the capabilities to establish and manage the processes more effectively has become in itself a source of competitive advantage (Dyer, Kale & Singh, 2001). It is not enough for practitioners and policy makers to remain indifferent to strategic insights that could have been gained due to a lack of frameworks and models to guide the process. Having a framework to guide this evaluation is a critical next step in contributing towards PPC process practice and development.

The study has contributed indicators for each dimension of value as represented by Tables 22, 23 and 24 such that they may be operationalised by policy makers and practitioners, and tested by scholars in diverse settings. The constructs or indicators remain disaggregated to aid practitioners and policymakers in adapting and modifying the framework depending on its application.

Quelin et al. (2017) aptly coined institutional arrangements as a (blended) socially orientated partnership in which cross-sector collaborations have an emphasis on social and economic or efficiency gains. The scholars provide further support for the extended value dimensions and expanded salient constituency profile contributed by this study. Not only does the study contribute new indicators of value, it shows the impact potential of Porter and Kramer's (2006) concept of CSV. The study contributes insights into the outcomes of social investments which is of particular significance to the mining sector when considering legacy issues and land ownership rights highlighted in Chapter 2.

**Table 22. Partnership value framework - Collaborative Advantage**

<b>Collaborative Advantage</b>	
Value Creation and Capture Constructs and Indicators <i>(Informed by extant literature)</i>	Contributed Constructs and Indicators (Research Findings)
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Pooling of resources</li> <li>• Non-market based incentives</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Improved levels of trust, reciprocity and general interaction between public and private actors</li> <li>• Collaborative behaviour development</li> </ul> <p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>• Improved approaches to governance and sharing of information</li> </ul>	<p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>○ Co-ownership models developed</li> </ul> <p><b>Relational</b></p> <ul style="list-style-type: none"> <li>○ Leveraged value networks</li> <li>○ Enhanced pro-active engagement</li> <li>○ Balancing accountability</li> </ul> <p><b>Political</b></p> <ul style="list-style-type: none"> <li>○ Improved political support</li> <li>○ Improved understanding of political mandates and structures</li> <li>○ Enhanced political status</li> </ul>

**Table 23. Partnership value framework - Competitive Advantage**

<b>Competitive Advantage (pecuniary &amp; non-pecuniary)</b>	
<b>Value Creation and Capture Constructs and Indicators (informed by extant literature)</b>	<b>Contributed Constructs and Indicators (informed by research findings)</b>
<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Resource security</li> <li>• Deriving economies of scale</li> <li>• Gaining access to markets</li> <li>• Enhancing current and future profit</li> <li>• Sales and patent royalties</li> <li>• Development of complementary resources.</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Leveraging authority and legitimacy</li> <li>• Obtaining licenses to operate</li> <li>• Access to decision-makers</li> </ul> <p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>• Innovative solutions and technology developments</li> <li>• Access to knowledge sources</li> <li>• Access to novel practices and procedures</li> <li>• Enhancing organisational skills and competencies</li> <li>• Developing combinative capabilities</li> <li>• Changes in firm practice</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>○ Creating future advantage opportunities</li> <li>○ Improved risk management</li> <li>○ Transitioned beyond compliance</li> <li>○ Accessed complementary resources</li> <li>○ Enhanced brand relevance</li> <li>○ Competitive differentiation</li> <li>○ Decreased investment risks</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>○ Transitioned beyond CSI</li> </ul> <p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>○ Improved self-regulation</li> </ul> <p><b>Political</b></p> <ul style="list-style-type: none"> <li>○ Implementable policy outcomes</li> <li>○ Anticipated policy changes</li> </ul> <p><b>Relational</b></p> <ul style="list-style-type: none"> <li>○ Enhanced legitimacy with communities (direct to operation) and broader stakeholders (indirect to operation)</li> </ul>



**Table 24. Partnership value framework - Societal Advantage**

<b>Societal Advantage</b>	
<b>Value Creation and Capture Constructs and Indicators (informed by extant literature)</b>	<b>Contributed Constructs and Indicators (informed by research findings)</b>
<p><b>Social Value</b></p> <ul style="list-style-type: none"> <li>• Improved service delivery</li> <li>• Change in policies, laws and systems that improves livelihoods</li> <li>• Change in collaborative dynamics and governance regimes for future collaboration</li> </ul> <p><b>Ecological Value</b></p> <ul style="list-style-type: none"> <li>• Resource value improvement and preservation</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>- Development of infrastructure</li> <li>- Sustainability of CSI projects</li> <li>- Joint redress</li> <li>- Employee empowerment</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>- Maintaining local heritage</li> <li>- Supporting human rights and indigenous people</li> </ul> <p><b>Relational</b></p> <ul style="list-style-type: none"> <li>- Bridging government relationships for community benefit</li> </ul> <p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>- Building Community Capacity</li> </ul>

## 6.6 Managing risk in PPC processes

As shareholder value is based on future value, risk associated with moderating future value is important. Five categories of risk emerged from the study, with financial losses, lack of capacity, and government bureaucracy most commonly cited.

One example of government bureaucracy risk is the credibility of information. Given that access to information and knowledge is one of the drivers of PPC processes, the lack of credibility of government information was an interesting mention. This occurred alongside the risk related to erosion of trust between government and communities.

*“And at some point communities felt that the type of projects we included in our SLPs were not resonating well with them as a community... the SLP process is based on guidance and information from government partners... Some community representatives were unhappy with that process. They said ‘Look, the process is*

*flawed in nature because it depends on which councillor has got influence in the municipality.”*

Risks related to governance are entwined with economic and political risks. Depending on the level of engagement, these may arise in issues touching on intent, state capture, and government mandate objectives versus individual representative objectives. Such risks, which bring a new dynamic to collaborative partnerships, formed a strong theme raised by firm management and expert respondents. And as indicated above, community legitimacy and a social licence to operate are critical in the mining sector in order to realise sustainable value (Ansari et al., 2001; Gunningham, 2004; Kivleniece & Quelin, 2012; Sharma & Kearins, 2011; Walsh, 2011). Table 25 presents the risks inherent in PPC processes as a contribution by this study.

**Table 25. Risk constructs through PPC processes**

<b>Risk Constructs through PPC Processes</b>	
Economic	<ul style="list-style-type: none"> <li>• Financial losses</li> <li>• Government bureaucracy</li> <li>• Lack of credibility – government information</li> <li>• Lack of government capacity</li> </ul>
Political	<ul style="list-style-type: none"> <li>• Government-community trust erosion</li> <li>• Change in government stakeholders</li> </ul>
Relational	<ul style="list-style-type: none"> <li>• Bridging role and community dependencies on firm</li> </ul>
Reputational	<ul style="list-style-type: none"> <li>• Stakeholder assumptions, expectations and perceptions</li> <li>• Association linked to political and governance risks</li> <li>• Local and international partner perceptions</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Poor governance</li> <li>• Individual vs mandate</li> <li>• Government partner intent</li> </ul>

Further studies are required to delve into the balance between risk and reward in PPC processes and the development of risk management frameworks and tools linked to specific governance choices.

## CHAPTER 7

### 7 Conclusion

#### 7.1 Purpose of the study

The purpose of this study was to explore how private firms capture strategic value through PPC processes. From an SD perspective, scholars, practitioners, business leaders, and policy makers alike have touted strategic partnerships as being a key enabler for navigating the complex contexts in which we operate and live (Cankar & Petkovšek, 2013; Innes & Booher, 1999; Kivleniece & Quelin; Rangan et al., 2006; SDG 17; Vangen & Huxham, 2006). However, it is stated that if scholars are to extend contributions in the field of collaboration, it is important to differentiate between constructive collaboration that is indicated by positive engagement, and successful outcomes of collaboration (Ansell & Gash, 2007). Unfortunately, scant evidence exists of strategic firm value capture through PPC processes (Ansari et al., 2001; Quelin et al., 2017; Sullivan, 2007).

Hybrid associations such as PPC processes are considered theoretical orphans (Ansell and Gash; 2007; Kivleniece & Quelin; 2012). Theoretical contributions thus far have been challenged by the complexity of PPC processes resulting in much focused linear models that do not consider their emergent, interactive nature (Emerson et al., 2012). Faced with this disparate approach, practitioners have been left with a lack of or misaligned knowledge and tools to navigate PPC processes, plan for, manage and evaluate their value.

#### 7.2 Literature foundations

Previous studies have alluded to value in the context that delivery and expectations of actors have differed (Keast & Mandell, 2014; Turcotte & Pasquero, 2001). There have been sufficient contributions in the public administration realm (Ansell & Gash, 2007; Hodge and Greves, 2007) creating opportunities to advance theoretical perspectives of and for business.

Scholars such as Thomson et al. (2007) have provided measurement frameworks that consider the process of collaboration while leaving the question of value capture unanswered. Systematic reviews have been valuable (Ansell & Gash, 2007; Emerson et al., 2011; Kivleniece & Quelin, 2012; Savage et al., 2010). However, theory needed to be advanced beyond instantiation (Mahoney et al., 2009; Rangan et al., 2006) and with a broader range of methodologies applied (Emerson et al., 2011). More emerging economy contexts were

needed to extend the work of Keast and Mandell (2014); Kivleniece and Quelin (2012) and more recently Quelin et al. (2017). No study has to date provided an integrated view of value creation and capture through PPC processes from a firm perspective.

The research study delved into understanding how private firms and their constituents capture strategic value in the case of a PPC process in the mining sector. In order to answer this broad question the researcher investigated the sources of value that are created through a PPC process, most applicable definitions and empirical indicators of value capture, competitive, collaborative, and societal advantage. This study was embedded in an emerging economy, that being South Africa, at a time of significant political uncertainty.

### **7.3 Operationalising the study**

A qualitative, case strategy in the mining sector was explored. Employing both inductive and deductive methods, the study incorporated 20 semi-structured interviews, a focus group, an online forum and analyses of secondary information. The methodology was selected for its ability to delve into a case context providing richer, deeper insights into relational and hybrid collaboration processes to surface the firms' perspective on value.

Onsite interviews and email questionnaires were undertaken and used between 2015 and 2017. Respondents ranged from employees to managers, shareholder representatives and customers involved in the PPC process. Experts in the field of collaboration and partnerships were included as well as relevant secondary information sources from internal and external stakeholders and media in order to validate respondent statements. An online forum was used to assist with the final sense-making process.

The data coding process followed both deductive and inductive coding methods. The deductive approach provided 65 codes and one emergent category of value. The inductive approach resulted in 448 codes or indicators and three emergent categories of value. The final cycle of coding produced 289 codes and 64 categories. The analysis process provided a number of new insights and contributions to both theory and practice. These are discussed in the next section.

### **7.4 Study findings**

The study asked three key questions. What are the sources of value created through a PPC process in South Africa? How does a firm driven by sustainability objectives define value

capture? And how does a firm capture value created through a PPC process (sources of collaborative, competitive and societal advantage)?

An analyses of extant literature suggested that PPC processes create strategic value for private firms in the form of sources of societal, competitive and collaborative advantage. Sources of value related to the value creation dimension of PPC processes. It was found that Use (UV) or Exchange Value (EV) created through the collaborative action maintained or improved the firms capabilities and sustainability in relation to its competitive landscape (*Sources of Competitive Advantage*). Intermediate (IV) and process value (PV) created through collaborative action offered pathways or value transformation opportunities for the firm and their constituents (*Sources of Collaborative Advantage*), whereas value was equally created, maintained or improved through the collaborative action for broader firm constituents and communities (*Sources of Societal Advantage*). These findings provided an integrated value framework and extend the work of Keast and Mandell (2014), Kivleniece and Quelin (2012); Thomson et al. (2007) and Quelin et al. (2017) and respond to the call by Ansari et al. (2001) in researching the evidence of value creation.

Value capture involves the appropriation, use, exchange and transformation of value created through PPC processes across heterogeneous firm constituents. Using stakeholder theory as the lens and incorporating broader horizontal and vertical sampling internally and externally explicitly demonstrated the firms' heterogeneous relational dependencies to capture value created through the PPC process. The evidence confirmed the subjective nature of value capture across heterogeneous stakeholders and builds on contributions made by Bowman and Ambrosini (2000) in providing a contextualised definition whereby *Value Capture (VC<sub>C</sub>)* through collaborative processes is a subjective concept that involves the appropriation, use, exchange and transformation of value across heterogeneous or interdependent firm constituents or both. Furthermore, the findings extend the definitions of Use Value (UV<sub>C</sub>), Exchange Value (EV<sub>C</sub>), and Transformation Value (TV<sub>C</sub>) within collaborative processes.

It was found that UV<sub>C</sub> is represented by products, services, human inputs, or separable knowledge assets that provide immediate or direct utility or intermediate value through interactions with complementary resources, processes or institutionalisation within the firm. Owing to the concepts of mutuality (Kivleniece & Quelin, 2012), co-generation and leveraging within PPC processes (Ranjan & Read, 2016), EV<sub>C</sub> demonstrated tangible and intangible exchange of co-generated and leveraged forms of UV<sub>C</sub> transactions between firm constituents where partner resources are adjusted to fit each other as a form of "exchange" (Madhok et al., 2015) as opposed to purely re-investments passed on to owners of equity (Bowman and Ambrosini, 2010). Findings showed conversion and levels of institutionalisation of UV<sub>C</sub> and EV<sub>C</sub> throughout the PPC process.

Shareholders, managers and public actors captured economic, social, relational, political and intellectual sources value through the PPC process, leading to *Collaborative Advantage*. Shareholders, managers, service providers and customers captured economic, social, political and intellectual sources value through the PPC process, impacting on the firms' *Competitive Advantage*. Furthermore, study findings have shown that shareholders, employees, managers and communities captured economic, social and ecological sources of value. This confirms that positive externalities and social benefits to communities created sources of *Societal Advantage* for the firm. In response to research question 3 and its sub-questions, the study revealed broader dimensions of value and extended stakeholders.

In sum, the study contributed a view on sources of value created during PPC processes, re-defined value capture for cross-boundary collaboration, and provided indicators of how and who captures sources of collaborative, competitive and societal value.

## **7.5 Theoretical contributions**

The study was undertaken in partial fulfilment of a Doctor of Business Administration (DBA) degree and therefore aimed to make a contribution towards management and practice. However, the study extends previous literature by shedding light on how PPC processes as a form of hybrid arrangement (Ansell & Gash; 2007; Kivleniece & Quelin; 2012), can provide strategic value creation and value capture opportunities for private firms. The study's findings show that strategic value was created and captured by a private firm in a non-linear collaboration process. The study has demonstrated the evolving nature of hybrid arrangements, the complexity of partnership operational models, and the growing need to advance theory in the domain of PPC processes. Through its exploratory qualitative case approach, the study has exposed generalised assumptions related to the perceived and evolving roles of government and firm actors in society.

It has provided the evidence base called for by Ansari et al. (2001); Quelin et al. (2017) and Sullivan (2007). It provides dimensions of competitive, collaborative and societal value appropriated in hybrid arrangements called for by Quelin et al. (2017). Concepts of value capture, exchange value, use value and transformational value have been contextualised for PPC processes. This provides scholars with concepts that can be further tested in diverse contexts. The perspective of stakeholders and salient constituents has been shifted by acknowledging that value generation is not confined to formal, linear and silo processes and models. And that stakeholder roles are becoming increasingly active in the co-generation of value. Balancing accountability was a key construct contribution and significant in progressing

the field of cross-sector collaboration and hybrid association governance models (Ranjan & Read, 2016).

Henning (2018) and Crane et al. (2014) have criticised Porter and Kramer (2006, 2011) in the inability of CSV to operationalise value for society. This study has demonstrated that by expanding and contextualising the concepts of strategic value and value capture for firms, how concepts such as CSV (Porter and Kramer, 2006, 2011) can be operationalised through PPC processes. PPC processes are therefore equally critical in achieving SDGs, stakeholder co-generation of value (Ranjan & Read, 2016) and the equitable appropriation of value (Lepak et al., 2007; Liebermann et al., 2017).

This study has implications for both organisational, cross-sector and stakeholder management research in regard to the blurring of organisational boundaries. Future studies require less of an instrumental or transactional lens and more of a transformative view of the role of the firm as part of society as opposed to the firm and society. The study has demonstrated that a broader lens is required for value capture theory, specifically in regard to the aggregation and disaggregation of constructs (Rousseau, 1985), and its impact on application across diverse contexts.

This study has provided a contradictory perspective on strategic bridging roles and the effects of political uncertainty on communities, shifts in legitimacy and evolution of roles between public and private actors. It has furthermore provided an integrated view of the sources of value for the firm and the interdependencies that exist between Collaborative Advantage, Competitive Advantage and Societal Advantage as an improved strategic value model for firms. It demonstrates the importance for firms in developing collaborative or boundary spanning capabilities that are difficult to imitate. Especially when considering management as bearers of strategic intellectual assets with high replacement costs to firms (Lieberman et al., 2017).

Management played a dual role that included boundary spanning in the PPC process (Cross & Parker, 2004; Schotter & Beamish, 2011). The study's findings in Table 20 equally confirm that management in PPC processes possess key intellectual assets and have developed strategic capabilities and knowledge sets through the PPC process. This suggests a high replacement cost to the firm with potentially low exit costs to management (Lieberman et al., 2017) owing to the growing need for boundary-spanning capabilities across hybrid arrangements that are advocated by the United Nations SDG 17. Where co-creation, ethical and fair use, meaningful exchange and equitable appropriation of value created and captured is built-in and not a bolt-on approach (Crane et al. 2014).

Finally, a foundational multi-dimensional model has been put forward to illustrate the integration and interplay between value creation processes, alternate and inter-linked methods of value capture, and extended value constructs and indicators. It is a useful frame through which firms can institutionalise the complexity of PPC processes, value creation and value capture.

## **7.6 Practical contributions**

For practitioners and policy makers the study provides the evidence base of value from PPC processes called for by Ansari et al. (2001) by developing and putting forward constructs and indicators of value that go beyond the “feel good” and trust building process (Sullivan, 2007). It reveals assumptions and provides foundational frameworks that can be applied and adapted within hybrid arrangements such as PPC processes.

Concepts of value capture, exchange value, use value and transformational value have been contextualised and redefined, helping policy makers and practitioners in setting up and carrying out such processes. The study provides a foundational framework to strategize, plan, and assess PPC processes for private firms called for by Quelin et al. (2017).

The study provides diverse dimensions of value in a manner that improves insights, understanding and the ability of practitioners to carry out PPC processes and assessments. From a hybrid arrangement management perspective the study demonstrates the importance of continuous questioning of structural, stakeholder and internal firm capabilities; the relevance of traditional inward-focused strategies; and the requirements for considered flexibility in resource systems and allocations. This has implications for firm shareholders and management in their ability to be responsive to contexts and transitory underlying factors (Christenson, 2001).

The study has contributed indicators for each dimension of value as represented by Tables 21, 22 and 23, to aid in developing assessments of PPC processes. The indicators have been disaggregated in presentation to enable modifications depending on their application. The foundational multi-dimensional business model provides practitioners with a functional frame through which PPC process complexity and value can be understood, leveraged and managed.

Ultimately the study provides practitioners with a meta-analysis of value creation through PPC processes to enhance professional and community of practice internalization and institutionalization of cross-boundary and hybrid models of engagement that are on the



increase. Practitioners continue to utilize traditional methods of evaluation often with an experienced, yet unclear understanding of the iterative and integrative nature inherent in collaborative efforts. This study offers practitioners a roadmap to test their experiences of value creation and capture and highlights key questions to be asked in its evaluation linked to shared value and sustainability planning and management. The multi-dimensional business model that has emerged from the study will enable practitioners to build a strategic appreciation within firm operations to progress an embedded approach to collaborative processes.

It will additionally aid the firm in interrogating existing models, tools and practices towards enhancing its ability to track performance, manage risk and develop future advantage opportunities that are oftentimes hard to motivate within single dimension economic driven cultures or environments that have little appreciation for strategic collaborative processes. Finally, the foundational framework allows practitioners to undertake evidence-based decision making through the use, adaptation and testing of the framework. It is anticipated that the contributions of this study can elevate the strategic considerations at C-suite level of cross-boundary collaborations and hybrid partnerships in general.

The trends in PPPs and PPC processes has increased in order to ensure economic efficiencies and quality service provision. This study highlights the potential development of transformative implementation and impact models in emerging, developing and transitioning countries, other things being equal. Based on the findings the researcher argues that the establishment of improved PPC processes relies on the joint capacity of firms and government partners during all phases of collaboration due to its iterative and integrative nature. In a critique of Porter and Kramer's (2011) Creating Shared Value (CSV), Crane et al. (2014) states that CSV requires more depth at organisational level. The case study approach undertaken through this research has supported the foundations of organisational level insights that a quantitative study could potentially have left unexplored.

## **7.7 Policy contributions**

There exists a well-defined role for government actors in setting collaboration goals and devising regulations through processes that improve business and government relations. This has been evident in the recent successful negotiation of the Mining Charter in June 2018 following failed attempts and mistrust between the mining industry and the Department of Mineral Resources. At the same time reducing duplication of efforts, enhancing the integration

of social, environmental, economic and governance goals, and constructing multi-level performance systems that signal and drive the need for innovation in the public sector, should be priorities.

The development of SDG 17 demonstrated the inclusive processes facilitated at a global level. However, this has not been evident at country level other than lack lustre attempts that have often times positioned the SDGs as separate to national priorities. Government through the National Planning Commission (NPC) should lead and manage ongoing Business and Government Collaboration Platforms working with associations and chambers to implement and monitor partnership efforts towards implementing the National Development Plan (NDP) and Agenda 2063. This requires the development of metrics that incorporate business metrics as drivers of job creation and a robust economy.

Policy developments for sustainable development should transition to National Departments such as the Department of Planning, Monitoring and Evaluation (DPME) such that it is not approached merely in terms of compliance and environmental perspectives. Leadership and collaboration is required in terms of integrated value foundations put forward by this study and other contributors to achieve implementable policy efforts.

## **7.7 Limitations**

The study was undertaken within a single sector, mining. In order to respond to the realities and required practicalities of research, it was undertaken with a single firm and PPC process unit of analysis. The findings may not be broadly generalizable. However, through richer insights gained from interviews (Dasgupta, 2015), the study was able to gauge the impact on three towns in one of the largest provinces in South Africa and to establish foundations for future research in a complex trans-disciplinary field. The intention of this study was to extend theory through contextual insights and the degree by which its findings can be generalised is uncertain. Further cross-case studies in varying contexts are required to test the concepts, framework and model foregrounded through this study. The mining sector in South Africa provides a rich base for developing multiple dimensions of value due to local policy and regulatory frameworks focused on socio-economic development and sustainable practices. All dimensions and indicators of value may not be relevant to smaller firms in mining or firms operating in other sectors. However, the fundamental concept of strategic value should hold across sectors and firms aiming to remain competitive and relevant.

The study was conceptualised early in 2014 and undertaken in 2016 and 2017, in a time that future scholars may refer to as one of the tipping points in South Africa's democratic history. The researcher has attempted to reflect the relevance of this period in the study. In addition, the study used a flexible qualitative approach and incorporated, where appropriate, the varying levels of influence played by social, economic, and political dynamics at the time data was gathered.

## **7.8 Recommendations**

The research study has contributed towards advancing our understanding, theory and practice of PPC processes, cross-sector collaborations or forms of hybrid arrangements. Further research is required to build on and test contributions. Several potential avenues of future research are presented below.

It is recommended that the study be replicated in other sectors and that the methodology be extended to incorporate additional cases and potentially mixed-methods approaches. Further studies on hybrid arrangement, governance and ethical boundaries are required (Hellman & Schankerman, 2000) that are specifically related to emerging and exploratory partnership models. Based on the current South African political context, this has the potential to contribute towards catalysing improved partnership governance models in emerging economies responding to similar challenges.

It is recommended that studies on the effects of land and mineral ownership, risks or value destruction related to PPC processes and other hybrid arrangements (Bowman & Ambrosini, 2010) and bridging mechanisms receive similar attention from scholars taking an integrated value approach in other contexts. The salient constituent profile for PPCs has been extended and nuanced, indicating the growing expectations of the role that private firms play in society (Davis et al., 2009; Nidumolu et al., 2009; Porter & Kramer, 2006; Shah, 2011). Therefore, theoretical contributions to new skill sets, capabilities, and further internal value disaggregation and ways of working for firms looking to develop future competitive, collaborative and societal advantage should be considered. This area includes the evolution of such capabilities and mechanisms that will specifically advance societal value creation and capture (Quelin et al., 2017).

Partnership Return on Investment ( $ROI_P$ ) is a concept that could potentially transform firms into more sustainable business models incorporating integrated planning, reporting and valuations.  $ROI_P$  provides for outcomes and impact linked to value creation and capture based on a broader and more holistic value model. Future research that goes beyond marketing

contributions into more strategic value ratios for firms could shift the vested interest paradigm of shareholders and investors.

The study has challenged views on value, the strategic role of collaborative arrangements that are not formally institutionalised, and firm inter-dependencies on emerging stakeholder groups. It is hoped that this contribution will be valuable to a broader, integrated, and more systemic view of private firms, government entities and society, and the potential for more strategic value creation and capture that can emerge from collaborative efforts.

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## Appendices

### Appendix 1: Construct definitions

<b>Value Capture</b>
Value capture through PPC processes is a subjective concept that involves the appropriation, use, exchange and transformation of value across heterogeneous and/or interdependent firm constituents.
<b>Use Value</b>
Use Value is defined as a product, service, human input, or separable knowledge assets that provide immediate/direct utility or intermediate value through possible interactions with complementary resources, processes or institutionalisation.
<b>Exchange Value</b>
Exchange value is defined as tangible or intangible value exchange between a firm and one or more of its stakeholders where there exists some form of use value transaction.
<b>Transformation Value</b>
Transformation value is the conversion or institutionalisation of use value or exchange value across heterogeneous constituents that results in system-level shifts (e.g. policy, strategy, social structures)
<b>Sources of Competitive Advantage</b>
Use or exchange value created through collaborative action that maintains, improves or allows transformation of a firm's capabilities and resources in relation to its competitive landscape.
<b>Sources of Collaborative Advantage</b>
Intermediate and process value that is created through collaborative action that offers value capture pathways or value transformation opportunities for firms and their constituents.
<b>Sources of Societal Advantage</b>

Value created, maintained or improved through collaborative action for firm constituents and society at large.

## **Appendix 2: Collaborative Partnership Value Framework**

## Competitive Advantage Value Creation and Capture Indicators

### Economic

- Resource security
- Deriving economies of scale
- Gaining access to markets
- Enhancing current and future profit
- Sales and patent royalties
- Development of complementary resources.
- Creating future advantage opportunities
- Improved risk management
- Transitioned beyond compliance
- Accessed complementary resources
- Enhanced brand relevance
- Competitive differentiation
- Decreased investment risks

### Social

- Leveraging authority and legitimacy
- Obtaining licenses to operate
- Transitioned beyond CSI

### Intellectual

- Innovative solutions and technology developments
- Access to knowledge sources
- Access to novel practices and procedures
- Enhancing organisational skills and competencies
- Developing combinative capabilities
- Changes in firm practice
- Improved self-regulation

### Political

- Implementable policy outcomes
- Access to decision-makers
- Anticipated policy changes

### Relational

- Enhanced legitimacy with communities (direct to operation) and broader stakeholders (indirect to operation)

## Collaborative Advantage Value Creation and Capture Indicators

### Economic

- Pooling of resources
- Non-market based incentives

### Intellectual

- Improved approaches to governance and sharing of information
- Co-ownership models developed

**Relational**

- Improved levels of trust, reciprocity and general interaction between public and private actors
- Collaborative behaviour development
- Leveraged partner networks
- Enhanced pro-active engagement
- Balancing of accountability

**Political**

- Improved political support
- Improved understanding of political mandates and structures
- Enhanced political status

**Societal Advantage Value Creation and Capture Indicators****Economic**

- Development of infrastructure
- Sustainability of CSI projects
- Joint redress
- Employee empowerment

**Social**

- Improved service delivery
- Changes in policies, laws and systems that improves livelihoods
- Changes in collaborative dynamics and governance regimes for future collaboration
- Maintaining local heritage
- Supporting human rights and indigenous people

**Ecological**

- Resource value improvement and preservation

**Relational**

- Bridging community relationships for government partners

**Intellectual**

- Building Community Capacity

## Appendix 3: Research Tools

### 3.1 Semi-structured interview guides

Semi-structured interviews			
<b>Firm Constituent</b>		<b>Date of Interview</b>	
<b>Time of interview</b>		<b>Physical address</b>	
<b>Name of interviewee</b>		<b>Designation of interviewee</b>	
<b>Name Interviewer</b>			
<b>Introduction</b>	<p><i>(Greeting and introduction) Thank you for taking the time to see me and contribute towards the study. The purpose of the study, as indicated in the email request, is to explore the benefits and value that you have gained through working with government partners, specifically in relation to (PPC process).....The interview will take approximately 1 hour of your time as is voluntary so you may withdraw at any time without penalty. It will be recorded so that key themes and pieces of information can be captured for the study.</i></p> <p><i>(Provide and sign consent form)</i></p>		
<b>Construct</b>		<b>Probing questions level 1: Value capture</b>	<b>Source/Adaptation</b>
<b>Introductory questions</b>  <b>Collaborative advantage</b>	1. Who are your main stakeholders involved in (PPC process)? 2. Who are the main government partners that you/your department work with to assist with (PPC process)? 3. How would you describe your relationship with these government partners?		
<b>Main questions</b>  <b>Collaborative advantage</b> <b>Competitive advantage</b> <b>Societal advantage</b>	4. What are the benefits or value that (the firm) or your department has gained from working with XYZ?	Can you give me examples?	

<p><b>Firm constituents</b></p> <p><b>(Q8. Alternate perspectives)</b></p>	<p>5. How have your main stakeholders (mentioned above) benefited either directly or indirectly from your relationship with XYZ?</p> <p>6. How do you know that XYZ benefited during (PPC process)?</p> <p>7. Where there any unexpected benefits resulting from working with XYZ and other government partners through (PPC process)?</p> <p>8. Did you think that working with XYZ has been unsuccessful in certain areas?</p> <p>9. Do other stakeholders within (the firm) benefit from your relationship with XYZ?</p> <p>10. What processes/systems/procedures do you have in place within (the firm) to capture value and benefits that come out of (PPC process)?</p>	<p>Can you give me some examples? <i>(Probe use, appropriation, exchange, transformation)</i></p> <p>Can you share some examples with me? <i>(Probe use, appropriation, exchange, transformation)</i></p> <p>Why do you think this was the case?</p> <p>How so?</p> <p>(use an example if required)</p>	
<p><b>Exit questions</b></p> <p><b>(Secondary info)</b></p>	<p>11. Are there any other sources of information that I should read or people I should make contact with as part of this study?</p> <p>12. Is there anything further that you would like to share with me?</p>		
<p><i>Thank you for your time and for sharing your thoughts and experiences with me. After I go through the contents of our discussion, is it okay if I forward you any clarification questions? Should I call you or email these to you?</i></p> <p><i>Towards the end of the study, there will be a close-out meeting to allow me to consolidate the study. I will forward an invitation to you and I hope that you will be able to make it.</i></p>			



<b>Expert interview guide</b>			
<b>Organisation/ Institution</b>		<b>Date of Interview</b>	
<b>Time of interview</b>		<b>Physical address</b>	
<b>Name of interviewee</b>		<b>Designation of interviewee</b>	
<b>Name Interviewer</b>			
<b>Introduction</b>	<p><i>(Greeting and introduction) Thank you for taking the time to see me and contribute towards the study. The purpose of the study, as indicated in the email request, is to better understand how private firms capture value through public-private collaboration processes. The interview will take approximately 30 to 45min of your time and is voluntary so you may withdraw at any time without penalty. It will be recorded so that key themes and pieces of information can be captured for the study.</i></p> <p><b>(Provide and sign consent form)</b></p>		
<b>Construct</b>		<b>Probing questions: Value capture</b>	<b>Notes</b>
<b>General question</b>  <b>Main questions</b>  <b>(Q4. Alternate perspectives)</b>	<ol style="list-style-type: none"> <li>1. Tell me about some of the public-private partnerships that you or the XXX is involved in?</li> <li>2. To your knowledge and/or experience, what motivates private firms in collaborating with the public sector?</li> <li>3. Is there a particular type of public-sector entity that private sector prefers to work with?</li> <li>4. Do you see any emerging trends in the value that is created for private firms?</li> <li>5. How do private firms appropriate, use, exchange or transform this value?</li> <li>6. Have you experienced instances when private firms did not benefit from public-collaboration?</li> </ol>	<p>Can you provide examples of these?</p> <p>Probe throughout - Can you give me some examples?</p>	
<p><i>Thank you for your time and for sharing your knowledge and experiences with me. After I go through the contents of our discussion, is it okay if I forward you any clarification questions? Should I call you or email these to you?</i></p>			

### 3.2 Moderator Guides: Focus Groups

Moderator Guide	
<b>Activity:</b>	Operation Team meeting (focus group)
<b>Objective of activity:</b>	Unstructured dialogue to assess a baseline for the study and test the conceptualised boundaries of the PPC process
<b>Time of focus group:</b>	1 hour
<b>Date of Activity:</b>	
<b>Attendees:</b>	
<b>Description/profile of attendees:</b>	Internal stakeholders – mine specific and key support functions. ( <i>Capture names, designations...</i> )
Process	Guide and capture
<b>Introduction</b>	<p>Get internal stakeholder to do a short welcome and introduction.</p> <p><i>Thank you for taking time out of your busy schedules to assist with the study. The study is focused on exploring how organisations and their key stakeholders benefit from engaging with government partners. Today's discussion is aimed at better understanding the relationship boundaries that will be studied in relation to the (operation) mining operation.</i></p>
<b>Topics</b> <ul style="list-style-type: none"> <li>• <i>Audio capture</i></li> <li>• <i>Transcription</i></li> </ul>	<b>GENERAL:</b> How would you describe your partnerships in (selected operation)?
	<b>GENERAL:</b> Of what strategic importance is the partnership in relation to (selected operation)?
	<b>PRIMARY:</b> Who are the public agencies, departments and partners that you work with in relation to the (selected operation) operations?
	<b>PRIMARY:</b> At what level of government are these partners operating at?
	<b>PRIMARY:</b> Is this collaborative partnership valuable? Who do they benefit?
	<b>PRIMARY:</b> Are there any other areas in your organisation that you feel benefits or should benefit from the engagement with these government departments, agencies and partners?
	<b>PRIMARY:</b> How do you define each stakeholder group that is impacted <b>by this partnership</b>
<b>Close-out</b>	<p>Is there anything further that you would like to add?</p> <p><i>Thank respondents, mention of one-on-one interviews with select internal stakeholders where we can get into more details and close out Focus Group</i></p>

<b>Online Forum Moderator Guide</b>	
<b>Activity:</b>	Online Forum set-up to encourage discussion of key themes that emerged
<b>Objective of activity:</b>	Unstructured dialogue to elicit final responses/data and work with external and internal team in sense-checking key indicators and constructs
<b>Time of focus group:</b>	5 days
<b>Date of Activity:</b>	November – December 2017
<b>Description/profile of attendees:</b>	Internal and external stakeholders
<b>Process</b>	<b>Guide and capture</b>
<b>Forum invites and description</b>	<ul style="list-style-type: none"> <li>- Online private invitations</li> </ul> <p><i>This is an online forum set-up for sense-checking research outcomes. You will be required to engage over the next 3- 5 days on 4 posts to the online forum. Selected participants are only from business and industry. No personal identifiers will be used in the analysis or study. Your inputs and comments will not be used for any commercial purposes.</i></p>
<b>Topics</b> <ul style="list-style-type: none"> <li>• <i>Online platform</i></li> <li>• <i>High level themes shared</i></li> <li>• <i>Textual capture and export</i></li> </ul>	<p>Post 1: Background, rules of engagement, process and interaction expected</p> <p>Post 2: Stakeholders who benefit from effective partnership collaborations <i>Interaction and probing</i></p> <p>Post 3: Developing Economies - Value Creation or Risk? <i>Interaction and probing</i></p> <p>Post 4: Knowledge and Information   Implementable Policy <i>Interaction and probing</i></p>
<b>Close-out</b>	<i>Thank respondents for their time and effort in supporting the study. Close Forum</i>

### 3.3 Observational Guide - PPC process platform/mechanism

Observational Guide	
Activity:	
Date of Activity:	
Attendees:	
Descriptive Notes	Reflective Notes
<b>How do the relational factors affect value capture?</b>	
<ul style="list-style-type: none"> <li>• Norms</li> </ul>	
<ul style="list-style-type: none"> <li>• Autonomy vs inter-dependence</li> </ul>	
<b>How do the process factors affect value capture?</b>	
<ul style="list-style-type: none"> <li>• Governance processes</li> </ul>	
<ul style="list-style-type: none"> <li>• Partner representation</li> </ul>	
<ul style="list-style-type: none"> <li>• Administrative processes</li> </ul>	
<ul style="list-style-type: none"> <li>• Decision-making and planning</li> </ul>	

## Appendix 4: Consent form

<h1>Doctoral Research Study</h1>	
<h2>Determining value capture through public-private collaboration processes</h2>	
<p>I am conducting research on Public-Private Collaboration and would like to determine how business captures value from these processes and engagements. Our interview is expected to last approximately 30-45 minutes and will help us better understand your perspective on value. Your participation is voluntary and you can exit the interview at any stage without penalty. All data will be kept confidential. Please feel free to contact me or my supervisor should you have any questions or concerns. Our contact details are outlined below.</p>	
<p><b>Supervisor:</b> Prof Johan Olivier Email: <a href="mailto:fish eagle@imagnet.co.za">fish eagle@imagnet.co.za</a> Mobile: 083 452 5539</p>	<p><b>Researcher:</b> Chantal Ramcharan-Kotze Email: <a href="mailto:chantalrkotze@gmail.com">chantalrkotze@gmail.com</a> Mobile: 083 265 5756</p>
<p><b>Signature of Participant:</b> _____</p> <p><b>Date:</b> _____</p> <p><b>Signature of Researcher:</b> _____</p> <p><b>Date:</b> _____</p>	
<p><a href="http://www.gibs.co.za">www.gibs.co.za</a>                      +27 (11) 771 4000</p>	

## Appendix 5: Transcription brief

### General Instructions

- The transcriber shall transcribe all individual and focus group interviews within two weeks of receiving them. Digital and word files will be shared via the dropbox folder created with folders for case, experts, focus groups and transcriptions, and saved accordingly.
- The transcriber shall maintain and adhere to the confidentiality clauses stated in the signed non-disclosure document and maintain confidentiality of all respondent, organisational, and personal identifiers.

**Labelling Focus Group Transcripts:** Individual interview transcript shall maintain the labelling information as provided by the researcher.

**Documenting Questions and Comments:** Questions will be in bold and responses and comments in standard font. Where there are multiple respondents, italics and varying fonts will be used.

**End of Interview:** The transcriber shall indicate when the interview session has ended with **Ends**.

### Content:

- Audio recordings will be transcribed verbatim including any non-verbal sounds if sufficiently audible (e.g., laughter, sighs, coughs, claps, doors opening/closing etc).
- The transcript should not be cleaned up should there be any grammatical, mispronunciation or misuse of words, terms and concepts.
- Inaudible words or sections shall be noted with square brackets – [inaudible]

**Accuracy:** The transcriber shall check all files transcribed against the digital audio file and make corrections accordingly. The researcher will undertake a review and revert with queries should there be any.

**Saving format:** The transcriber shall save all transcripts as word documents .doc or .docx files

## Appendix 6: Data gathering process and schedule

PPC VALUE CAPTURE RESEARCH STUDY: ESTIMATED TIMELINE AND BUDGETS																	
Based on the assumption that proposal defence and ethical clearance was successful																	
Milestones	Activity	Phase 0		Phase 1				Phase 2				Phase 3					
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Questionnaire Refinement	Informal pilot version 1 interview and focus group																
	Refine questionnaire and																
Proposal defence	Proposal submission																
	Presentation development																
	Dry run defense presentation																
	Incorporate changes based on defense panel feedback																
	Review defense presentation																
	Defense																
	Incorporate changes based on defense panel feedback and re-																
Ethics Clearance	Prepare for ethical clearance																
	Submit ethical clearance pack																
Pilot study	Identify pilot firm																
	Pilot research tools																
	Review tools																
	Ethics panel change notification/re-application																
Data gathering <i>(includes cost estimates for out of town travel, accommodation and meals)</i>	Confirm sample frame																
	Undertake requisite permissions																
	Focus Group 1				R 3,500.00												
	Interviews (X 20)				R 23,000.00												
	Observation				R 3,500.00												
	Online Forum																
	Secondary data analysis																
Clarification contact																	
Data analysis and	Interative coding and analysis of																
Research write-up	Write-up and packaging of research findings																
Academic paper	Develop scientific paper																
	Review and re-work post final supervisor feedback																
	Initial submissions to RQC																
	Re-view and re-submissions post RQC feedback																
Consulting	Undertake a consulting contract																
Total budget	R 30,000.00																

## Appendix 7: Code List

### Value Capture through PPC processes. GIBS DBA CR Kotze u27529152

Customer - Consistent Supply of Product
Customer - Facilitates product development operations
Customer - Firm Reputational Risk
Customer - Product Availability
Customer - Product quality assurance
Customer - Reputation
Customer - Transformation value to firm shareholders
Customer - Use value to Customer
Customer - Use value to firm management
Exchange value to public partners
Expert - Accessed decision makers
Expert - Accessed information & learning
Expert - Accessed input resources
Expert - Accessing political networks
Expert - Business growth
Expert - Challenging firms' business models
Expert - Creating shared objectives
Expert - Decreased investment risk
Expert - Employee job satisfaction
Expert - Employee living conditions
Expert - Enhanced political status
Expert - Exchange of information
Expert - Firm beneficitation opportunities
Expert - Firm brand management
Expert - Firm buffering against climate change/variability
Expert - Firm buffering against market externalities
Expert - Firm business continuity
Expert - Firm competitive pressure
Expert - Firm creating understanding
Expert - Firm culture
Expert - Firm formalise investment partnerships
Expert - Firm general risk management
Expert - Firm impact investments
Expert - Firm implementable policy
Expert - Firm improved operation efficiencies
Expert - Firm international operations
Expert - Firm legitimacy
Expert - Firm product supply
Expert - Firm reduce regulatory constraints
Expert - Firm regulation and compliance
Expert - Firm standards and practice
Expert - Government co-ownership & understanding
Expert - Government improved processes
Expert - Innovative partnership models
Expert - Institutionalisation of learnings
Expert - Managed market externalities
Expert - Multiplier effects
Expert - P-P building joint capabilities
Expert - Potential for Innovation
Expert - Public - Developed Capabilities
Expert - Transformation value to management



Expert - Transformation Value to Public Actors
Expert - Transformation value to shareholders
Expert - Transformation value to society
Expert - Transitioned beyond compliance
Expert - Transitioned beyond CSI
Expert - Use value to Customers
Expert - Use value to employees
Expert - Use value to management
Expert - Use value to public actors
Expert - Use value to shareholders
Expert - Use value to society
Expert Transformation Value - Firm Skills and Capacity
Firm - Access to communities
Firm - Accessed complementary strategic resources
Firm - Accessed decision makers
Firm - Accessed information and knowledge
Firm - Achieved societal impact
Firm - Advisory support
Firm - Alternate/Indirect employment opportunities.
Firm - Anticipated policy change
Firm - Anticipating governance risks
Firm - Beneficiation opportunities
Firm - Benefited from resource efficiencies
Firm - Break down perceptual barriers
Firm - Buffered against market externalities
Firm - Business enablement
Firm - capable contacts
Firm - Co-development of solutions
Firm - Co-development Opportunities
Firm - Communicated firm differentiation
Firm - Community buy-in
Firm - Community empowerment
Firm - Community engagement protocols
Firm - Community Ownership
Firm - Contextual Learning
Firm - Created competitive positioning
Firm - Created first mover advantages
Firm - CSI focus
Firm - culture shift
Firm - Decreased pollution
Firm - Decreases risk of community protests
Firm - Developing innovations
Firm - Development of Community Infrastructure
Firm - Employee Empowerment
Firm - Employee improved public services
Firm - Employee improved working conditions
Firm - Employee volunteering
Firm - Enables firm investment
Firm - Enhanced brand exposure
Firm - Enhanced community legitimacy
Firm - Enhanced legitimacy
Firm - Ensures brand relevance
Firm - Enterprise development
Firm - Expediting approval processes
Firm - Extending Stakeholder Communications

Firm - Facilitates investment in environmental management
Firm - Facilitating mine closure
Firm - Future advantage opportunities
Firm - Government augmented capacity
Firm - Government bridging finance
Firm - Government buy-in
Firm - Government improved implementation
Firm - Government improved public governance
Firm - Government knowledge.Info sharing
Firm - Government rationale
Firm - Government strengthening skills & capabilities
Firm - Government technical assistance
Firm - Government understanding of business
Firm - Improved community infrastructure
Firm - Improved decision making
Firm - Improved environmental compliance
Firm - Improved Governance
Firm - Improved government legitimacy with communities
Firm - Improved Government Relations Approach
Firm - Improved planning
Firm - Improved political support
Firm - Improved risk management
Firm - Improved self-regulation
Firm - Improved structural
Firm - Improving environmental performance
Firm - Inclusion in broader initiatives.networks
Firm - Increase in Designated Preferential Procurement
Firm - Increased communication frequency
Firm - Increased pro-active engagement
Firm - Influence on supplier activities & processes
Firm - Input Implementable policy
Firm - Input into policy development
Firm - Interpreting Legislation
Firm - Job marketability
Firm - Leveraged partner networks
Firm - License to operate
Firm - Local job creation
Firm - Local supply chain efficiencies
Firm - Maintaining ecological integrity
Firm - Management of property
Firm - Managing community expectations
Firm - Managing financial risk
Firm - Managing risk to Customer
Firm - Minimise business interruptions
Firm - Opportunity to negotiate
Firm - Partnership Ethics
Firm - Planned for future skills development
Firm - Pooled economic resources
Firm - Preservation of profits
Firm - Product supply contingencies
Firm - Providing ecological services
Firm - Provincial economic development
Firm - Reducing political uncertainty
Firm - Reputational risk (loc & int)
Firm - Setting standards

Firm - Skills & capabilities
Firm - Socio-economic delivery
Firm - Supplier economic gain
Firm - Supplier skilling & exposure
Firm - Support operational efficiency
Firm - Supporting Compliance
Firm - Supporting regional institutionalisation
Firm - Sustainability of ecological infrastructure investments
Firm - Transitioned beyond compliance
Firm - Understanding government power networks
Firm - Understanding government processes
Firm - Understanding national priorities
Firm - Understanding political mandates
Firm - Understanding political structures
Firm - Value Chain activities/dependencies
Firm - Verification of information
Firm - Vertical integration (HO to Prov)
Firm - Youth expectations
Firms - Contribution towards Education
Firms - Leveraging political legitimacy
Government - public resourcing
Joint learning
Joint Redress
NEW - Balanced accountability
NEW - Expert - Financial risk to firm
NEW - Expert - Firm governance risks
NEW - Expert - Supporting human rights & indigenous people
NEW - Firm - Bridging community relationships for government partners
NEW - Firm - Building Community Capacity
NEW - Firm - Maintaining local heritage
NEW - Firm - Sustainability of CSI projects
NEW - Transformation value to management
NEW - Transformation value to public actors
NEW - Use value to management
NEW - Use value to mining sector
NEW - Use value to other firm mining operations
NEW - Use value to public actors
Online - Accessed information and knowledge
Online - financial management support to government
Online - financial support to government
Online - implementation support to government
Online - need for governance framework
Online - strategic support to government
Online - Use value management
Online - Use value to public actors
Transformation value to Customers
Transformation value to employees
Transformation value to shareholders
Transformation value to society
Use Value Customers
Use value to communities
Use value to employees
Use value to public actors
Use value to shareholders
Use value to suppliers

