

**INVESTIGATING BUSINESS STRATEGY IN THE
NETWORKED ENVIRONMENT**

Investigating business strategy in the networked environment

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DEDICATION

“To my husband, Lardo and my three beautiful children, Marx, Drian and Kristebelle.”

ACKNOWLEDGEMENTS

“Commit your works to the LORD and your plans will be established”.

Proverbs 16 verse 3

First and foremost, praise and thanks go to my saviour Jesus Christ who gave me the strength and soundness of mind to complete this thesis.

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ABSTRACT

Conventionally, the purpose of business strategy is the attainment of competitive advantage, and it is generally understood that competitive advantage yields superior performance. The locus of value-creation – central to competitiveness – has, however, shifted from the individual to a network of businesses. This thesis argues that within a complex networked environment, performance excellence is propelled by collective benefit rather than competitive advantage.

Conducted with a Strategy-as-Practice research lens, rooted in affordance theory, and applying a mixed-methods methodology, the purpose of this thesis was to identify, define and report a Model of Collective Benefit that explains the purpose of strategy in a networked environment. The results of the study are reported in five sequential academic manuscripts.

Firstly, a comparative 2016 Strategy-as-Practice Typology Matrix was offered. Secondly, the legacy purpose of strategy, namely competitive advantage, and its application to the networked environment were investigated. By following a systematic literature review, as well as cognitive interviews with 12 South African strategists, collective benefit was proposed as an additional purpose of strategy, and a stipulative definition was presented. Thirdly, an operational definition of collective benefit was developed. Fourthly, 580 valid global responses from the Business Network International (BNI) were used to create an evaluation framework that strategists could use for prioritising when developing a strategy aimed at creating collective benefit. In conclusion, the data was subjected to Principle component analysis (PCA), Confirmatory Factor Analysis (CFA) and OLS regression, positing a model of collective benefit.

KEY WORDS

Affordance theory

Competitive advantage

Collective benefit

Value continuum

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LIST OF ACRONYMS AND ABBREVIATIONS

The following abbreviations are used throughout the thesis:

BNI	Business Network International
BOS	Blue Ocean strategy
CFA	Confirmatory Factor Analysis
CSR	Corporate Social Responsibility
KBV	Knowledge-based view
MBV	Market-based view
P	Proposition
PCA	Principle Component Analysis
PCC	Pearson Correlation Coefficient
RBT	Resource-based theory
RBV	Resource-based view
RO	Research Objective
RV	Relational view
S-as-P	Strategy-as-Practice
SCP	Structure performance paradigm
SMME	Small and Medium and Micro Enterprises

CHAPTER 1: INTRODUCTION

In the twenty-first century, the relentless pursuit of a sustainable competitive advantage, which for decades has driven the business strategies (hereinafter referred to as strategy) of businesses (Coyne, 1986:54), meets the requirements for the litmus test of a strategic liability (Arend, 2004:1007). In this thesis it will be argued and indicated that within the networked environment, strategy requires an alternate purpose, namely collective benefit. Chapter 1 presents an overview of the research conducted and on which this thesis is based.

Figure 1.1 indicates the flow of the chapter.

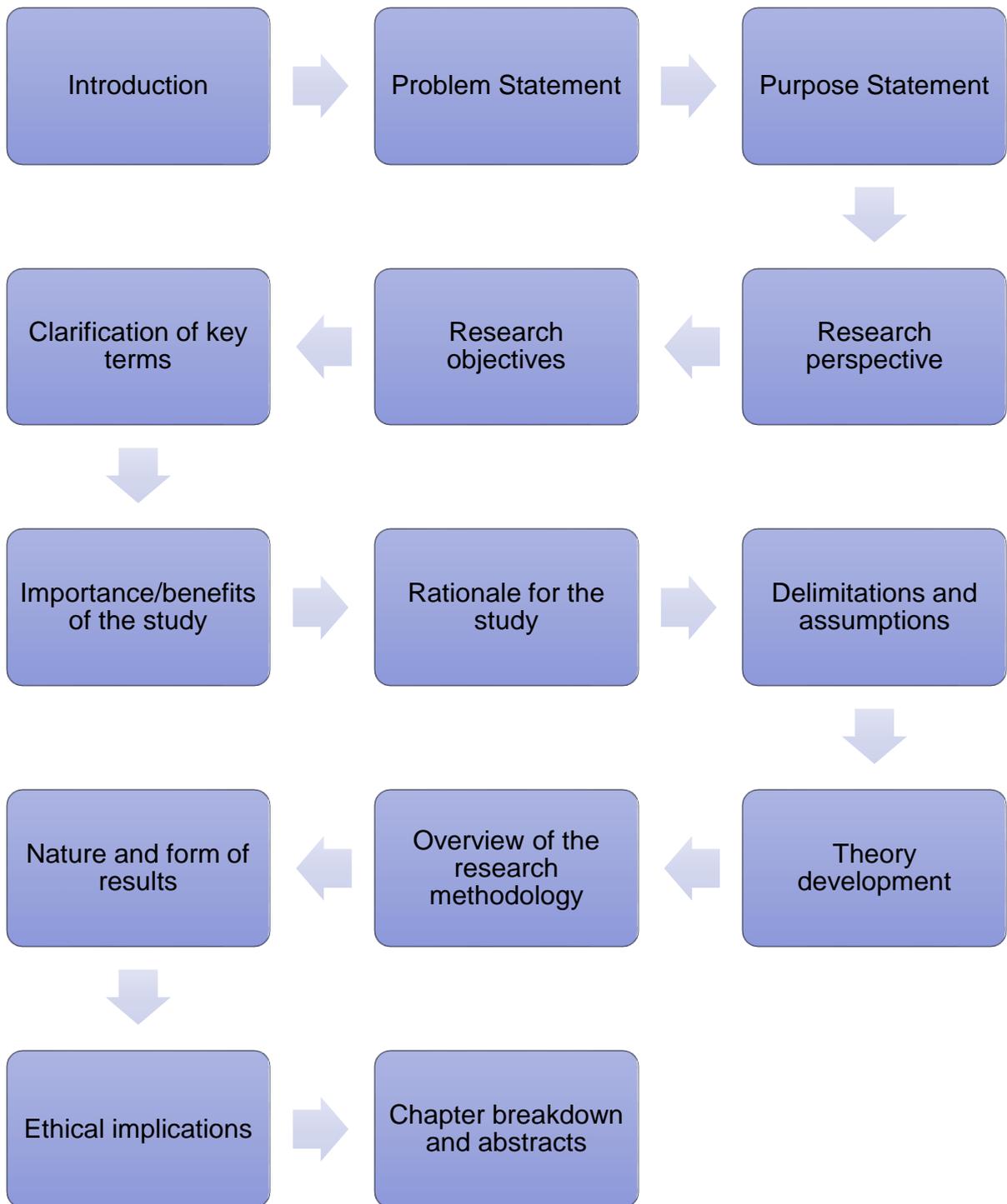


Figure 1.1: Breakdown of Chapter 1

“The value of a strategy is proportional to the soundness of the competitive analysis that underlies it.”

Henderson (1983:7)

1.1 INTRODUCTION AND BACKGROUND

Business strategists have always argued that the pursuit of sustainable competitive advantage is the purpose of a strategy. How is it possible that this pursuit of sustainable competitive advantage is now regarded as a strategic liability for businesses operating in a networked environment? To answer this, the terms ‘sustainable competitive advantage’ and ‘strategic liability’ require further clarification.

A sustainable competitive advantage refers to anything that the business manufactures, provides, possesses or does that is difficult to imitate or improve on, and places the business in a favourable long-term position over its competitors. Coyne (1986:55) stated that there are three conditions for sustainable competitive advantage: 1) a constant perceived difference in the important attributes of offerings as seen by customers, 2) a capability gap related to the offering, between the focal business and its competitors, 3) where both the gap and difference can be expected to endure over time. More recent work on sustainable competitive advantage suggests that businesses should configure their internal resources and capabilities to compete head-to-head with competitors. They should create value for customers by using linear value chains in definable industries while producing or manufacturing similar products or for similar markets, in some way that competitors cannot (Carpenter & Sanders, 2009:10).

A strategic liability is anything that prevents the business from attaining its strategic goals. Arend (2004:1007) regards a strategic liability as any inability inherent to a business that can be regarded as a source of both competitive disadvantage and poor performance, while simultaneously detracting from and destroying the business’s ability to generate economic rents.

The last decade has seen a major shift in society’s expectations from businesses (Crane, Matten & Spence, 2013:3). Businesses are expected to make a profit and create sustainable employment, while also addressing social issues such as

environmental protection and poverty. This expectation, coupled with globalisation and major technological innovation, has changed the way industries are configured (Casadesus-Masanell & Ricart, 2010:195; Moore, 1993:75; Porter & Kramer, 2011:62).

The challenges businesses face because of this industry reconfiguration, in combination with an observed struggle by businesses to identify industry boundaries, are further magnified by their inability to create or extract value without becoming embedded in the wider network of stakeholders that surrounds the business, also known as the networked environment (Adner, Oxley & Silverman, 2013:ix).

Networks and network ties are no stranger to academic research, Granovetter (1983) revisits his earlier work (Granovetter, 1973) on networks and the impact of weak as well as strong dyadic (network) ties on individuals and social systems. In the twenty-first century, joining networks (especially digital networks) are however no-longer optional and ties bridging networks no longer appear weak, but have become an essential bridge to performance excellence (Libert, Beck & Wind, 2016:5). Baum, Shipilov & Rowley (2003:698) argue that the investigation of small world networks has long been a popular fascination. The notions of network embeddedness and business ecosystems are not new concepts in strategic management literature either and we notice that it was reported in the Harvard Business Review by Moore in 1993. Therein, he noted that "executives must develop new ideas and tools for strategising that will enable them to co-evolve within a non-linear ecosystem" (Moore, 1993:75).

Gomes-Casseres (1996) developed the concept of alliance constellations as a method to enable businesses to effectively compete against the multiple partner groups (business ecosystems) evident in the business environment at the time, and stated that a business network is a collection of alliances. Jack and Anderson (2002:467) echoed this statement and added that without becoming socially embedded, businesses, alliances, business ecosystems and alliance constellations will not be able to sustain their financial performance or create new opportunities for growth.

In a post-industrial economy, the need for network embeddedness is amplified by the pace at which the global business climate is changing. This networked environment has made the traditional theories of value-creation and extraction, which are based on linear value chains in singular industries, difficult to apply. Instead, these concepts have been replaced by the notions of shared value and business ecosystems (Gunther-McGrath, 2010:247; Moore, 1993:75, 1998:167; Porter & Kramer, 2011:62).

In 1983, Henderson stated that one of the principles of competition is that all surviving competitors have a unique advantage. A unique advantage is often attributed to businesses with valuable, rare, inimitable and non-substitutable resources (Sirmon, Hitt, Ireland & Gilbert, 2011:1300) that have a relative value and function within an equilibrium that is self-organising. Considering that competitors are now linked with each other through an interlinked ecosystem which has created multiple, similar competitors that are nearly identical, with no identifiable capability gap (Coyne, 1986:54), the current market environment is conditionally unstable (Henderson, 1983:7). Competition has now become more severe and the individual advantages businesses may have will correspondingly diminish.

Businesses, therefore, faced a diminished individual advantage with no identifiable capability gap, a fact which had previously been seen as a condition for sustainable competitive advantage, and as a result some industries that are now considered to be without boundaries and from linear value chains moved to what can be termed as 'value constellations' or value networks (Das & Teng, 2002:445). The subsequent corollary is that a strategy solely focused on creating a sustainable competitive advantage will distract significantly from a business's ability to create economic rents, and will make it difficult for a business to compete in a networked environment, thereby meeting the litmus test for a strategic liability (Arend, 2004:1007).

Strategy scholars have long endeavoured to explain the effect of various contingency factors, such as the environment, on a business's ability to create and appropriate value from its final customers (Zott & Amit, 2008:1). Noting the changing relationship between businesses and their environments, and that "the networks of relationships in which businesses are embedded profoundly influence their conduct and performance" (Gulati, Nohria & Zaheer, 2000:203), the thesis argues that, in the networked environment, performance excellence is afforded to businesses that are

able to focus their strategy on co-creating a collective benefit, and not merely on obtaining a competitive advantage. Nevertheless, there are still academics who write on networked strategy, for example, Adner *et al.* (2013:ix) who argue that the purpose of networked strategy remains the attainment of competitive advantage.

This thesis proposes that the relentless pursuit of a competitive advantage meets the litmus test for a strategic liability within a networked environment and it is suggested that the purpose of network strategy must be the creation and appropriation of collective benefit.

Arend (2003:283) argues that superior performance is ultimately a zero-sum and given that is generally understood in strategic management theory that superior performance is the result of competitive advantage it can be inferred that competitive advantage is indeed also a zero-sum game. In the seminal work on competitive advantage of Porter (1996a:89) he states “competition is indeed zero-sum”. This view is reinforced in Porter (1996b) wherein he argues that operational efficiency again results in zero-sum competition and argues that when rivals compete on the same dimensions, the results is zero-sum competition. Strategists are however cautioned, rivalry can be positive sum and increase the profitability of the industry when there is: diversification of price, products, services features and or brand identities.”. This is however not the nature of competition and a deliberate choice must be made to compete in a more positive direction. The deliberate choice to compete in a positive direction is echoed by Favaro (2014, Online), who writes that strategy is rooted in the theory of war and war is mostly a zero-sum game. Favaro (2014, Online) argues that many businesses do indeed think of “business as a war with their computers” when it mostly not, it is the creation of new value.

It can therefore be argued that the term ‘competitive advantage’ implies a zero-sum game (Porter, 1996a:89; Porter 1996b, Arend, 2003:283, Favaro, 2014:Online), indicating winners and losers, while in an environment that strives for collective benefit a positive sum game is required.

Figure 1.2 (on the next page) graphically depicts the research protocol or conceptual framework (Yin, 2011:102) that has guided the research on which this thesis is based. Yin (2011:102) states that a research protocol is a mental framework that is loosely scripted to guide the interaction between the researchers and sources of

evidence. Yin further explains that a research protocol should be designed and presented if the researchers have a predefined research topic, as the protocol aims to increase the validity of the thesis in ensuring that the data represent what it is intending to.

This section on the introduction and background to the thesis presented a predefined research topic. Therefore, a research protocol was developed and is presented in Figure 1.2. The numbers 1 to 5 as indicated in Figure 1.2 refer to the research phases as discussed in Section 1.11.4 of this chapter.

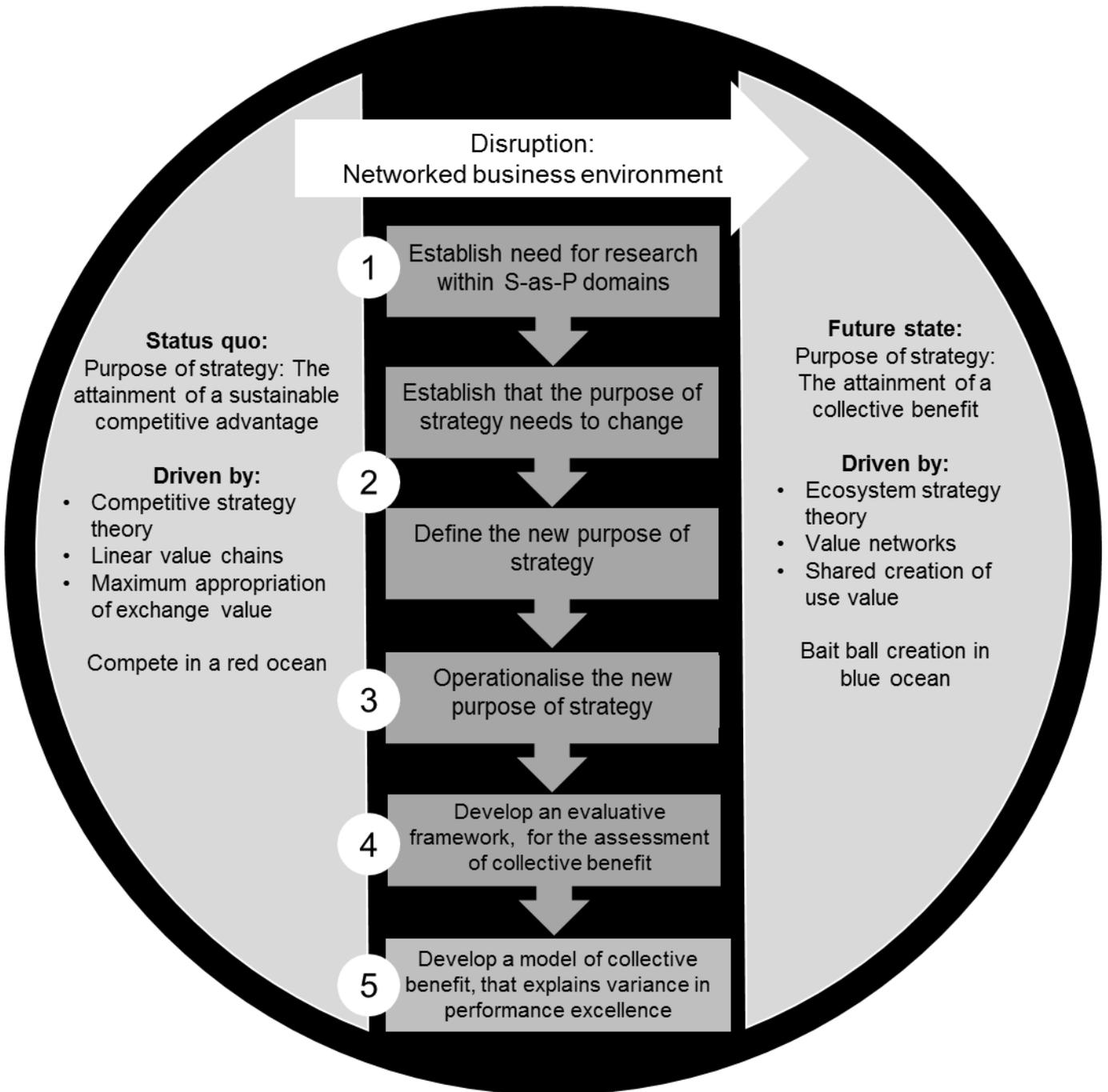


Figure 1.2: The research protocol guiding this thesis

1.2 PROBLEM STATEMENT

The purpose of business-level strategy is to craft greater value than rivals, thereby creating a competitive advantage (Bowman & Ambrosini, 2000:5; Carpenter & Sanders, 2009:10). The strength of this competitive advantage is rooted in the specific business's ability to disseminate information in the macro- and market environments, and subsequently shape its micro environment to extract maximum value from the former. However, the deliberate actions of a business to shape its micro environment do not always yield the intended results, and only the more successful businesses are able to adapt their strategy to the emerging realities in the external environments (Carpenter & Sanders, 2009:13)

The biggest change to the reality of the twenty-first century is temporality; this is closely followed by the fact that businesses are no longer part of a simple linear value chain, but have become participants in a complex temporal system (Adner *et al.*, 2013:ix; Moore, 1998:167). As participants in this system, businesses must not only consider what happens to their product once the final customer has extracted all the value, but they must also compete in a market environment that has seen the demise of traditional industry boundaries. This complex system requires businesses to become part of value networks where the boundaries are determined by the "nature of the value proposition as well as the structure of interdependence" (Adner *et al.*, 2013:ix), where apart from being rivals, competing businesses have become co-creators of collective benefit (Adner *et al.*, 2013).

Moore (1993:76) illustrated this concept best by considering three well-known brands, namely, Apple Inc., Motorola and Sony, suggesting that the three brands are part of a business ecosystem. This ecosystem is currently visible in the smart phones produced by these specific brands. Apple Inc. produces the iPhone, Motorola the Moto X, and Sony the Xperia Z5; all three are smart phones positioned in the same market (therefore, rivals). However, Motorola is reportedly the sole supplier of advanced chips to Apple Computers (CNet, 2002:Online) and Sony is said to supply some of the camera components of the iPhone 6 (Reuters, 2014:Online).

Collective benefit suggests that the focus of businesses should not be on extracting the maximum value, which is arguably the purpose of adversarial commerce, but on

creating the maximum value for the entire network (Pablo, Rodriguez & Ricart, 2006:Online). It is through a “complex interplay between co-operative and competitive behaviour” (Moore, 1993:76) that networks are able to maximise the value created. Businesses are afforded collective benefit when they focus their strategy on maximising the value created for the entire value network, rather than focusing on the pursuit of sole superiority.

Collective benefit is theoretically rooted in the concept of embeddedness, which implies that a business does not operate in an asocial manner, but rather performs economic activities while entangled in a social network of relationships which are not aimed at individual but collective interest (Pablo, *et al*, 2006:Online). If, indeed, Coyne (1986:54) was correct in saying that sustainable competitive advantage is the purpose of all strategy, and considering that the thesis argues that in the 21st century the quest for collective benefit of a network of businesses, that “vies with other networks of businesses for survival and dominance” (Moore, 1993:76), these factors enable the creation of a temporal advantage for single businesses (Gunther-McGrath, 2013:62). Therefore, the quest for a sustainable competitive advantage should create inefficiency, destroy the ability of the business to create rents in a boundary-less environment and be very difficult to convert to a strategic asset.

The subsequent corollary is that a strategy focused on creating a sustainable competitive advantage will distract significantly from a business’s ability to create economic rents, and even inhibit its ability to compete within a networked environment, thereby meeting the litmus test for a strategic liability (Arend, 2004:1007).

The problem the thesis aims to address can, therefore, be formulated as:

Businesses have limited guidance on how to create a collective benefit while simultaneously being able to appropriate the maximum exchange value.

Based on this research problem, the following purpose statement was formulated.

1.3 PURPOSE STATEMENT

The following purpose statement was formulated in line with the recommendations of Ivankova, Creswell, and Plano Clark (2016:328):

The research on which this thesis is based addresses the purpose of strategy within the networked environment. The purpose of this exploratory sequential research design was to develop a model of the alternate purpose of strategy, namely, collective benefit.

The initial phases of the thesis included a qualitative exploration of the applicability of competitive advantage to the networked environment, and the development of both a stipulative and operational definition for collective benefit. The data for the qualitative phases were obtained from literature and 12 senior strategists employed on various management levels at businesses in numerous industries.

The quantitative phases followed the qualitative phases with the intent to provide a robust evaluation framework and statistically acceptable model of collective benefit. In the qualitative phases data were collected from members of Business Network International (BNI). The BNI is an economic network which members voluntarily choose to join.

Qualitative data were collected first so that an in-depth understanding of the research topic could be gained; this understanding was necessary to design a questionnaire that would be able to yield the data necessary for the quantitative phase of the study.

1.4 RESEARCH PERSPECTIVE

The research on which this thesis is based was conducted from a strategy-as-practice (S-as-P) research perspective. The field of strategic management has generally been regarded an economic discipline with a primary focus on the macro-level analysis of business operations. A deeper connection between the theory and practice of theory have been sought in recent years and has ignited the growth of a new strategy research approach, namely strategy-as-practice (S-as-P) (Haugstad, 1999:1; Johnson, Melin & Whittington, 2003:3; Whittington, 2002:C1, 2007:1575).

S-as-P scholars seek to address the problem of doing strategy, more specifically the doing of strategy: who does it, what they do, how they do it, what they use, and what implications this has for shaping strategy. In addition, they investigate how this will eventually impact the performance of a business in its environment and the inverse, and how the environment has shaped the doing of strategy (Jarzabkowski, 2005:32; Jarzabkowski & Spee, 2009:69).

Various scholars, for example, Jarzabkowski (2005:11); Johnson *et al.* (2003:3) and Whittington (2004:62), are in favour of research that takes an activity-based view of strategy and are calling for empirical work to be done on the “detailed processes and practices that constitute the day-to-day activities of business life and which relate to strategic outcomes”. Furthering her argument, Jarzabkowski (2005:21) states that strategy is a “situated activity, which both shapes and is shaped by the society within which it occurs” and notes that strategy is a collective activity that is distributed between various actors (shaped by various social systems) and for which top managers are responsible.

Considering that the purpose of the research on which this thesis is based was to develop a model for the creation of a strategic outcome, namely collective benefit, it is posited that an S-as-P perspective was best suited to explain the ‘doing’ (achievement) of a collective benefit within a networked environment.

1.5 RESEARCH OBJECTIVES

Conducted from an S-as-P perspective, the thesis has examined the “[...] doing of strategy [...]” (Jarzabkowski & Spee, 2009:69) in the networked environment. More specifically, it will illuminate an alternative purpose for strategy by unbundling the affordance niche (Gibson, 1979:127) associated with the affordance event (as described by Demir, 2015:S125), collective benefit.

The primary research objective of the thesis is to illuminate the purpose of strategy within the networked environment.

In order to achieve the primary research objective (RO), the following secondary research objectives have been set:

RO1 To establish a need for the research in S-as-P literature

- RO2 To establish that collective benefit is the alternate purpose of strategy in a networked environment;
- RO3 To offer a stipulative definition of collective benefit
- RO4 To compose an operational definition of collective benefit;
- RO5 To create an evaluative framework that could be used to establish a collective benefit; and
- RO6 To conclude with a model of collective benefit.

The colloquial use of various key terms in the thesis necessitates the provision of working definitions for these terms before proceeding to the section on the research methodology. These working definitions further serve to delimit the research on which this thesis is based.

1.6 CLARIFICATION OF KEY CONCEPTS

NOTE TO READER

The researcher is aware that it is common practice to refer to interview subjects as subjects, and questionnaire respondents as respondents. In the writing of this thesis, the term participants has been used throughout the thesis to ensure consistency.

The terms that are key to reading this thesis are defined below. This will enable the reader to understand how the terms have been applied.

**Business strategy/
Competitive
strategy**

(Hereinafter referred to as strategy)

The strategy of a business is a set of dynamic choices made by the management with regards to how the business intends to engage and compete within its environment. These choices primarily involve the selection of a target industry and the creation of a competitive position within the chosen industry (Casadesus-Masanell & Ricart, 2010:195; Chesbrough, 2010:354; Hambrick & Fredrickson, 2001:48; Magretta, 2002:86; Moore, 1998:167; Porter, 1996b:61, 2008:77, Zott & Amit, 2008:1, 2010:216; Zott, Amit & Massa, 2011:1019)

<p>Networked environment/ Business ecosystem/ Alliance constellation</p>	<p>The terms, networked environment, business ecosystems and alliance constellations are used interchangeably when authors refer to the complex, cooperative business communities (customers, suppliers, lead producers and other stakeholders) that form a productive and sustainable network. The aim of a networked environment is to create, capture and sustain value for the entire constellation (Adner <i>et al.</i>, 2013:ix; Moore, 1993:75, 1998:167; Zott <i>et al.</i>, 2011:1019)</p>
<p>Strategic management</p>	<p>“The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilisation of resources, to enhance the performance of businesses in their external environments.” (Nag, Hambrick & Chen, 2007:935)</p>
<p>Embedding</p>	<p>“The sustainable integration into diverse networks that leads to the development of long term co-operative relationships (ties and alliances), which may result in the achievement of shared value for all the parties involved in the network.” (Pablo <i>et al.</i> 2006:Online).</p>
<p>Sustainability embedding</p>	<p>Sustainability embedding was defined by Le Roux and Pretorius (2016:364) as the ability to embed sustainability in the strategy of a business. Sustainability refers to the internalisation of social and environmental concerns into the operations and interactions of a business (Le Roux and Pretorius, 2016:363).</p>

This thesis is structured unconventionally, with the content chapters presented in the format of either an article (Chapter 2) or manuscripts (Chapters 3, 4, 5 and 6). It therefore, became necessary to define these terms as they are used herein.

<p>Article</p>	<p>An article refers to a written composition of the results of research that has been submitted to an accredited journal for publication consideration. An article has been formulated according to the journal guidelines. An article includes all aspects of the research, including, but not</p>
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Manuscript

limited, to literature, methodology, findings and conclusions.

A manuscript refers to an article in progress or draft article. A manuscript is formatted in-line with journal guidelines and may have been submitted to the Working-paper repository of the University of Pretoria, for comments by the academic community. A manuscript contains much more detail than an article normally would, to allow for informed debate and input. The contents of which will be greatly edited before an article is rendered for publication consideration.

1.7 IMPORTANCE/BENEFITS OF THE RESEARCH ON WHICH THIS THESIS IS BASED

The finding of this thesis will enable businesses to primarily understand that a strategy aimed solely at competitive advantage will not necessarily yield performance excellence in the networked environment. This should decrease the number of businesses that fail due to having a strategy with a purpose that is inadequately aligned to the realities of the twenty-first century. To the best of the researchers' knowledge, the research on which this thesis is based is the first strategic management research aimed at defining an alternative to competitive advantage. While numerous works have endeavoured to explain the sources or methods of competitive advantage in the twenty-first century, they have failed to investigate the applicability thereof.

Both the framework and model, resulting from the research on which this thesis is based, were developed from an S-as-P perspective, and can be considered novel contributions to the field of strategic management. Bromiley and Rau (2016:260) explicitly state that if practice research is to add value to strategy literature, it should include large-scale quantitative studies that could establish the performance impact of specific practices across the population. The recommendations of this thesis, more specifically the evaluation framework in Chapter 5 and the model in Chapter 6, were constructed using large-scale quantitative data, and should enable

strategists to make informed decisions when changing the purpose of their strategy to better reflect the realities of the twenty-first century.

1.8 RATIONALE FOR THE RESEARCH ON WHICH THIS THESIS IS BASED

The research on which this thesis is based is justified, if the purpose of strategy as provided by Coyne (1986:55) is considered. Coyne suggests that sustainable competitive advantage is the purpose of all strategy. Conversely, the twenty-first century has changed the unit of value-creation from the individual business towards a network of businesses. This change in the value-creation unit is also referred to as network disruption. Network disruption is a term very similar to the term 'disruptive innovation' coined by Christensen (1997). While 'disruptive innovation' refers both to business-model innovation and radical product innovation, the term 'network disruption' refers to a radical transformation of the unit of value-creation (Markides, 2006:19). Considering the presence of network disruption in the twenty-first century, the quest for a sustainable competitive advantage, as the sole purpose of a strategy, should:

- create inefficiencies;
- destroy the ability of the business to create rents in a boundary-less environment; and
- be extremely difficult to convert to a strategic asset.

The subsequent corollary is, therefore, that a strategy focused solely on creating a sustainable competitive advantage, as is the norm in the traditional environment, will significantly constrain the ability of a business to create economic rents, and even inhibit its ability to compete within a networked environment, thereby meeting the litmus test for a strategic liability (Arend, 2004:1007). Over and above the possible strategic liability that could be afforded to businesses (that purely pursue a competitive advantage within a networked environment), competitive advantage and the sources thereof are failing to adequately explain performance excellence within the networked environment.

Jarillo (1993:21) suggests that in a competitive world, it is difficult to judge anything in absolute terms without referencing competitors, and this phenomenon is known

as adversarial commerce. Everywhere in the business environment, strategists seem to find businesses that are under attack from more agile and responsive competitors, and these businesses are now, more than ever, isolated and are struggling to survive. These isolated businesses who hold on to adversarial commerce, fail to see that joint value can be created through cooperation. Likewise, any short-term advantages that businesses might gain are over-shadowed by the long-term harm and costs associated with a very protective commercial system (Stallkamp, 2005:19–36). This thesis is positioned within the collaborative commerce school of thought and considers networks as the most efficient and effective business structure to leverage collaborative commerce.

Dass and Kumar (2014:225) note that no coherent strategic approach has been developed to take advantage of the benefits inherent to collaborative commerce, which is also referred to a business ecosystem. The research on which this thesis is based set out to develop such an approach by determining and defining what exactly the network environment affords businesses who are exhibiting performance excellence. Moreover, this thesis defines the purpose of strategy within the networked environment.

Conducted from an S-as-P perspective, this thesis contributes to Domain F – macro-level praxis and external aggregate practitioners – of the Jarzabkowski and Spee Typology Matrix (Jarzabkowski & Spee, 2009:74). Research in this domain remains limited as the first count of articles contributing to this domain (Jarzabkowski & Spee, 2009:73) revealed that only three research articles had been published and the second count concluded that only one additional article was published between 2010 and 2015 (Stander & Pretorius, 2016:8) – herein Chapter 2. The research on which this thesis is based was informed by the emergent approach to strategic management, which suggests that the strategy of a business is formulated in response to the changing business environment. While the emergent approach makes it difficult to identify strategic patterns, it makes it possible to question the purpose of strategy within the networked environment. This thesis argues that the

purpose of strategy within the networked environment is the one that best fits what the environment affords¹ (Stańczyk-Hugiet, 2013:60). (See Figure 1.5.)

The effect of the networked environment on the strategies of businesses is a central question in management research and numerous authors have investigated new sources of advantage in the increasingly volatile twenty-first century. When investigating the purpose of strategy within the networked environment, it is essential to note that previous studies have investigated the networked environment as a moderator affecting the impact of resources (Wang & Fang, 2012:311; Yu & Chiu, 2013:26) on the performance of businesses, while other studies have investigated the networked environment as a resource in itself (Lavie, 2006:638). This thesis, however, investigates what purpose is afforded¹ to the strategy of businesses choosing to embrace the networked environment.

The opportunities for and constraints that networks provide to the profitability of the specific business is known as the network effects. Network effects include, but are not limited to, strategic dependence, third-party referrals, partner selection based on network fit, knowledge leverage and spill-over, hedging of risk and positive feedback. A key factor to note is that the network effects cannot be realised by individual businesses or businesses in a bilateral alliance, as multiple partner networks must be in place (de Man, 2004:4). This is why, collaborative advantage is not listed as a network effect in the definition thereof. It has been suggested that this type of advantage is yielded in bilateral alliances or partnerships (Stańczyk-Hugiet, 2011:157).

In light of the aforementioned paragraphs, and considering that the purpose of most strategies is building and maintaining a sustainable competitive advantage, it is clear that the time has come to rethink competitive advantage as the only purpose of strategy.

¹ Affordances and the Theory of Affordances are discussed in detail in Section 1.10.1 of this chapter.

1.9 DELIMITATIONS AND ASSUMPTIONS

1.9.1 Delimitations

The research on which this thesis is based has several delimitations related to the context, constructs and theoretical perspectives of the study. The research on which this thesis is based was delimited to:

- investigating the economic relationship between strategy and a networked environment. It has attempted to address environmental sustainability, although this issue has been dealt with very broadly;
- investigating the purpose of strategy within the networked environment, not the nature of the networked environment; although the broad characteristics was used to determine what the environment affords;
- Network nor Institutional Theory was investigated as possible theory bases for the thesis;
- Partner-selection strategy and network structure was not included as a possible theory base for the thesis;
- an analysis of academic literature from the ABI-Inform, Ebsco-host, Proquest and Blackwell databases, primarily using titles published since 1985; and
- the data used in the quantitative phases of the research on which this thesis is based was obtained from small and medium enterprises (SMMEs) and as such the results must be read and understood keeping this in mind.

1.9.2 Assumptions

The research on which this thesis is based assumed that:

- businesses are part of a complex adaptive system that exhibits properties similar to that of a biological ecosystem;
- the research objectives and their associated propositions could be addressed by research, implying that sufficient supporting information can be obtained from the various sampling units through the use of pragmatic research techniques;
- participants had the capacity to make informed contributions;
- participants answered honestly. This was ensured by ensuring anonymity (when possible) and confidentiality. Participants were informed (using an informed

consent form) that they are volunteers who may withdraw from the research process at any time and with no consequences to them;

- the interview protocol and questionnaire used addressed the research problem and enabled the researchers to answer the research questions. This issue was dealt with by piloting the two instruments;
- the collective benefit afforded to a business in the networked environment is a significant problem that has not been addressed by literature to date. This fact was validated by conducting a review of related literature;
- the research problem was unique to research on which this thesis is based . The title of the thesis was registered on the Nexus database and at the Strategic Management Society in an effort to prevent duplication by at least other PhD candidates;
- networks consists of ties and links, influenced by partner-selection strategies;
- reality is participative and that multiple perceptions or interpretations of reality may exist at the same time;
- reality is the reflection of the interaction between the research participants and their environment;
- research is context-bound and that contextual research leads to the development of virtuoso knowledge;
- research is a set of interactive components that are not always linear; and
- it is possible to apply various types of research methods (both qualitative and quantitative) in one research project.

1.10 THEORY DEVELOPMENT

The theories, that the research on which this thesis is based, aimed to develop and contributed towards were: affordances, complex system, agency, stakeholder and strategy theory (see Figure 1.3). These theories and how they relate to the research on which this thesis is based are briefly discussed below.

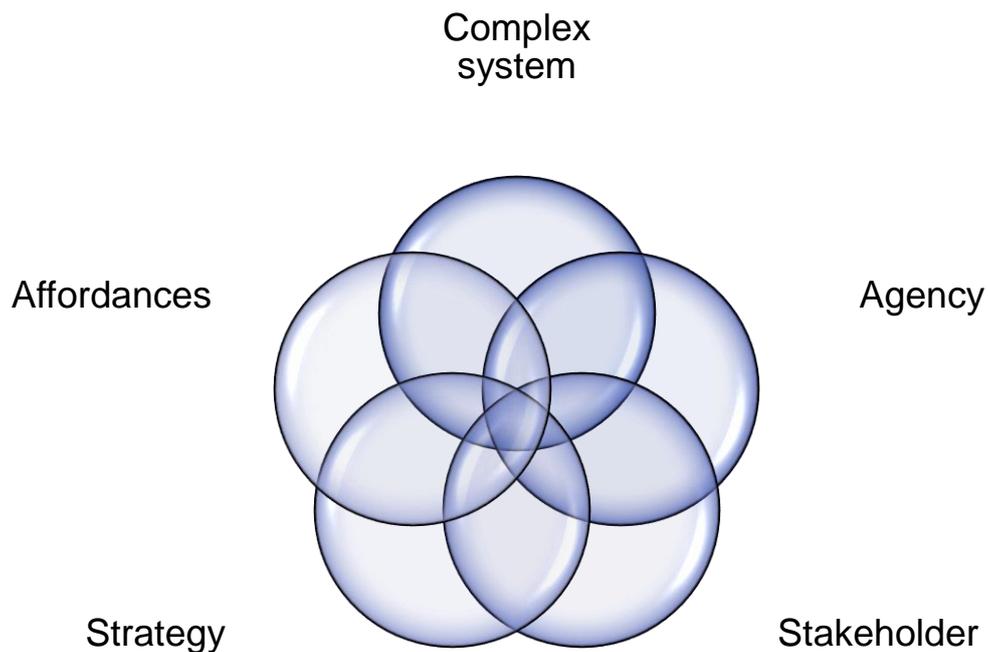


Figure 1.3: Venn diagram of theories relevant to this study

Source: Own compilation

1.10.1 The theory of affordances

Using a qualitative inquiry strategy (interviews and observations), Demir (2015: S125) demonstrated how Gibson's (1979:127) Theory of Affordance can be used to explain the everyday business practices and materials that together constitute strategising. Strategising is the daily work of strategists who make, shape and execute strategy, and its outcome is dependent on (afforded to) the interaction between the strategist, the material used and the practices performed (Jarzabkowski, Balogun & Seidl, 2007:5).

Figure 1.4 is a graphical representation of the observable attributes which afford strategising to a business and the interrelationships between these elements.

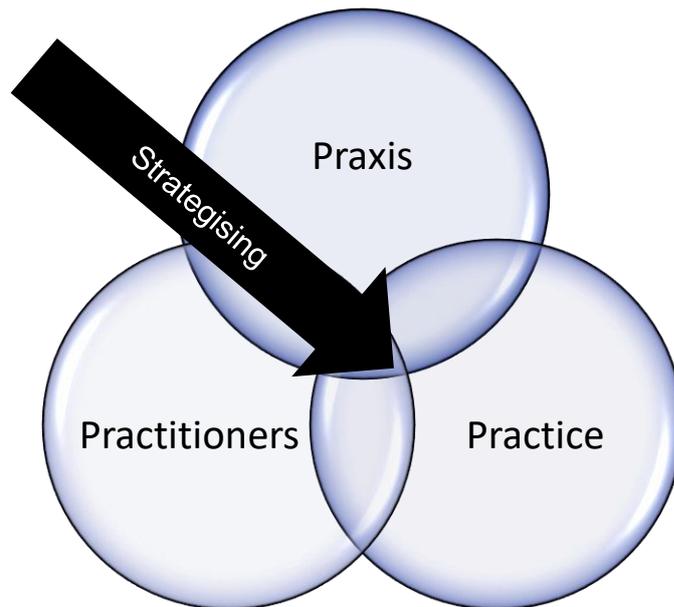


Figure 1.4: The interrelationship of the elements of strategising

Adapted from: Jarzabkowski *et al.* (2007:5)

Demir (2015:S125) contends that strategising is the result of bundled affordances and indicates how these affordances reside in the practitioner, praxis and practice of strategy. He demonstrates how Gibson's (1979:127) theory can explain how various practitioners are afforded different types of value from using different combinations of praxis and practice, and argues that the practitioner need not be present for praxis or practice to afford strategy. Chemero (2003:181), moreover, notes that it is the awareness of what exactly objects afford that imposes meaning on them. This awareness reduces the variance in affordances.

Affordances of the environment refers to that which it offers the animals living in the environment. It is the noun derived from the verb 'to afford' and it is meant to refer to a concept that both includes the environment and the perceptions of the animal living in that environment, and it is measured relative to the animal. These affordances are relative and specific to specific animals in specific environments (Gibson, 1979:127).

By considering strategising as bundled affordances, Demir (2015:S125) opens the door to investigating various affordances of strategy and enables researchers to use these affordances as the locus of investigation, enabling a true investigation into the questions central to S-as-P research, namely:

- Who does strategy?

- What do they use?
- How do they do it?
- What do they do?

To better explain how the theory of affordances is applied in this thesis, an analogy using a common tide pool ecosystem has been developed. Figure 1.5 graphically depicts this analogy.

Consider the tidal pool environment (Figure 1.5), which is an environment where numerous sea creatures and plants live. The tidal pool, amongst other things, affords smaller fish protection from oceanic predators, a place to breed and a number of smaller sea creatures which they can feed on. The very same tidal pool affords mussels a place to cling onto. The mussels have thin elastic cords that enable them to effectively glue themselves to the side of the tidal pool. It must be noted that the fish cannot be afforded a place to cling to, as they do not have the characteristics to do so. It is the interplay between the tidal pool and the sea creatures that inhabit this environment that creates the affordance (Bracken, Friberg, Gonzalez-Dorantes & Williams, 2008:924; Chow, 2013:Online).

Should, for example, a wave break open the tidal pool, that which it affords the animal changes the moment the animal perceives this change. Consider the small fish, they are no longer afforded protection from predators, but they are rather afforded a trap, wherein larger oceanic predators can easily catch them; their young are no longer safe and their food supply is washed into the ocean.

This analogy illustrates six important aspects (Chemero 2003):

- 1 Affordances are relative to the animal perceiving them;
- 2 An affordance points both to the environment and the animal;
- 3 An affordance is created in the interplay between the features of the environment and the characteristics of the animal;
- 4 Affordances come in bundles (the fish was afforded the ability to live, breed and hunt);
- 5 Affordances bundles are specific to the environment and animal groupings; and
- 6 Affordance bundles will not be realised in the absence of the affordances. This means that the fish will not be afforded safety in the absence of a tidal pool.

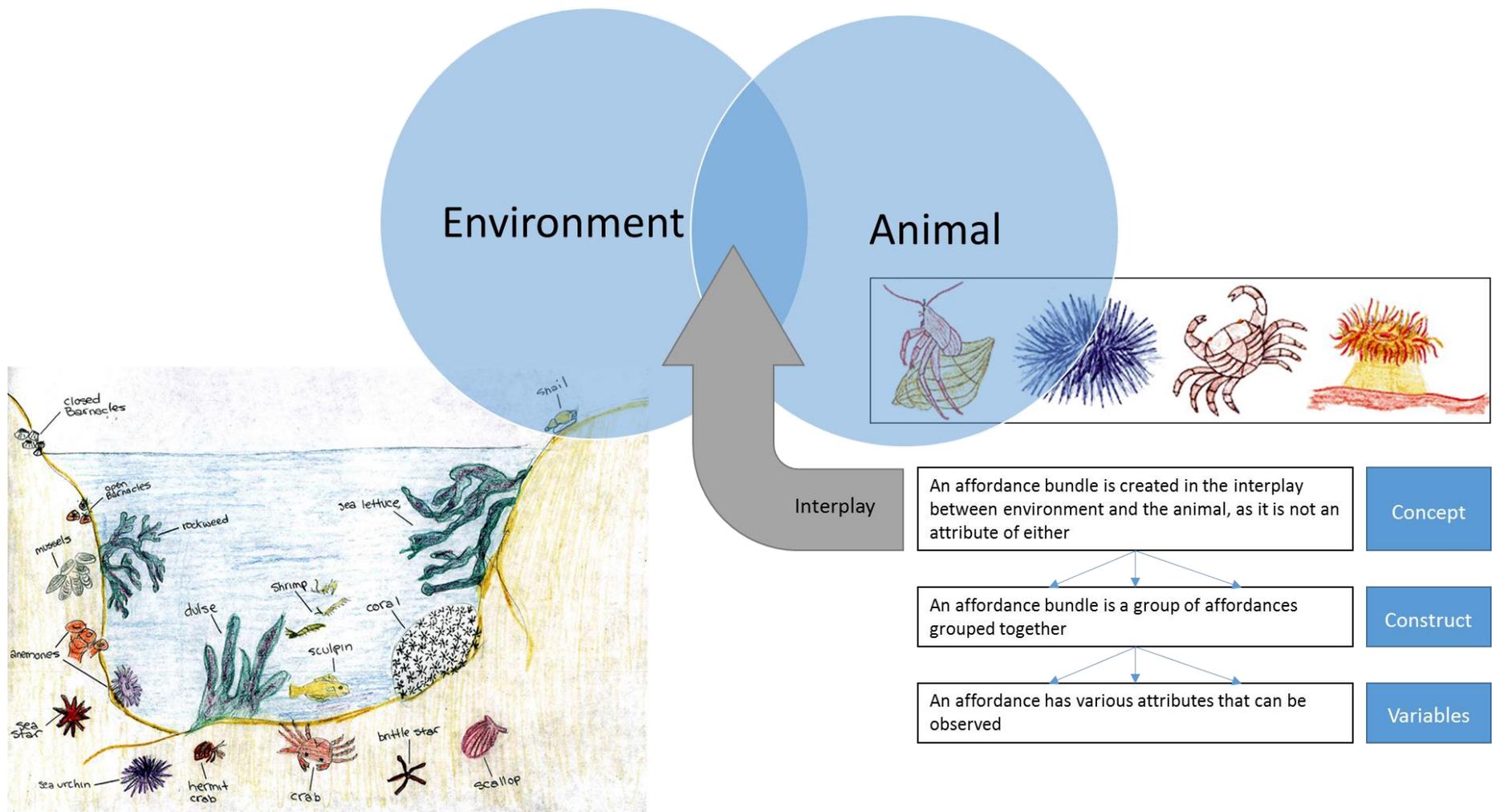


Figure 1.5: The application of affordance theory, as explained by a tidal pool analogy

Source: Own compilation (permission obtained to use images from the American Museum of Natural History (2000:Online))

NOTE TO READER

It should be understood that affordance bundles are similar to the term 'concept' that is traditionally used in academic research, as these terms both refer to a vivid picture of an observable phenomenon. The affordances that constitute the affordance bundle are traditionally referred to a 'constructs', and the attributes of these affordances are referred to as variables.

Chemero (2003:189) states that an affordance has the following structure, with \emptyset referring to the observation:

Equation 1.1: The structure of an affordance

$$\textit{Affordance} = \emptyset (\textit{function}, \textit{ability})$$

Based on the structure of Chemero (2003:189), it can be deduced that the observable attributes of an affordance should reference the variables inherent to both the environment and the animal. Furthermore, a bundle of affordances will also reference both environmental features as well as animal abilities. An affordance bundle can be said to have the following structure:

Equation 1.2: The structure of an affordance bundle

$$\textit{Affordance bundle} = \int \emptyset (\textit{affordance}_1, (\textit{function}, \textit{ability})_2, \dots \textit{affordance } n)$$

Based on Gibson's (1979:127) theory of affordances and the researcher's understanding of Chemero (2003), the thesis, therefore, assumes the following:

- The environment under investigation is the networked environment;
- The networked environment has various functions or attributes;
- The animal under investigation is a network of businesses choosing to embrace the networked environment;
- Collective benefit is the affordance bundle resulting from the interplay between the network of businesses and the networked environment;
- The affordance bundle, collective benefit, will consist of features of both the environment and the abilities of the network;

- Businesses in a network can use various combinations of affordances and these combinations will yield various levels of collective benefit; and
- The affordances observed by the network of businesses, has a set of attributes.

1.10.2 Complex systems theory

The concept of a business as a living organism, and part of a wider business ecosystem, is not a new one. Numerous scholars have directly drawn the analogy between the business environment and ecosystems, businesses and species, business change and evolution (Hobbs 2009; Neilson & Fernandes 2008; Grandy & Mills 2004:1153; Tapscott & Ticoll 2003). Others have implied such an analogy by assigning natural attributes, such as behaviour, imitation, survival and adaption, which only exist in living organisms, to businesses (Mintzberg, 1987:66; Porter, 1985:212, 1996:61).

Complexity science and systems thinking are concerned with the study of the complex linkages between the various parts that constitute a system. Traditionally, complex systems theory was applied and studied only in the natural sciences. However, a new wave of complexity research has seen it being applied to numerous different fields, including strategy research. Complex systems theory, as applied to businesses, studies how businesses exhibit the properties of a complex adaptive system. As the main focus of research on which this thesis is based is the reconfiguration to an environmental change this thesis has specifically investigated the system properties of self-business, emergence, co-evolution and chaos (Gupta & Anish, 2014:1; Mitleton-Kelly, 2011:45; Peltoniemi & Vuori, 2004:267).

1.10.3 Stakeholder and agency theory

Agency theory narrowly defines the principal (shareholder) and agent (management) relationship. It suggests that because of asymmetric information (the agent knowing more) and differing interests, the agent will deviate from acting in the best interest of the principal and promote self-interest (agency cost). Minimising agency cost often involves changing the rules of the game (game theory) so that the agent's interest coincides with that of the principal (Cuevas-Rodríguez, Gomez-Mejia & Wiseman, 2012:526; Wiseman, Cuevas-Rodríguez & Gomez-Mejia, 2012:202).

Agency theory has been widely criticised for its assumption that all agents will seek to optimise own interest, and for not taking the social context into account. It has been argued that should this restrictive assumption be relaxed to state that a conflict of interest is possible because of contrasting views about value-creation, agency theory becomes an analytical tool suited for most situations that involve delegation (Cuevas-Rodríguez *et al.*, 2012:526; Wiseman *et al.*, 2012:202).

Considering the sociological assumption that economic behaviour is shaped by social mechanisms, and that social mechanisms define the different roles taken on, as principal or agent, it is evident that major environmental change will not only change these social mechanisms but also the economic behaviour that is exhibited in the different roles (Cuevas-Rodríguez *et al.*, 2012:526; Wiseman *et al.*, 2012:202).

The current industry reconfiguration and resultant networked environment (Casadesus-Masanell & Ricart, 2010:195; Moore, 1993:75; Porter & Kramer, 2011:62) has had a significant impact on the social mechanisms that govern economic behaviour by:

- increasing the morality of society;
- changing the principal-agent relationship to an iterative relation where the agent can be the principal and the principal can be the agent;
- as well as increasing the number of principal-agents (stakeholders) involved within an business.

Stakeholder theory defines stakeholder involvement as an independent two-way relationship between the business and its various stakeholders, with each stakeholder's involvement being limited to one particular role (Freeman, Harrison, Wicks, Parmar & de Colle, 2010:63; Hill & Jones, 1992:1; Jones, 1995:494). Within a networked environment stakeholders are interconnected and the distinctions between the different roles are no longer clear. The research on which this thesis is based seeks to develop a theory about how best to configure the surrounding network of the business to minimise agency cost and increase the exchange value realised by the business.

1.10.4 Strategy theory

The research on which this thesis is based expanded on the emergent nature of strategising, by investigating the ability of a business and its actors to adapt its competitive strategy to an ecosystem strategy.

The methods used to collect the data are discussed in the methodology section that follows.

1.11 OVERVIEW OF THE RESEARCH METHODOLOGY

The thesis was conducted from a pragmatic perspective and the methodological techniques that offer the best chance of answering the specific research questions under investigation were used. This methodology is known as mixed-method research. Mixed-method researchers highlight that all research in the social sciences attempts to make substantiated assertions about human beings (or in S-as-P research, about strategy practitioners) and the environments in which they live. It is further contended that researchers should use research methodologies that are most likely to answer the research question and should not fixate on the methods within either the qualitative or quantitative paradigm (Johnson & Onwuegbuzie, 2004:14).

Madhavan, Caner, Prescott and Balaji (2008:457) have indicated that mixed-method data should increase the understanding between network structure and actor mechanisms, suggesting this will enable practically relevant network research. Given that this thesis investigates the practice of strategy in the networked environment, mixed-methods research is therefore deemed appropriate.

The methodological guidelines for S-as-P research are discussed in Chapter 2 (Section 2.7), however, what is important to note at this point is that the aim of S-as-P research is the accumulation of practical knowledge. The evaluation framework proposed in Chapter 5, as well as the model presented in Chapter 6, are both considered practical outcomes from the research on which this thesis is based. Mixed-method research is extremely well positioned to address the aim of S-as-P research.

1.11.1 Research paradigm

The research on which this thesis is based can be classified as mixed-method research and the paradigm which informs this type of research is a pragmatic paradigm. Mixed-method research was chosen as the enquiry method as it enabled additional coverage on the research topic. The methods used herein were considered to be complementary and resulted in a systematic and sequential research design, aimed at getting closer to the truth about the research topic. The convergence of the various methods allowed for cross-validation, and conclusions and recommendations were made with greater certainty.

Pragmatic research is less concerned about the nature of reality than the other paradigms, and uses social action as a basis for knowing, while focusing on useful questions. This paradigm, that is problem-centred and real-world practice orientated, is extremely suited to S-as-P research that focuses on the doing of strategy. When research is classified as pragmatic, the methods chosen are those that are deemed to have the ability to meet the overall research objective and there is no limitation regarding the type of method employed (Ivankova *et al.*, 2016:303).

The inquiry strategy applied in the research on which this thesis is based is discussed in the following section is informed by the pragmatic research paradigm.

1.11.2 Inquiry strategy

The research on which this thesis is based has a sequential, exploratory inquiry strategy, where there is an emphasis on the quantitative method (quan →QUAL). The sequential design of the inquiry strategy is visually presented in Figure 1.6.

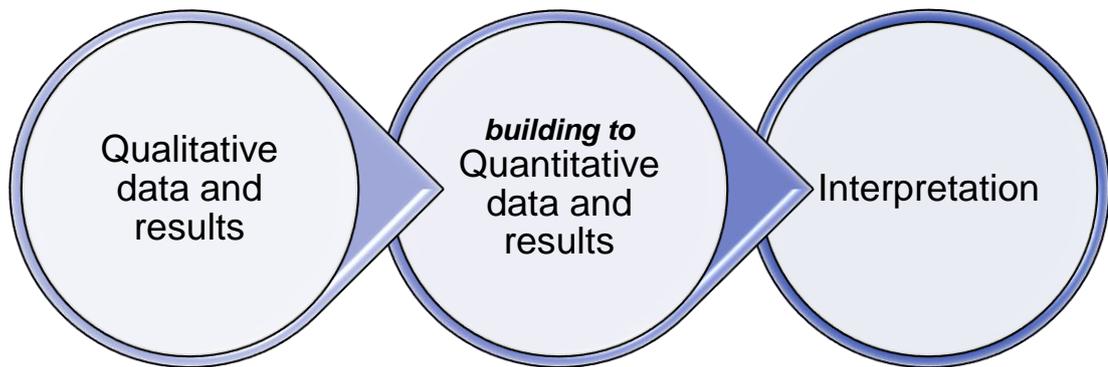


Figure 1.6: Sequential design of exploratory research

Source: Own compilation

In a sequential, exploratory research design, where one phase of the research builds onto the next, samples are drawn from complementary populations. The first, the qualitative sample, was a sample non-randomly drawn from the South African population of senior strategists (strategists with more than five years' experience in the practice of strategy). The second, the quantitative sample, was a sample non-randomly drawn from the English-speaking BNI population (Ivankova *et al.*, 2016:303). The inquiry strategy of this thesis is classified as empirical, exploratory, deductive and descriptive (Bryman & Bell, 2015:47; Mouton, 2001:Chapter 10). Table 1.1 provides clarity on these four terms.

Table 1.1: Inquiry strategy of the study

Empirical research	Empirical research is research based on the actual observation and measurement of a phenomenon.
Exploratory research	The aim of exploratory research is the discovery of new ideas and insights.
Deductive theory	The researcher(s) deduces research propositions based on what is known. These research propositions are subsequently scrutinised empirically, and based on the findings, are either supported or not. This is done in Chapter 3 hereof.
Descriptive research	Descriptive research is aimed at describing the phenomenon being investigated.

Sources: Bryman & Bell, 2015:47; Mouton, 2001: Chapter 10.

1.11.3 Logic linking the inquiry strategy with the research objectives

Given the lack of theory on the creation of a collective benefit within a networked environment, an investigation aimed at exploring and creating a deep understanding of the topic under investigation, collective benefit, using both qualitative and quantitative methods, is most likely to yield a best model of the construct.

1.11.4 Research structure

The thesis is structured unconventionally, and the content is presented in either article (published academic paper), or manuscript (working paper) format. As such, each chapter contains a literature -, methodology -, findings -, conclusions - and recommendation sections. The articles/manuscripts each focus on different aspects of the overarching theme of the thesis: collective benefit. These five academic manuscripts can be viewed as five separate, interlinked and sequential phases of one study, although as such, some duplication of literature and results may be observed. The research structure is very similar to the structure used by Sigalas, Pekka Economou, and Georgopoulos (2013:322) when developing a measure for competitive advantage. Not only does this increase the validity and reliability of the results, it also allows the reader to directly compare the two resulting models. The research is, therefore, structured as depicted in Figure 1.7..

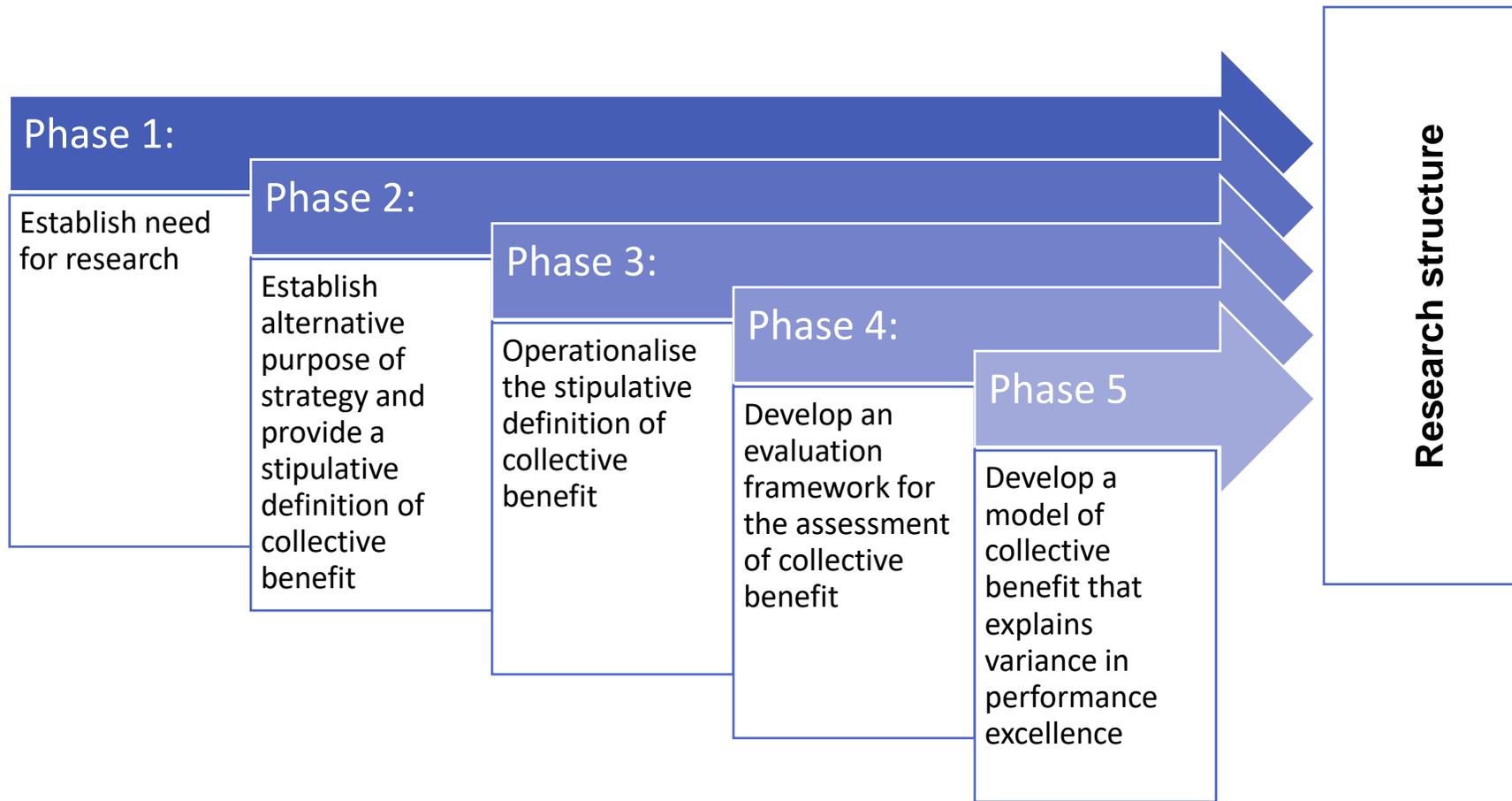


Figure 1.7: Research structure

Source: Own compilation

The five phases of the study can be further described and classified with relation to the purpose it serves in the broader thesis theme (Yin, 2011:102), namely:

- Phase 1: Exploratory research, exploring the research lens of the research on which this thesis is based.
- Phase 2: Exploratory research, exploring the broad research theme or topic under investigation;
- Phase 3 to 5: Descriptive research, developing a theory relating to the broad research theme or topic under investigation.

The next section discusses the research methods that were used in each phase of the research on which this thesis is based.

1.11.4.1 Phase 1

This phase comprises Chapter 2, an article which is titled: “The next step in the strategy-as-practice evolution: a comparative typology matrix”.

Table 1.2 summarises the research objectives and design associated with Phase 1 of the study. The methodologies used are discussed in detail in the methodology section (Section 2.5 of Chapter 2).

Table 1.2: Phase 1 - Research objectives and methods

PHASE 1: UPDATING THE S-AS-P RESEARCH AGENDA	
Research objective addressed	RO₁ : The first phase of the research on which this thesis is based, aimed at creating context for the study.
Research purpose	To place the thesis within the realm of S-as-P research.
Research type	Qualitative research
Research subject	S-as-P research
Research methodology	Content analysis
Data type	Narrative data
Narrow level data-collection unit	Related literature sources
Logic linking data to objectives	This article aims to develop a comparative version of the Jarzabkowski and Spee (2009) typology matrix. By doing so, the researchers can indicate whether there is indeed a current S-as-P need for the research on which this thesis is based.
Exploratory research	This phase of the research can be regarded as exploratory as it seeks to uncover themes, sub-themes and patterns which will inform the context of the research phases to follow.
Trustworthiness	Trustworthiness was ensured by: <ul style="list-style-type: none"> ▪ The sequential research process is easily replicable. ▪ Separate classification of works that appear on S-as-P website, compiled by two researchers (main researcher and research supervisor). ▪ Comparison of findings. ▪ Third party consultation on differences in opinion.

1.11.4.2 Phase 2

Phase 2 comprises Chapter 3, a manuscript which is titled: “The affordance niche collective benefit: is this the true 21st century purpose of strategy?”

Table 1.3 summarises the research objectives and design associated with Phase 2 of the research on which this thesis is based. The methodologies employed during this phase of the study are discussed in detail in Section 3.3 of Chapter 3.

Table 1.3: Phase 2 - Research objectives and methods

PHASE 2: UNBUNDLING THE AFFORDANCES NICHE, COLLECTIVE BENEFIT	
Research objective addressed	RO_{2 and 3} : The second phase of the research on which this thesis is based aims to reduce the complexity related to the creation of collective benefit, by providing a robust stipulative definition of the construct.
Research purpose	To unbundle the affordance niche, collective benefit.
Research type	Qualitative research
Research subject	Collective benefit
Research methodology	Thematic enquiry Content analysis
Data type	Narrative data
Narrow level data-collection unit	Related literature sources Interviews with senior strategists
Logic linking data to objectives	This manuscript, through a thematic analysis, will from literature and interviews with senior strategists, position collective benefit as a viable alternative to competitive advantage as the purpose of strategy, determine what collective benefit is, and posit a stipulative definition of collective benefit.
Trustworthiness	This phase of the research can be regarded as exploratory as it seeks to uncover themes, sub-themes and patterns which will inform a stipulative definition of collective benefit that will direct the research phases to follow. Observing themes and patterns across various sources of data and through various methods allows thematic, as well as methodological rigour to be established. Data and methodological triangulation was used to ensure the reliability and validity of the conclusions made. Transferability was ensured by creating thick descriptions of the construct under investigation, namely collective benefit. Trustworthiness is further established by applying the criterion used, as well as by replicating the methodology of Sigalas <i>et al.</i> (2013:321).
Strategy-as-practice perspective	Domain F : The thesis analyses the strategic practices of aggregate practitioners across various businesses (macro practice).

1.11.4.3 Phase 3

Phase 3 comprises Chapter 4, a manuscript which is titled: “An operational definition of collective benefit”.

This phase is aimed at reconstructing the architecture of collective benefit by developing an operational definition of collective benefit. Table 1.4 summarises the research objectives and designs associated with Phase 3 of the research study. The methodologies used are discussed in detail in Section 4.5 of Chapter 4.

Table 1.4: Phase 3 - Research objectives and methods

PHASE 3: DEFINING COLLECTIVE BENEFIT	
Research questions addressed	RO₄ : The third phase of the research on which this thesis is based aims to providing a comprehensive operational definition of collective benefit.
Research purpose	To compose a comprehensive operational definition of collective benefit.
Research type	Pragmatic research.
Research subject	Collective benefit.
Research methodology	Semi-structured Interviews. Iterative questionnaires conducted with interview participants.
Data type	Narrative and numeric data.
Narrow level data-collection unit	Senior strategists employed at businesses in various industries.
Logic linking data to objectives	Cognitive interviews with senior strategist enabled the researchers to review the opinions of non-academics to establish the relevance of the construct under investigation. Mixed data sources enabled researchers to gain both a broad and deep understanding of the research subject, by considering data collected from multiple viewpoints.
Trustworthiness / Reliability and validity	This phase of the research can be regarded as exploratory as it seeks to uncover themes, sub-themes and patterns which will inform an analytical framework and will direct the research phases to follow. Observing themes and patterns across various sources of data and through various methods allows thematic as well as methodological rigour to be established. Reliability and validity of the methods used have been established and various statistical analyses have been applied. Transferability was ensured by creating thick descriptions

PHASE 3: DEFINING COLLECTIVE BENEFIT	
	of the construct under investigation, namely collective benefit. Trustworthiness is further established by replicating the methodology of Sigalas <i>et al.</i> (2013:321).
Strategy-as-practice perspective	Domain F: The manuscript analyses the strategic practices of aggregate practitioners across various businesses (macro practice).

1.11.4.4 Phase 4

Phase 4 comprises Chapter 5, a manuscript which is titled: “Unbundling the affordances niche, collective benefit: an evaluation framework”.

This phase is aimed at unbundling the affordance niche, collective benefit, and subsequently offering an evaluation framework that strategists could use to create collective benefit. Table 1.5 summarises the research objectives and design associated with Phase 4 of the research on which this thesis is based. The methodologies used are discussed in Section 5.3 of Chapter 5.

Table 1.5: Phase 4 - Research objectives and methods

PHASE 4: DOING COLLECTIVE BENEFIT	
Research questions addressed	RO₅: The fourth phase of the research on which this thesis is based aims to provide a reliable evaluation framework of collective benefit.
Research purpose	To develop an evaluation framework of collective benefit
Research type	Quantitative research
Research subject	Collective benefit
Research methodology	Online questionnaires
Data type	Narrative and numeric data
Narrow level data-collection unit	Members of an economic network
Logic linking data to objectives	The sequential design of the research on which this manuscript is based enabled the researchers to explore the concept of collective benefit in detail.
Reliability and validity	The reliability and validity of the results were ensured by addressing the assumptions inherent to the statistical analyses of the data on which the findings are based. The

PHASE 4: DOING COLLECTIVE BENEFIT	
	statistical analyses used are similar to that of Sigalas <i>et al.</i> (2013:321) which increases the reliability of the evaluation framework.
Strategy-as-practice perspective	Domain F: The manuscript analyses the strategic practices of aggregate practitioners across various businesses (macro practice).

1.11.4.5 Phase 5

Phase 5 comprises Chapter 6, a manuscript which is titled: “A small business perspective on the impact of collective benefit on shared prosperity”.

This phase is aimed at constructing a Model of Collective Benefit that explains some of the variance that has been observed in the performance of the network. Table 1.6 summarises the research objective and design associated with Phase 5 of the study. The methodology used in this phase closely follows that of Papastamatelou, Busch, Ötken, Okan, and Gassemi (2016), thereby increasing the validity of the resulting model which is detailed in Section 6.10 of Chapter 6.

Table 1.6: Phase 5 - Research objectives and methods

PHASE 5: A MODEL OF COLLECTIVE BENEFIT	
Research questions addressed	RO₆: The final phase of the research on which this thesis is based aims to develop a credible Model of Collective Benefit.
Research purpose	To develop a Model of Collective Benefit
Research type	Quantitative research
Research subject	Collective benefit
Research methodology	Online questionnaires
Data type	Numeric data
Narrow level data-collection unit	Members of an economic network
Logic linking data to objectives	The sequential design of the research on which this manuscript is based enabled the researchers to explore the concept of collective benefit in detail.
Reliability and validity	The reliability and validity of the results were ensured by addressing the assumptions inherent to the statistical analyses of the data on which the findings are based. The statistical analyses used are similar to that of

PHASE 5: A MODEL OF COLLECTIVE BENEFIT	
	Papastamatelou <i>et al.</i> (2016:79) which increases the credibility of the model.
Strategy-as-practice perspective	Domain F: The manuscript analyses the strategic practices of aggregate practitioners across various businesses (macro practice).

1.12 NATURE AND FORM OF RESULTS

The research findings have been and will be presented as:

- a PhD thesis, for examination by the Department of Business Management at the University of Pretoria, South Africa; and
- five manuscripts, in the working paper repository of the University of Pretoria.
- five published articles, in accredited journals.

1.13 ETHICAL IMPLICATIONS

Ethics are subjective societal norms accepted by a group of people (society) that guide a specific society's perception of acceptable behaviour under a given set of circumstances.

Ethical clearance for the research on which this thesis is based, was obtained from the Faculty of Economic and Management sciences at the University of Pretoria, prior to the commencement of the research. The ethical clearance certificate can be found in Appendix A.

The research on which this thesis is based adhered to the following code of ethics:

- **Copyright:** The researcher has to the best of her ability ensured that all information obtained is free from any copyright infringements;
- **Plagiarism:** The researcher has to the best of her ability ensured that due credit is given to any and all authors consulted in the research process;
- **Voluntary participation:** The researcher has to the best of her ability ensured that participants are aware that participation in the research on which this thesis is based is voluntary and that they have the right to withdraw from the research study at any point without any negative consequences;

- **Financial / Non-financial incentives:** The researcher has at all time ensured the participation of participants was not encouraged through financial or non-financial incentives;
- **Physical or psychological harm:** The researcher has to the best of her ability endeavoured to ensure the physical and psychological safety of participants;
- **Informed consent:** The research has been conducted with the explicit written consent from all the participants and interview participants when making a video and or audio recording of the interview. Appendix B contains the informed consent form that the interview participants signed. The informed consent form used to obtain informed consent from questionnaire participants was incorporated as question 2 of the questionnaire. The questionnaire can be viewed online using the following link:

https://pretoria.eu.qualtrics.com/jfe/form/SV_blluoPR1r0j9h11

- **Confidentiality and anonymity:** The research has at all times adhered to participants' requests for their identity to remain confidential;
- **Deception:** The researcher has at all times truthfully informed participants of all aspects of the study;
- **Internet privacy and security:** The researcher, through the selection of a reputable third-party web-based survey service provider, has ensured participants' privacy and security while conducting the questionnaire on the web;
- **Archiving and data storage:** The researcher will ensure that all information and data obtained are securely stored online for a period of 5 years;
- **Objectivity, honesty and integrity:** The researcher has at all times endeavoured to conduct the research with objectivity, honesty and integrity;
- **Fabrication / Falsification of data:** The researcher has at no time fabricated or falsified any information or data obtained; and
- **Misleading / false reporting of finding:** The researcher has reported any and all findings truthfully and in a manner that is easily understood to avoid misleading the readers thereof.

1.14 CHAPTER BREAKDOWN AND ABSTRACTS

Figure 1.8 briefly outlines the chapters of the thesis resulting from the research.

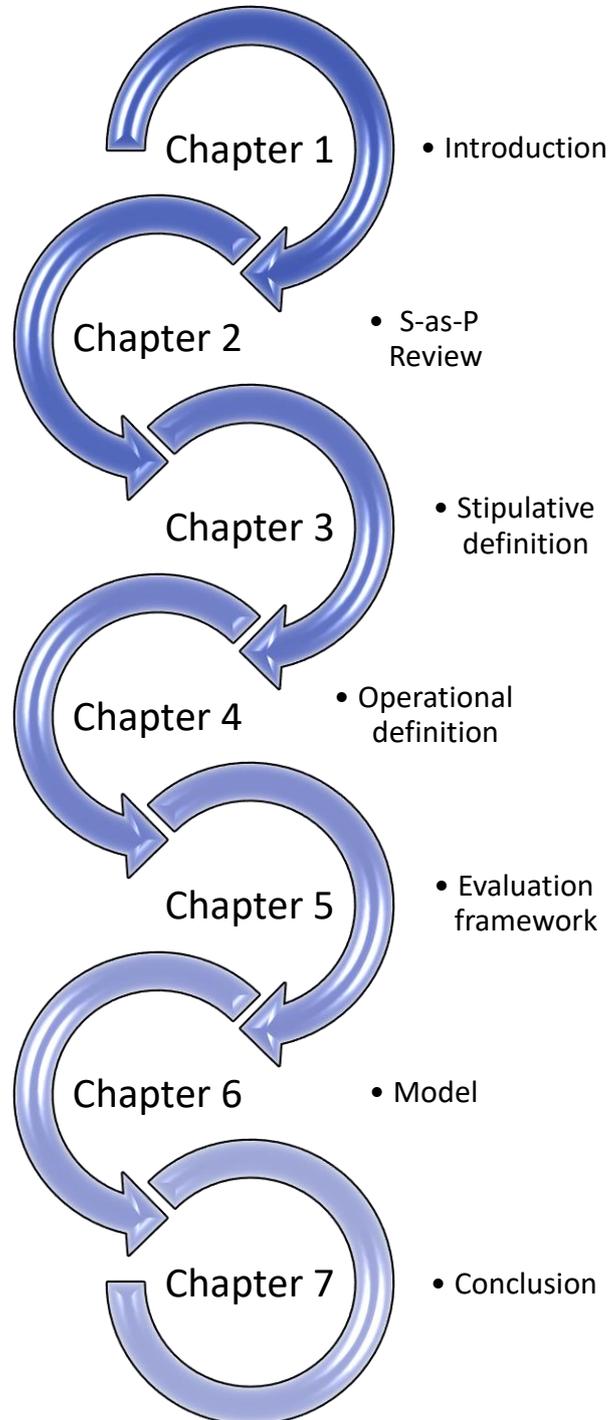


Figure 1.8: Chapter breakdown

Source: Own compilation

Unconventionally, due to the article and manuscript format of the chapters, the abstracts, as opposed to the traditional chapter summaries, of Chapters 2 to 6 are presented below.

NOTE TO READER

The term 'study' is used in Chapter 2 to indicate research on which this thesis is based.

1.14.1 Chapter 2: Abstract

At the time this thesis was presented for examination, Chapter 2 had been published in the journal *Acta Commercii* and can be accessed using the following link:

<https://www.actacommercii.co.za/index.php/acta/rt/printerFriendly/328/535>

The abstract and chapter presented herein are copies of the final published work and should be referenced as such. It should also be noted that the abstract and work have been formatted in line with the requirements of the journal.

Orientation: In 2009, Strategy-as-Practice (S-as-P) research, as a subfield of strategy research, was grouped into nine different domains, and researchers were advised to frame their research within these domains. The papers or works (herein used interchangeably) published with S-as-P as subject, were counted, categorised, and a typology matrix was constructed. Researchers use this count to indicate a need for research in a specific domain.

Research purpose: The main purpose of this study is to construct a comparative S-as-P typology matrix which accurately depicts the number of papers published in each domain between 2008 and 2015.

Motivation for the study: The S-as-P typology matrix was first published in 2009 (Jarzabkowski & Spee, 2009), and at the present moment, six years later, authors still use the number of papers counted in each of the S-as-P domains to indicate a research gap.

Research design, approach and method: A content analysis of all papers, listed by authors as on the official S-as-P website, was conducted. The papers were disseminated and key variables were counted.

Main findings: The comparative typology matrix indicates that relative to other domains, Domain D appears overly researched, while no research has been done into Domains C and H from 2008 to 2015.

Practical/managerial implications: The comparative S-as-P typology matrix allows researchers to accurately evaluate the need for research within the chosen domain.

Contribution/value-add: The comparative typology matrix should prevent, as is the case currently with Domain D, that domains are over-researched, while others receive no research attention.

1.14.2 Chapter 3: Abstract

Conventionally, the purpose of business-level strategy is the attainment of a competitive advantage and it is generally understood that competitive advantage yields superior performance. The locus of value-creation – central to competitiveness – has, however, shifted from the individual to a network of businesses. This article argues that within a complex networked environment, performance excellence is driven by collective benefit, rather than competitive advantage. Rooted in affordance theory, the purpose of business-level strategy is investigated. To do so, the legacy purpose of strategy, competitive advantage, and the application thereof to the networked environment have been investigated. Secondly, as the result of a systematic literature review and cognitive interviews with 12 senior South African strategists, collective benefit is proposed as an additional purpose of business-level strategy. In conclusion, based on the collected data, a stipulative definition of collective benefit is developed.

1.14.3 Chapter 4: Abstract

Chapter 3 concluded by positioning collective benefit as an alternate purpose of strategy for businesses choosing to engage the networked environment, and a conceptually clear and robust stipulative definition of collective benefit was offered. If indeed, strategists are to extract the value inherent to this strategic asset, they would need a definition that has been operationalised. By operationalising the definition, observable attributes are assigned to the current affordance bundle, which is collective benefit. The purpose of this manuscript is to attempt to develop an operational definition, based on the stipulative definition of collective benefit

developed in Chapter 3. This was done by conducting cognitive interviews with 12 senior strategists at various businesses across South Africa. The operational definition offered could increase the awareness of strategy practitioners in relation to the nature of collective benefit as an alternative for competitive advantage.

1.14.4 Chapter 5: Abstract

In an increasingly networked environment, strategic management researchers must endeavour to investigate what the networked environment affords businesses and how these affordances impact the performance of businesses. Value-creation and value appropriation has been indicated to be central to the performance of businesses. In Chapter 3 it was determined that in a networked environment, these two elements should be considered as opposing ends of a value continuum between which businesses freely move. Moreover, the thesis has determined that the purpose of strategy, afforded to businesses within the networked environment while creating value, is collective benefit. In Chapter 4, an operational definition of collective benefit was developed. In this manuscript, an evaluation framework that will denote the structure of the affordance niche, will be presented. This framework will enable strategy practitioners planning to enter a networked environment to evaluate their current strategy to determine where action is needed if the network is to yield collective benefit.

1.14.5 Chapter 6: Abstract

The networked nature of the twenty-first century has changed the way businesses approach the doing of business. Moreover, it has changed the purpose of strategy. Sustainable positive performance can no longer be obtained by only pursuing a competitive advantage. Businesses must seek to first create a collective benefit for the entire network, and then craft a strategy that will enable them to appropriate a portion of the value created. In Chapter 3 a stipulative definition of collective benefit was developed. This definition was operationalised in Chapter 4 and an evaluative framework of collective benefit was presented in Chapter 5. In this chapter, a PCA, CFA, as well as an OLS regression, are used to determine which of the affordances, identified as part of the affordance niche, collective benefit, 'hang together' (Pallant, 2011:6) and how much of shared prosperity is explained by this affordance niche.

1.15 CHAPTER SUMMARY

In this chapter the background to the research on which this thesis is based, research objectives and research structure were presented. Subsequently, the nature and form of the results were discussed and chapter abstracts were presented.

At this point it is imperative to stress that the format of Chapters 2 to 6 is unconventional. The chapters have been prepared in article or manuscript format. Each chapter, therefore, has its own literature -, methods -, results -, findings-, recommendations and summary section. These chapters all report sections of a sequential research process that has culminated in a Model of Collective Benefit. This thesis concludes with Chapter 7, in a more traditional format.

The format also implies that there will be duplication of literature and results in the manuscripts, as each of the manuscripts, while part of the study as a whole, must be able to be read and understood on its own, without reference to the previous chapters.

Chapter 2 follows, with the article that was published in Acta Commercii. The formatting of the article and in-text references were changed to ensure uniformity in the thesis.

CHAPTER 2: THE NEXT STEP IN THE STRATEGY–AS–PRACTICE EVOLUTION: A COMPARATIVE TYPOLOGY MATRIX

The article contained in Chapter 2 was published in *Acta Commercii* on 29 July 2016. The article has however been formatted to fit with the rest of the thesis. The full reference for the article is:

Stander, K. & Pretorius, M. (2016) The next step in the strategy–as–practice evolution: a comparative typology matrix. *Acta Commercii*, 16(1) Available from:<http://www.actacommercii.co.za/index.php/acta/article/view/328> [Accessed: February 12, 2018].

Figure 2.1 indicates the place of Chapter 2 in relation to the research protocol presented in Section 1.1. The research objective addressed in Chapter 2 has been highlighted in blue in Figure 2.2.

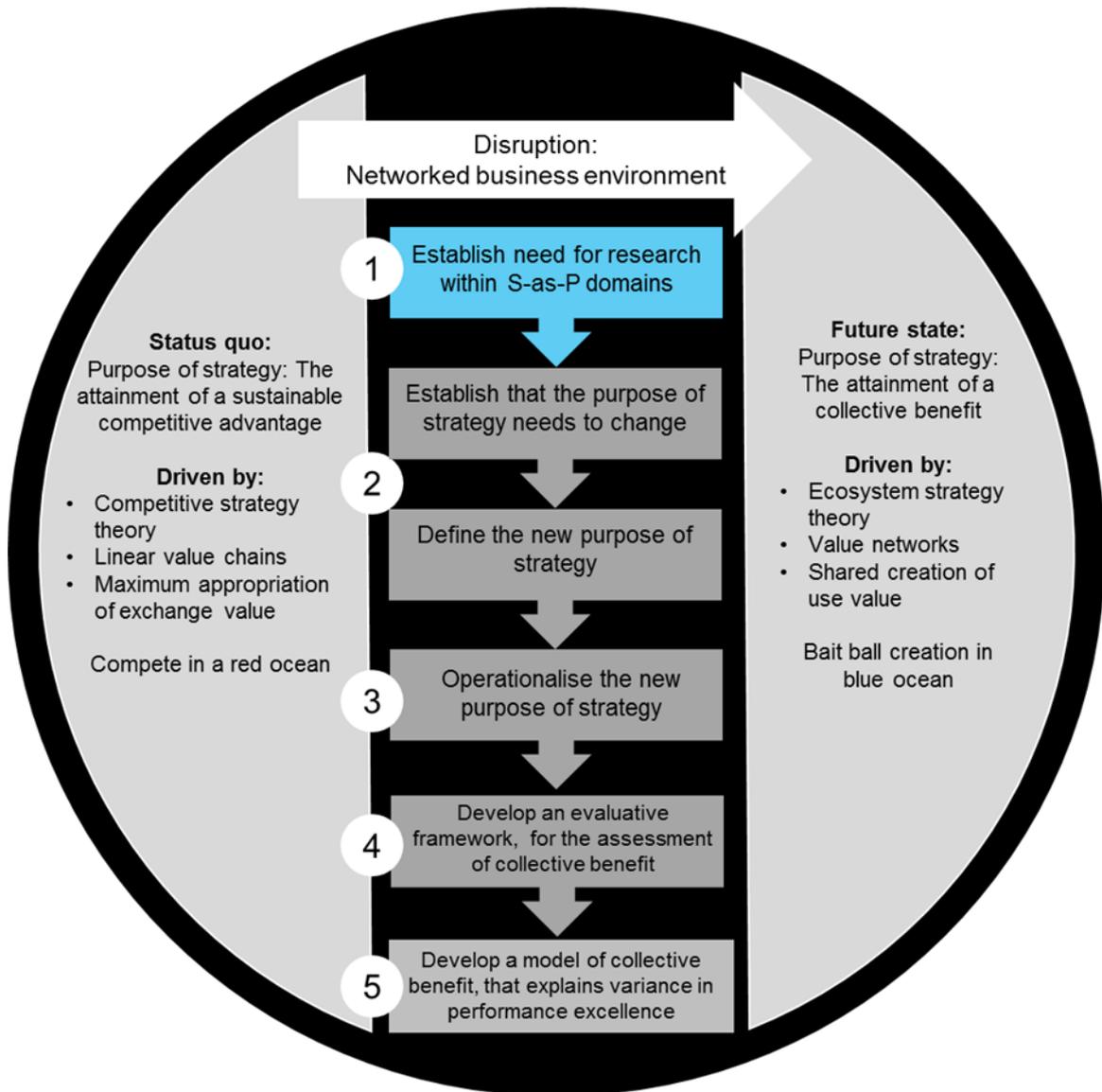


Figure 2.1: The research protocol for Chapter 2

The flow of Chapter 2 is presented in Figure 2.2.

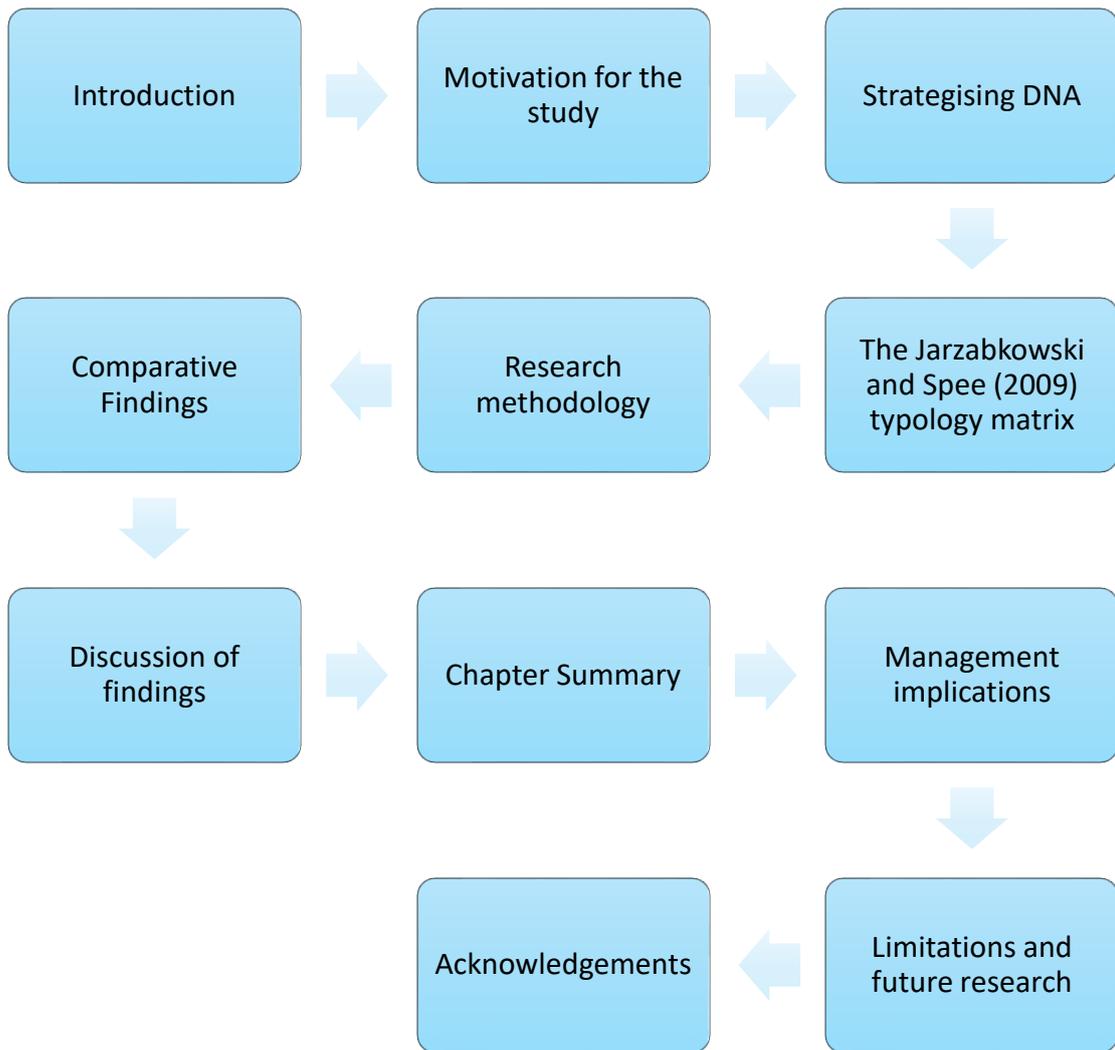


Figure 2.2: Breakdown of the components of Chapter 2

“[...] the ability of the Great White Shark to change its DNA has made it one of the great evolutionary strategists known to man [...]”

Stander & Pretorius (2016:1)

2.1 INTRODUCTION

Although traditional strategy theory might be credible in the arena of management literature, the limited economic view of the discipline, which focused on the macro level of business operations, has subsequently divorced it from the realities of strategising. The business environment of the twenty-first century has forced researchers to investigate the ‘DNA’ of strategising to discover how a business should adapt, align and change its ‘DNA’ to emerge successfully from the dynamic external environment. This change in societal preference has seen the development of a new approach to strategy, which connects the Theory of Strategy with the Practice of Strategy: Strategy-as-Practice (Dameron, Lê & LeBaron, 2015:S1; Haugstad, 1999:1; Johnson *et al.*, 2003:19; Whittington, 2002:C1, 2007:1577)

This contemporary pull for adaptation and the strategy theory that emerges from the change in societal preference (Carter, Clegg & Kornberger, 2008:83) mimics the natural evolution of the Great White Shark. This species, faced with a choice between survival and extinction, had to adapt to its changing environment by altering its deoxyribonucleic acid (DNA) (Wright State University 2005:Online; Ehret, MacFadden, Jones, DeVries, Foster & Gismond, 2012:1139). It is the ability of the Great White Shark to change its DNA that has made it one of the great evolutionary strategists known to man, giving it a predatory advantage above other shark species. Scientists, however, hold mixed opinions regarding the evolutionary origins of the Great White Shark, some suggesting its origin to be that of the prehistoric Megalodon Shark, while others suggest that the Great White Shark evolved from the Mako Shark (Ehret *et al.*, 2012:1139).

In an effort to understand the possible sources of superior rents and competitive advantage, a debate similar to the debate on the evolutionary origin of the Great White Shark exists in the field of strategy. The numerous, mutually exclusive theories of competitive advantage (such as the Market-Based View, Resource-Based View, Capabilities/Dynamic Capabilities-Based View, Relational View, Transient Advantage and Strategic Fit Theory), continue to fuel the debate even

today² . Most publications, as observed on Google Scholar³, in the strategy field explicitly position themselves in one of the theories, often by stating the selected view in the publication's title.

If in agreement that a business's strategy is its theory on how to gain competitive advantage (Barney & Hesterly, 2014:44), it can be argued that competitive advantage is central to the debate of what strategy research should seek to explain (Haugstad, 1999:1). Strategy-as-Practice (S-as-P) has been positioned as a moderator in this debate, and by explicitly seeking to explain the practice or doing of strategy, rather than getting caught up in the strategy theory debate, S-as-P examines the social practice known as strategy (Johnson *et al.*, 2003:13; Whittington, 2002:C1, 2007:1578). In biological DNA, the combination of bases to form a genetic sequence is near infinite. In a similar manner, the number of possible research topics contained in the S-as-P DNA, are near infinite. In an effort to structure S-as-P research, Jarzabkowski and Spee (2009:74) grouped research topics into nine different domains, known as the S-as-P typology matrix; this was done around two of the three elements of strategising DNA, namely Praxis and Practitioner.

This paper reviews the typology matrix of the nine widely adopted S-as-P research domains and presents a comparative version of the typology matrix. Subsequently, in an effort to explore the possible reasons for the practice movement in research, an analysis of a purposeful sample of academic works is presented. The reasons presented serve as enabling variables to S-as-P researchers by effectively shedding light on what has been done and where the gap remains⁴. Moreover, this study concludes by recommending the next step in the S-as-P evolution.

² An example of the continued debate can be found in Paladino, Widing, and Whitwell (2015: 338).

³ (Blome, Schoenher, & Eckstein, 2014:307; Dutta 2015:1; Ferlie, Crilly, Jashapra, Trenholm, Peckman & Curie, 2015:127; Molloy & Barney 2015:309).

⁴ Examples of such papers include Hardy & Thomas 2014:321 ("There is a need for more research that examines how locally negotiated meanings have organization-wide effects on strategy making."); Arvidsson, Holmström & Lyytinen 2014:47 ("Researchers have, for example, commonly investigated how these processes are shaped by actors' emotions, motivations and social and political interaction."); Strutzenberger & Ambos 2014:328.

2.2 MOTIVATION FOR THE STUDY

Since the construction of the S-as-P typology matrix in 2009 by Jarzabkowski & Spee (2009:74), it has been widely used in S-as-P research. The Jarzabkowski & Spee (2009:74) S-as-P typology matrix was constructed, and indicates the number of empirical and theoretical papers that explicitly identify with the S-as-P agenda. Numerous authors have used the Jarzabkowski and Spee (2009:74) typology matrix to identify a gap in S-as-P research, and at the time of writing this paper, the paper in which the typology matrix first appeared has been cited 423 times on Google Scholar and 116 times on Web of Science (Jarzabkowski & Spee, 2009:74). Six years after the paper count for the original typology matrix was done in 2009, authors still use the same count to indicate a research gap, and it is evident from the data collected for this paper that specific domains have been over-researched, while others have been neglected.

2.3 STRATEGISING DNA

S-as-P researchers have defined the three elements of strategising DNA (S-as-P research parameters) as (Jarzabkowski *et al.*, 2007:5; Jarzabkowski & Spee, 2009:70; Jarzabkowski & Whittington, 2008:282–285; Johnson *et al.*, 2003:16), praxis, practice and practitioners. Although the elements of strategising DNA are separately identifiable (Figure 2.1) they are intrinsically connected in such a manner that it is not plausible to study one element without drawing on some aspects of the others.

Figure 2.3, graphically depicts the complexity of strategising DNA. The top grey layer indicates the various practices that may be employed, while the bottom grey layer indicates the numerous practitioners that may be involved in strategising. In an effort to facilitate an understanding of strategising DNA, only two practices and two practitioners were employed in this graphical illustration (Figure 2.3). It is however, necessary to note that there may be an unlimited number of both practices and practitioners. The arrows in Figure 2.3 indicate praxis as the flow between the various practices and practitioners over time. It is interesting to note the visual similarity between strategising DNA (Figure 2.3) and the double helix of biological DNA (Figure 2.4)

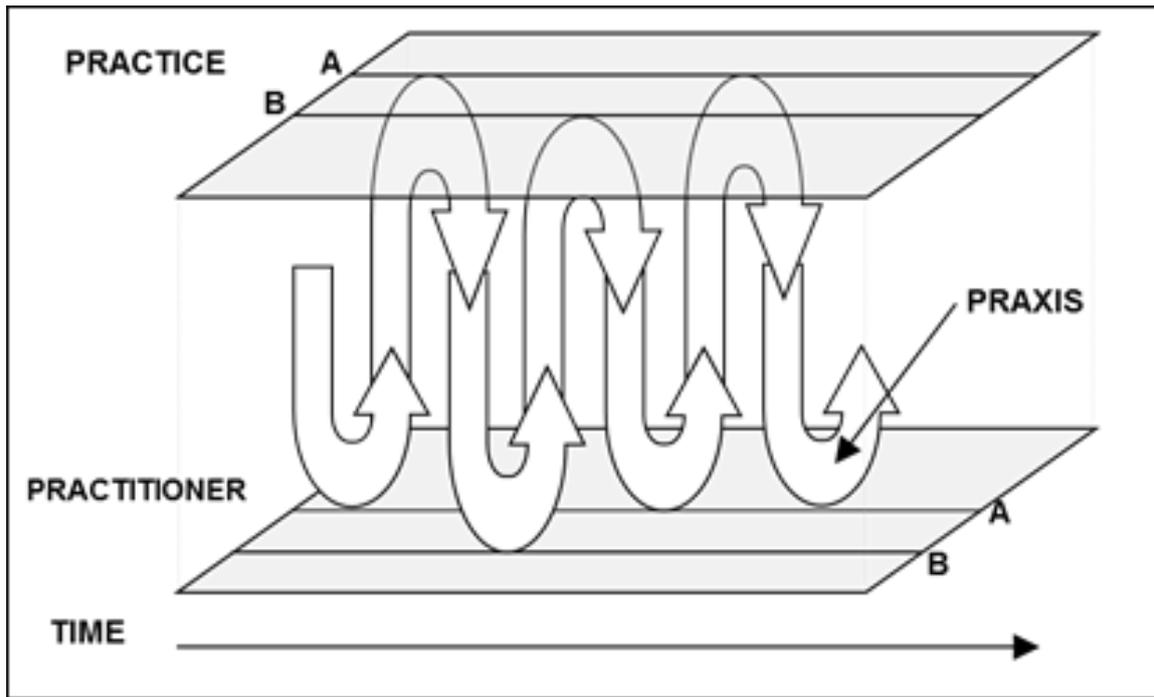


Figure 2.3: Strategising DNA

Adapted from: Whittington 2002:C6

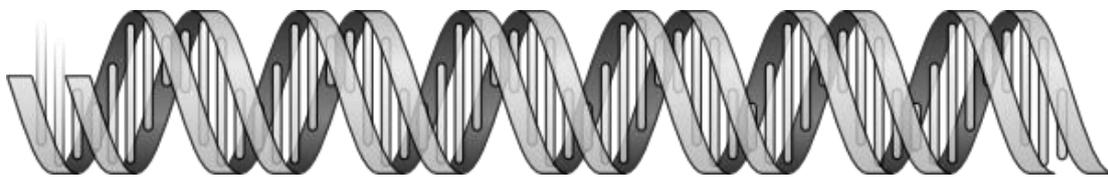


Figure 2.4: Double Helix of Biological DNA

Online image credit: All-free-download.com 2015

2.3.1 Praxis

Strategy praxis comprises of the interconnections between the actions of, and utilisation of resources by practitioners, the business's actors and the business within which these individuals and groups act. This flow of activity is however, not only in a singular direction, as these actions might run parallel, might intersect, might diverge from or depend on each other or even collide (Campbell-Hunt, 2007:798; Jarzabkowski & Spee, 2009:73).

The interconnections of actions flow from a complex system which brings the independent actions of practitioners together, from which order (repeated action cycles) – known as action feedback loops – will eventually arise. These action feedback loops can be either (Campbell-Hunt, 2007:797):

- Positive, enabling the evolution of internal processes, systems and capabilities that ensure the adaptation of a business to its external environment (often resulting in the automatic correction of problems that top management might even be unaware of); or
- Negative, breaking down essential processes needed for the business's survival in the rapidly changing external environment.

2.3.2 Practitioners

These are the people (human actors) who do the work of strategy, including, but not limited to, the internal actors (in the employ of the business) on all levels in the business involved in the process of strategising; and the external actors (for example, consultants, regulators and analysts) that exert influence to shape the realised strategy of a business (Jarzabkowski *et al.*, 2007:5; Jarzabkowski & Spee, 2009:72; Jarzabkowski & Whittington, 2008:282–285; Johnson *et al.*, 2003:14).

2.3.3 Practices

Strategy practices are the social, symbolic and material tools that practitioners use during the 'doing of strategy'. These include, but are not limited to:

- Strategy models that are used in everyday strategy jargon, such as a SWOT analysis, the five forces model, and the BCG Growth Matrix;
- The material artefacts and technology, such as PowerPoint presentations and flipcharts, used in performing the action of strategising; and
- The background knowledge of the specific practitioner.

The use of these practices is essential to the doing of strategy and are also known as the cognitive, behavioural, procedural and physical resources that practitioners use to interact with business actors in order to accomplish the social activity of strategy (Jarzabkowski *et al.*, 2007:5; Jarzabkowski & Spee, 2009:71; Jarzabkowski & Whittington, 2008:282; Johnson *et al.*, 2003:3).

Given the nearly unlimited number of combinations between the three elements of strategising DNA, Jarzabkowski and Spee (2009:74), constructed a typology matrix aimed at providing research parameters for the S-as-P research field.

2.4 THE JARZABKOWSKI AND SPEE (2009) TYPOLOGY MATRIX

The Jarzabkowski and Spee (2009:74) typology matrix was constructed, following an extensive review of literature, around two of the three key elements of the S-as-P DNA, namely, Praxis and Practitioner.

Praxis is where action and operation meet, the flow of activity between society and what individual people are doing (Sztompka, 1991:96). Praxis refers to the reasoning behind the practice or the phenomenon that is being explained. More specifically:

- 1 Micro-level Praxis, seeking to explain strategic reasoning at individual or group level,
- 2 Meso-level Praxis pitched at business and sub-business level, and
- 3 Macro-level Praxis, which includes research that seeks to explain strategy praxis at institutional and industry level.

Strategy practitioners were also grouped into three groups namely: 1) individual, internal practitioners; 2) aggregate (groups) practitioners within the business; and 3) external aggregate practitioners. The nine domains, which together constitute the Jarzabkowski and Spee (2009:69) typology matrix, are as follows:

2.4.1 Domain A

Domain A includes those studies that have examined individual actors, focusing on micro-level Praxis. These papers typically focus on an individual's experience and how this impacts the strategising abilities of the individual. In illustrating the nature of Domain A research, Jarzabkowski and Spee (2009:75) propose the following broad research question while indicating that this question could be studied from multiple angles: "What are the strategy implications in the way John, the CEO, and Sally, the CFO, negotiate over a particular strategic target?" Research that was done in this domain includes, but is not limited to: 1) Cornelissen, Mantere, and Vaara (2014:669) who investigated how the strategic outcome of an event was impacted by the way in which it was framed by various individuals, and 2) Vaara and Pedersen (2013:593) who investigated how strategy narratives (stories) enabled or constrained the strategic sense-making of individuals.

2.4.2 Domain B

Domain B includes those studies that have examined individual actors, focusing on business and sub-business level Praxis. Domain B papers mostly focus on how the activities of individual's shape business strategy. The following broad research question is used to illustrate the nature of Domain B research: "What are the implications of the interactions between the six members of a project team for implementing the new strategic direction?" (Jarzabkowski & Spee, 2009:76). An example of a paper that falls within this domain is the work done by Ma, Seidl, and Guérard (2015), where the CEO post-succession process was investigated.

2.4.3 Domain C

Domain C includes those studies that have examined individual actors, focusing on macro-level Praxis. These studies often seek to explain institutional, market or industry actions from the individual's perspective. Vaara, Kleymann, and Seristo's (2004:1) study, that explained how alliances became a legitimate strategy within the airline industry, is used as an example of Domain C research. The authors drew upon a pool of multi-level airline employees from several airlines and examined how individual specific action influenced the establishment of alliances as the dominant form of competition in the airline industry.

2.4.4 Domain D

Domain D includes those studies that have examined aggregate actors (grouped according to position or function), focusing on micro-level Praxis. The following broad research question is proposed as an illustration of the nature of Domain D research: "How do the interactions between top and middle management within a strategy workshop, shape the conduct and outcome of that workshop?" (Jarzabkowski & Spee 2009:77). The most recent paper in Domain D, to be included on the S-as-P official bibliography is that of Demir (2015:S125) who investigated how strategy actors, notwithstanding their physical absence, inculcate strategic behaviour in businesses.

2.4.5 Domain E

Domain E includes those studies that have examined only one or multiple classes of aggregate actors, often comparing the influence of different classes on business

strategy. In illustrating the nature of Domain E research, Jarzabkowski and Spee (2009:78) propose the following broad research question: "How does the Praxis of different business units in implementing a business-wide change programme, influence their perceptions of the success of that programme?" Domain E is eloquently illustrated by the work of Balogun, Best, and Lê (2015:1285) who investigated how the actions of frontline workers influence the realised strategy of the business.

2.4.6 Domain F

Domain F includes those studies that have examined aggregate actors within the business and macro-level Praxis. The following broad research question is proposed as an illustration of the nature of Domain F research: "How do executive directors in retail businesses take account of an attempt to influence the industry analyses that shape investment in their industry?" (Jarzabkowski & Spee, 2009:78).

2.4.7 Domain G

Domain G includes those studies that have examined how external aggregate actors shape micro-level Praxis. Domain G studies, for example, include but are not limited to, studies that examine the influence of strategy consultants on the praxis of strategy workshops. McKinlay, Carter, Pezet, and Clegg (2010:1012) conducted research in this domain when they investigated the impact of Foucault's concept of governmentality on understanding strategy.

2.4.8 Domain H

Domain H includes those studies that focus on the relationship between external aggregate actors and strategy Praxis at business and sub-business level. The following illustrative research question brings Domain H into focus: "What practices do environmental groups draw upon in an attempt to influence the inclusion of environmental considerations within an oil business's strategy?" (Jarzabkowski & Spee, 2009:80).

2.4.9 Domain I

Domain I includes those studies that focus on the relationship between external aggregate actors and macro-level Praxis. In illustrating the focus of Domain I research, the following research question is proposed: "Do banks' formal borrowing

requirements shape strategic plans and planning procedures of small-and-medium-sized enterprises (SMEs) and, if so, in what ways?" (Jarzabkowski & Spee, 2009:80). Domain I research is best illustrated by Vaara (2014:500) who aimed to enlighten scholars on the "discursive and ideological underpinnings of the social, political and financial crisis in Greece and other European countries".

2.5 RESEARCH METHODOLOGY

Approached from a positivist-interpretivist paradigm and triggered by practical experience, this paper is aimed at updating the Jarzabkowski and Spee S-as-P typology matrix (2009). A content analysis was conducted of all papers, listed by authors, on the official S-as-P website. The authors obtained the original versions of the papers and disseminated the information contained in the abstracts (if information on practice and or praxis was not indicated in the abstract, the methodology section was consulted), titles, keywords and list of authors. The praxis and practitioner identified as the subject of the paper, keywords and authors were imported into an Excel document, characterised and counted.

The typology matrix was updated by conducting a qualitative study which included a critical evaluation, classification and autonomous count (Hannah & Lautsch, 2011:16) of the 394-works included in the official S-as-P bibliography. The works were first evaluated against the set of criteria listed below. Inclusion criteria formed the baseline against which papers were screened, while the exclusion criterion enabled the accurate reflection of the current S-as-P research gap, where as such, a paper was only included in the comparative typology matrix if:

- it is listed on the official S-as-P bibliography (Cass Business School, 2018:Online.);
- the researchers could identify a strategy practitioner;
- the identified practitioner was a legal or a natural person; inanimate objects, such as strategic plans were not considered practitioners;
- academic works were published from 2008 to 2015;
- papers were not methodological in nature, meaning that they addressed only the research methodology or the S-as-P research agenda, used in S-as-P research;

- the paper was published in an academic, peer reviewed journal (academic works published in theses and textbooks were not considered); and
- the paper was published in English.

Of the 394 academic works that appear in the official S-as-P Bibliography, 268 were published between 2008 and 2015. Of the 268, 77 works adhered to the criteria that the research used to include works in the comparative typology matrix. Only three of the works counted in the original typology matrix were published within the 2008 to 2015 time limit, but these works did not adhere to the other criteria, and were not included.

The classification of works into domains was done separately by both the researchers, with the help of two research assistants. Results were compared and where there were differences, a third party was consulted and consensus was reached. The nine domains are seen as distinctly separate areas of research, but are not considered to be mutually exclusive; as such, some works appear in more than one domain, and these works have been counted in each of the applicable domains. This is again in line with the methodology used by Jarzabkowski and Spee (2009:70), wherein overlapping papers were counted in both domains

In order to establish the publication pattern for the 2008 to 2015 period, an autonomous count was conducted of the classified papers, and the original typology matrix was updated to reflect the count (Hannah & Lautsch, 2011:16). The papers that were counted and included in the updated matrix, the domain in which they fall, whether they make empirical or theoretical contributions, the practitioners and the praxis investigated, are summarised in Table 2.1.

Table 2.1: List of works counted in updated S-as-P typology matrix

CITATION	DOMAIN		THEORETICAL / EMPIRICAL**	PRACTITIONER	PRAXIS
Balogun <i>et al.</i> , 2015:1285	E		E	Frontline workers	Realised strategy
Demir 2015:S125	D		E	Strategy Actors	Affordances
Jarzabkowski & Lê, 2017:Abstract	D		E	Business actors	Paradox
Schmachtel, 2016:Abstract	I		E	Partnerships	Discourse
Laine, Meriläinen, Tienari & Vaara, 2016:Abstract	E		E	Strategists	Performance identity
Cornelissen, Durand, Fiss, Lammers & Vaara, 2015:10	E		T	Institutions	Communication
Kroon, Cornelissen & Vaara, 2015:775	E		E	Multi-National Corporations	Language
Laamanen, Lamberg & Vaara, 2016:Abstract	D		E	Management team	Management learning
Joutsenvirta & Vaara, 2015:741	D		E	Project Team	Discursive legitimisation
Menz & Scheef, 2014:461	D		E	Chief Strategy Officers	Antecedents and performance consequences
Sorsa, Pälli & Mikkola, 2014:56	D		E	Managers	Discourses in performance appraisal interviews

CITATION	DOMAIN	THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS
Abdallah & Langley, 2014:235.240	A	E	A Top Manager	Ambiguity
Dameron & Torset, 2014:291	D	E	Strategy practitioners	Tensions
Fahy, Easterby-Smith & Lervik, 2014:123	E	E	Business communities	Temporal dynamics
Healey, Hodgkinson, Whittington & Johnson, 2015:507	D	E	Workshop participants	Effectiveness
Ma <i>et al.</i> 2015	B	E	CEO	The post-succession process
Cornelissen <i>et al.</i> , 2014:Abstract	A	E	The individual	Sense-making
Vaara, 2014:500	I	E	Media	Legitimation
Vaara & Pedersen, 2013:593	A	T	Practitioners	Strategy narratives
Sugarman, 2014:141	D	E	The individual	Dynamic capabilities
Peltokorpi & Vaara, 2014:600	D	T	Multi-National Corporations	Language-sensitive recruitment
Vaara, Junni, Sarala, Ehnrooth & Koveshnikov, 2014:1302	D	E	Managers	Merger and acquisition performance
Baeta, Brito & Souza, 2014:17	E	E	Public Universities	Discourse

CITATION	DOMAIN	THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS	
Mueller, Whittle, Gilchrist & Lenney, 2013:17	D		E	Senior managers	Sense-making of politics
Salih & Doll, 2013:78	D		E	Middle Managers	Strategy implementation
Vesa & Franck, 2013:23	D		E	Managers	Temporality of strategy
Jarzabkowski, Lê & Van de Ven, 2013:245	D		E	Managers	Coping mechanisms
Jarzabkowski, Spee & Smets, 2013:41	D		E	Underwriting managers	Material artefacts
Paroutis & Heracleous, 2013:935	D		E	Strategy directors	First-order strategy discourse
Liu & Maitlis, 2014:202	D		E	Top management team	Strategy discourse
Wright, Paroutis & Blettner, 2013:92	D		E	Managers	Strategic tools
Küpers, Mantere & Statler, 2013:83	D		E	Non-senior stakeholders	Story telling
Pretorius & Stander, 2012:83	G	I	T	Consultants	Strategising process
Rouleau & Balogun, 2011:953	D		E	Middle managers	Enactment of strategic roles
Denis, Dompierre, Langley & Rouleau, 2011:225	D		E	Strategic decision makers	Escalating indecision
Mantere, Schildt & Sillince, 2012:172	D		E	Managers	Change management

CITATION	DOMAIN		THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS
Vaara & Tienari, 2011:370	E		E	Ante-narratives	Change management
Kaplan, 2011:320	D		E	Managers	Strategy making
Spee & Jarzabkowski, 2011:1217	B		E	Individual actors	Strategic planning
Kornberger & Clegg, 2011:136	D	F	E	City of Sydney	Strategy-making process
Ludwig & Pemberton, 2011:215	D		E	Practitioners	Dynamic capabilities
van Wessel, van Buuren & van Woerkum, 2011:262	D		E	Water managers	Strategising
Corbett-Etchevers & Mounoud, 2011:165	D		E	Business	Management ideas
Lavarda, Canet-Giner & Peris-Bonet, 2011:86	D		E	Business	Strategy formulation
Abdallah, Denis & Langlely, 2011:333	D		E	Change leaders	Transcendent discourse
Johnson, Prashantham, Floyd & Bourque, 2010:1589	D		E	Chief executive officers	Strategy workshop dynamics
Vaara, Sorsa & Pälli, 2010:685	D		E	City of Lahti	Strategic planning
Denis, Langlely & Rouleau, 2010:67	D		E	Leaders	Leadership
Fauré, Brummans, Giroux & Taylor, 2010:1249	D		E	Accounting department	Accounting process

CITATION	DOMAIN		THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS
Stensaker & Langley, 2010:7	E		E	Multi divisional	Change management
Sugarman, 2010:157	D		E	New York Police Department	Business learning
McKinlay <i>et al.</i> , 2010:1012	G		T	Managers	Strategy conceptualisation / governmentality
Suominen & Mantere, 2010:211	D		E	Managers	Strategy consumption
Erkama & Vaara, 2010:813	D		E	Negotiation team	Restructuring
Vaara & Monin, 2010:3	D		E	Various actors	Legitimation
Lavarda, Canet-Giner & Peris-Bonet, 2010:358	D		E	Middle managers	Strategy formulation
Jarratt & Stiles, 2010:28	D		E	Senior executives	Strategising practices
Hendry, Kiel & Nicholson, 2010:33	D		E	Board	Strategising
Jarzabkowski & Balogun, 2009:1255	D		E	Strategy participants	Strategic planning / integration
Spee & Jarzabkowski, 2009:223	D		T	Strategy participants	Strategic tools / emerging strategy
Kwon, Clarke & Wodak, 2009:273	D		E	Senior management	Decision construction

CITATION	DOMAIN	THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS
Angwin, Paroutis & Mitson, 2009:74	D	E	Senior strategy executives	Strategic engagement and awareness
Pälli, Vaara & Sorsa, 2009:303	D	E	City of Lahti	Strategic planning
Eppler & Platts, 2009:42	D	E	Various actors	Visualisation
Jarzabkowski, 2008:621	D	T	Top management	Structuration theory
King, 2008:345	D	E	Venture capitalists	Decision-making process
Heracleous & Jacobs, 2008b:45	D	E	Business actors	Metaphors
Kaplan, 2008:729	D	E	Managers	Cogitative frames
Mantere & Vaara, 2008:341	D	E	Various actors emphasis on non-senior	Strategy processes
Mantere, 2008:294	D	E	Various actors	Strategy processes
Nordqvist & Melin, 2008:326	B	E	Various actors	Strategic planning champions
Ezzamel & Willmott, 2008:191	D	E	Accounting department	Strategic discourse
Heracleous & Jacobs, 2008a:309	D	E	Strategists	Metaphors
Statler, Jacobs & Roos, 2008:133	D	E	Senior management	Analogical reasoning

CITATION	DOMAIN		THEORETICAL / EMPIRICAL **	PRACTITIONER	PRAXIS
Nayak, 2008:420	D		E	Managers	Creativity
Ocasio & Joseph, 2008:248	D		E	Senior management regime	Strategic planning
Voronov, 2008:195	D		E	Project team	Business learning

**E refers to empirical papers

**T refers to theoretical papers

2.6 COMPARATIVE FINDINGS

Words like strategy, strategising and strategic are widely used in modern society to emphasise the importance of many things. This colloquial use of the word strategy necessitates the defining of strategy, as viewed through the sociological eye (Hughes, 1971:5; Whittington, 2007:1575) of S-as-P researchers. In the sociological view, strategy is defined as "something that people do (an activity) with stuff in society", while strategising refers to the actions that people take and the practices they use in accomplishing the activity of strategy (Whittington, 2002:C3–C5; Jarzabkowski & Spee, 2009:69; Jarzabkowski & Whittington, 2008:282; Chia & MacKay, 2007:218).

The activity of strategy, or rather the activities that strategists use in combination with various activities in the process of strategising, is what Strategy-as-Practice, as a subfield of strategy research, seeks to explain (Cass Business School, 2018:Online). Considering that of the 77 works that adhered to the criteria and were included in the comparative typology matrix, 57 (see Table 2.2) were categorised as being in Domain D (internal aggregate actors, focusing on micro-level Praxis), it appears that S-as-P research has become foreseeable, focusing only on the activities of groups of actors within the business.

Figure 2.5 that follows below Table 2.2 is a bar graph that graphically presents the percentage change in the number of papers counted in the S-as-P research domains between 2009 and 2015.

Table 2.2 The number of papers counted in each S-as-P domain

	2009			2015			PERCENTAGE CHANGE FROM 2009
	n EMPIRICAL	n THEORETICAL	TOTAL	n EMPIRICAL	n THEORETICAL	TOTAL	
Domain A	6	1	7	2	1	3	-57.14%
Domain B	3	0	3	3	0	3	0.00%
Domain C	1	0	1	0	0	0	-100.00%
Domain D	6	0	6	56	3	59	883.33%
Domain E	16	0	16	7	1	8	-50.00%
Domain F	1	2	3	1	0	1	-66.67%
Domain G	0	0	0	0	2	2	-200.00%
Domain H	1	0	1	0	0	0	-100.00%
Domain I	1	8	9	2	1	3	-66.67%

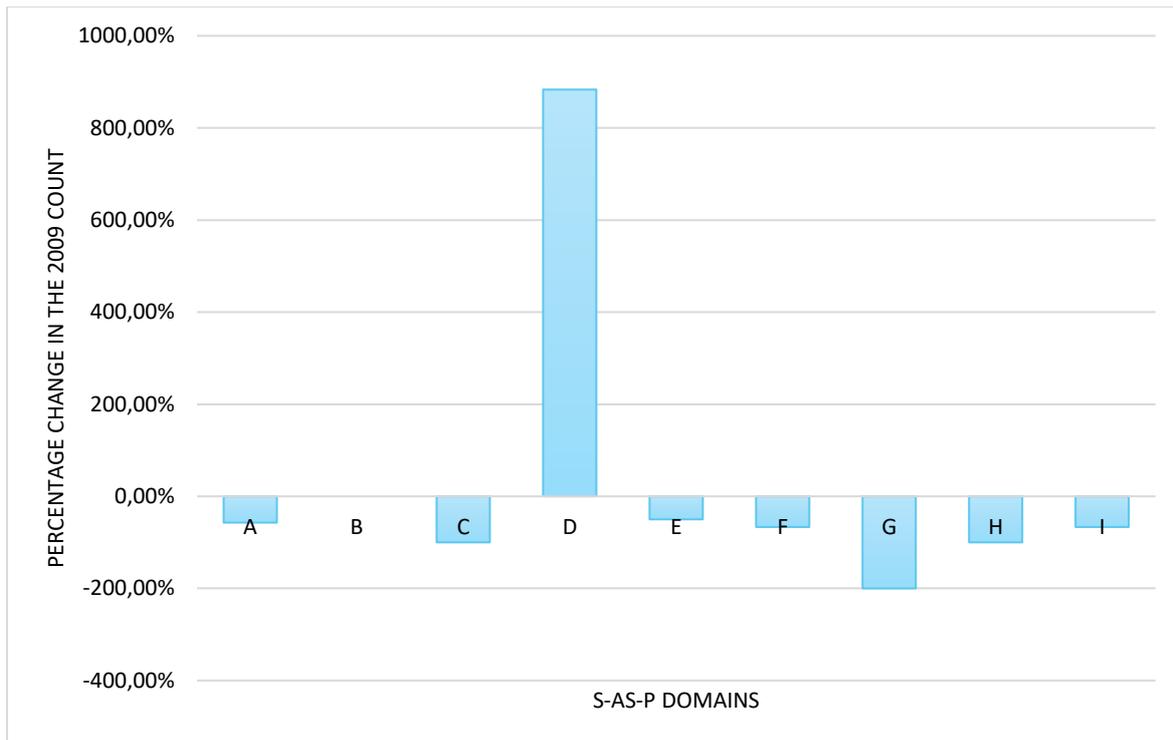


Figure 2.5: Number of papers counted in the S-as-P research domains 2009 - 2015

It is noteworthy that 25% of the papers counted in the comparative typology matrix focused on the activities of managers or executives and 34% of the papers focused on different aspects of the strategising process. Eight papers were classified as falling into Domain E, and there has also been a 50% decline in research into this domain. Domain A, B and I are represented by three papers each, Domain G by 2, and finally, Domain F is represented by just the Kornberger and Clegg (2011) paper. The number of theoretical and empirical papers counted in each domain is included in the comparative typology matrix (Figure 2.6).

The number of papers assigned to each domain is used to indicate the contribution of research papers to the field of S-as-P. The counts indicate that there has been a shift in the S-as-P research focus in the last six years. The majority of current S-as-P research focuses on Domain D, while the Jarzabkowski and Spee (2009:74) count emphasised Domain E.

The count variation of the total papers in all the domains is depicted in Figure 2.7 which clearly indicates that there has been a decrease in research into every domain except for Domains G and D. Domain I indicates a 67% decrease (Figure 2.7) in the number of papers published. From the data it can be concluded that it is feasible to theorise

about this domain, but it is difficult to test the theory empirically, as the eight theoretical papers in this domain did not yield eight empirical papers.

Level of praxis	Macro	Domain C N Empirical = 0 N Theoretical = 0	Domain F N Empirical = 1 N Theoretical = 0	Domain I N Empirical = 2 N Theoretical = 1
	Meso	Domain B N Empirical = 3 N Theoretical = 0	Domain E N Empirical = 7 N Theoretical = 1	Domain H N Empirical = 0 N Theoretical = 0
	Micro	Domain A N Empirical = 2 N Theoretical = 1	Domain D N Empirical = 56 N Theoretical = 3	Domain G N Empirical = 0 N Theoretical = 2
		Individual aggregate actor within the business	Group of actors within the business	Group of external actors
Types of practitioners				

Figure 2.6: 2015 Comparative Typology Matrix of Strategy-as-Practice research

Source: Own compilation

Figure 2.7 (on the next page) is a graph showing the total number of papers counted, both in 2009 and 2015, in each S-as-P research domain.

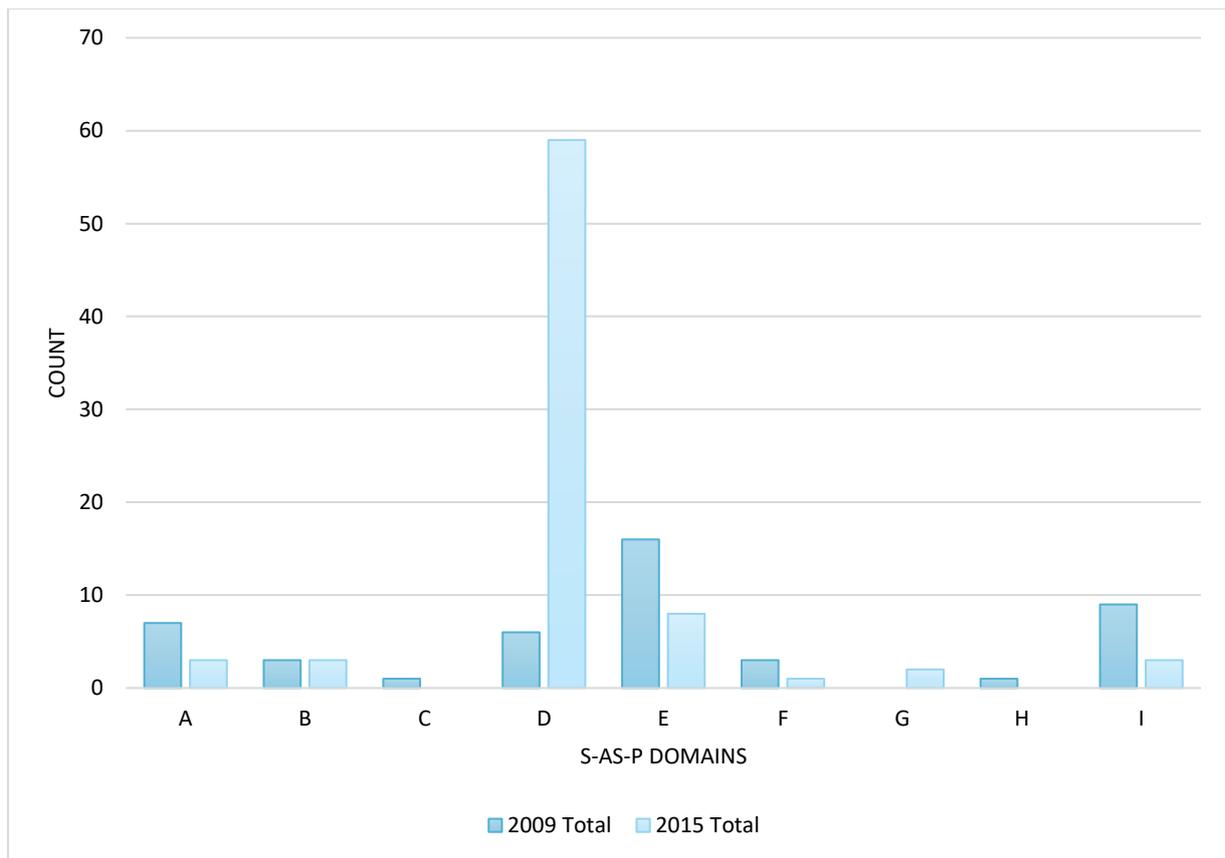


Figure 2.7: Total number of papers counted in 2009 and 2015, in each S-as-P research domain

Source: Own compilation

2.7 DISCUSSION OF THE FINDINGS

S-as-P research should enable the researchers to move away from the notion that strategy is something a business has, towards the notion that strategy is something a business does, as is illustrated by a preference for Domain D research. The sharp increase in research in Domain D can, for the most part, be ascribed to a perceived easy fit, by reach in this domain, to the methodological guidelines for ‘S-as-P’ research, as indicated by various authors. These guidelines do differ from author to author, however, most authors agree on the following as parameters for ‘S-as-P’ research (Balogun, Huff & Johnson, 2003:197; Campbell-Hunt, 2007:793; Johnson *et al.*, 2003:14) and it has been summarised that S-as-P research should:

- span hierarchical levels within businesses (increased depth);
- span various businesses (increased breadth);
- not be too micro, thereby excluding context and becoming un-generalisable;

- problemise performance by linking micro activity to macro results; and
- allow the accumulation of practical knowledge.

Through the closer inspection of a purposeful sample of eight papers in Domain D, the researchers looked for patterns in Domain D research. The sample included the first paper appearing in the official S-as-P bibliography in each year for the period 2008-2015 (the list of papers appears in Table 2.3). As per the S-as-P research parameters, the sample of papers do indeed all contribute to the accumulation of context-dependent knowledge and are able to delineate the complex social phenomenon of strategising. Moreover, the value of the practical knowledge gained in the sampled papers appears constrained by its general application due the scope of research in this domain. Domain D research focuses on aggregate actors and micro-level praxis (Jarzabkowski & Spee 2009:77).

Table 2.3: The list of papers included in the Domain D sample

YEAR	FIRST CITATION IN DOMAIN D ON THE OFFICIAL S-AS-P BIBLIOGRAPHY
2015	Demir, 2015
2014	Menz & Scheef, 2014
2013	Mueller <i>et al.</i> , 2013
2012	Wright <i>et al.</i> , 2012
2011	Rouleau & Balogun, 2011
2010	Johnson <i>et al.</i> , 2010:
2009	Jarzabkowski & Balogun, 2009
2008	Jarzabkowski, 2008

The micro-level praxis that defines this domain makes it much easier to obtain permission to do research within businesses; but on the other hand, there is the threat that this domain may become too micro-focused. However, researchers must endeavour to select participants that will give their study a broader relevance (Jarzabkowski & Balogun, 2009:1263) thereby avoiding the trap of this domain: triviality. The use of aggregate participants further enables research in this domain, as it instils a sense of anonymity with participants, as opposed to, for example, research in Domain A, which would include a single case study on the strategising practises of John Doe, the CEO of successful Business ABC.

Notwithstanding the excellent reach in Domain D, the link between Domain D research and business performance is mostly missing. Moreover, Johnson *et al.* (2010:1613) highlight one of the major problems observed in this domain, namely that the episodic nature and ritual characteristics of research done in this domain, explicitly state that this type of research has a limited impact on the formulation of a planned strategy, therefore, it has a limited impact on the performance of an business. The ability to problemise performance within S-as-P research should theoretically enable researchers to investigate macro- and meso-level praxis. This is mainly because research questions that focus on this level of praxis include a societal, contextual (industrial) and / or business perspective of strategy, thereby intertwining it with the formulation of a planned strategy.

It would be feasible to argue that researchers should consider the nine domains and the work done within the domains, and explicitly choose to position their works within the under-researched domains. It would, however, appear that the ability to conceptualise research that would be able to address strategy at either the meso- or macro-level remains elusive. Especially in the light of Vaara and Whittington (2012:303-305), explicitly identifying these levels as needing future S-as-P research. It is therefore, proposed that the sensitivity of information, and the inevitable imitability of data collected at these levels, could threaten the competitive advantage of businesses participating in research at this level, making it extremely difficult to find participants for research in these domains, and therefore one sees only a limited number of research outputs in this domain.

2.8 CHAPTER SUMMARY

NOTE TO READER

This section concludes the original article as it appears in *Acta Commercii*. As such, it is followed by the Management Implications, Limitations and Future Research as well as Acknowledgments, as per the journal guidelines.

This paper provides the reader with an updated version of the Jarzabkowski and Spee (2009:74) S-as-P typology matrix for the period 2008-2015. It is clear from the typology matrix for this period, that relative to other domains, Domain D has been over-

researched. The original typology matrix indicates that Domain E had received the most research attention at that time. It is clear from the updated matrix that both Domain C and Domain H have not received any research attention between 2008 and 2015. These domains also received negligible attention in the original matrix, where only one paper per domain was counted.

Considering that S-as-P research is positioned as a research tool which endeavours to explain the doing of strategy, the focus on Domain D, without a clear and explicit link to performance and competitive advantage, is effectively divorcing S-as-P from its original objective: to explain the doing of strategy or competitive advantage. An S-as-P scholar will have to directly link the attainment of superior rents and / or competitive advantage to their research questions, in an effort to re-instate S-as-P as a plausible contributor to the strategy debate.

The next step in the S-as-P evolution is most likely embedded in the under-researched domains, specifically Domains C and H. In addition, future S-as-P research should focus on how the individual strategist (the individual being the unit of analysis) interacts with, experiences or perceives the business's macro-environment. Researchers should also focus on how external practitioners, such as management consultants, economists or higher education institutions shape the market environment in which a business operates. Moreover, researchers need to find innovative methods of obtaining the data necessary to study the doing of strategy within the context of the dynamic external environment from which S-as-P research emerged. If researchers fail to do this, S-as-P research will lose the evolutionary battle, and much like the Megalodon and Mako sharks, will merely exist in history books.

2.9 MANAGEMENT IMPLICATIONS

Notably, S-as-P research originated from a societal call for a closer link between the theory and practice of strategy (Dameron *et al.*, 2015:S1; Haugstad, 1999:1; Johnson *et al.*, 2003:19; Whittington, 2002:C1, 2007:1577). The management of businesses must then avail the businesses to be disseminated into data that will enable S-as-P researchers to make this link at the meso- and macro level, even if this is done anonymously. Failure to do so will force strategy theory to, once more, become a theoretical economic subject, with no cognisance for the actual doing of strategy.

2.10 LIMITATIONS AND FUTURE RESEARCH

The research which informed this paper was limited to the analysis of papers listed on the official bibliography of the S-as-P website. This bibliography does not claim to list every piece of research done within the S-as-P research domain, but relies on authors to submit their work to the administrator for confirmation. To do so, the author must first apply for membership of the S-as-P Research Society, and only upon acceptance can a paper be submitted. The website administrators will determine if a paper does indeed fall within the scope of S-as-P research, and will subsequently upload approved papers to the website. Future research should extend the scope of the study to include a wider collection of research which will enable a deeper understanding of the state of S-as-P research.

2.11 ACKNOWLEDGEMENTS

The authors would like to acknowledge:

- the research assistants, Saskia Pretorius and Ireze van Wyk, who assisted with the classification of papers; and
- the classification moderator, who helped to solve many puzzles.

Chapter 3 follows and concludes with the stipulative definition of collective benefit.

CHAPTER 3: THE AFFORDANCE COLLECTIVE BENEFIT, IS THIS THE TRUE 21ST CENTURY PURPOSE OF STRATEGY?

This chapter is prepared in a manuscript format and might be submitted to the Working Paper Repository of the University of Pretoria. Upon receiving feedback from the academic community, this manuscript will be reworked to an article and will be presented to the *Journal of Business Research* for publication consideration, and has been formatted in line with the journal guidelines.

Figure 3.1 indicates the place of Chapter 3 in relation to the research protocol presented in Section 1.1. The research objective addressed in Chapter 3 has been highlighted in green in Figure 3.1.

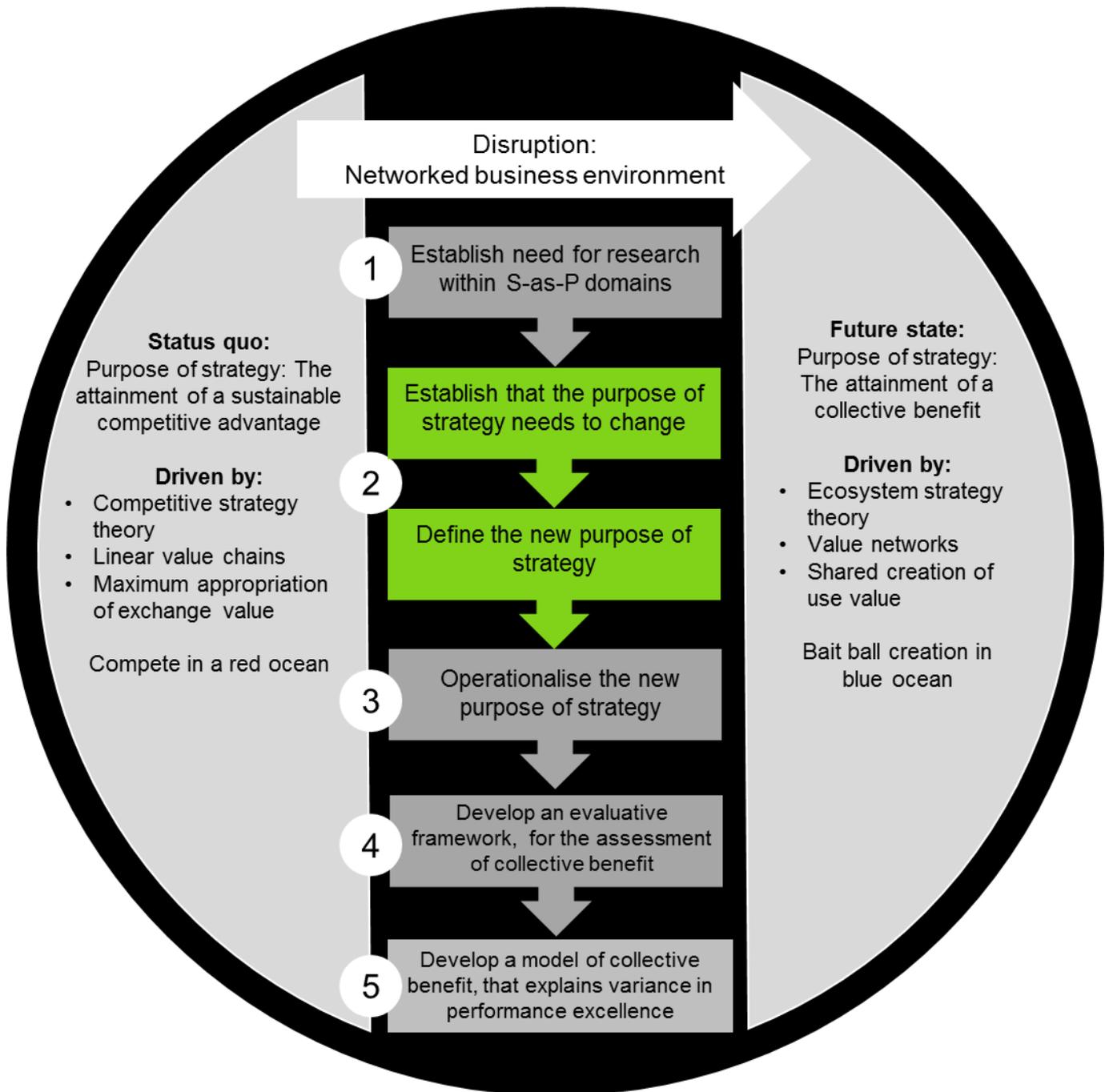


Figure 3.1: The research protocol for Chapter 3

Figure 3.2 details the flow of Chapter 3. It is important to note that the flow of the chapter is unconventional. The methodology is discussed before the literature, as this enables the findings to be reported in conjunction with the literature, allowing for a logical flow of the argument.

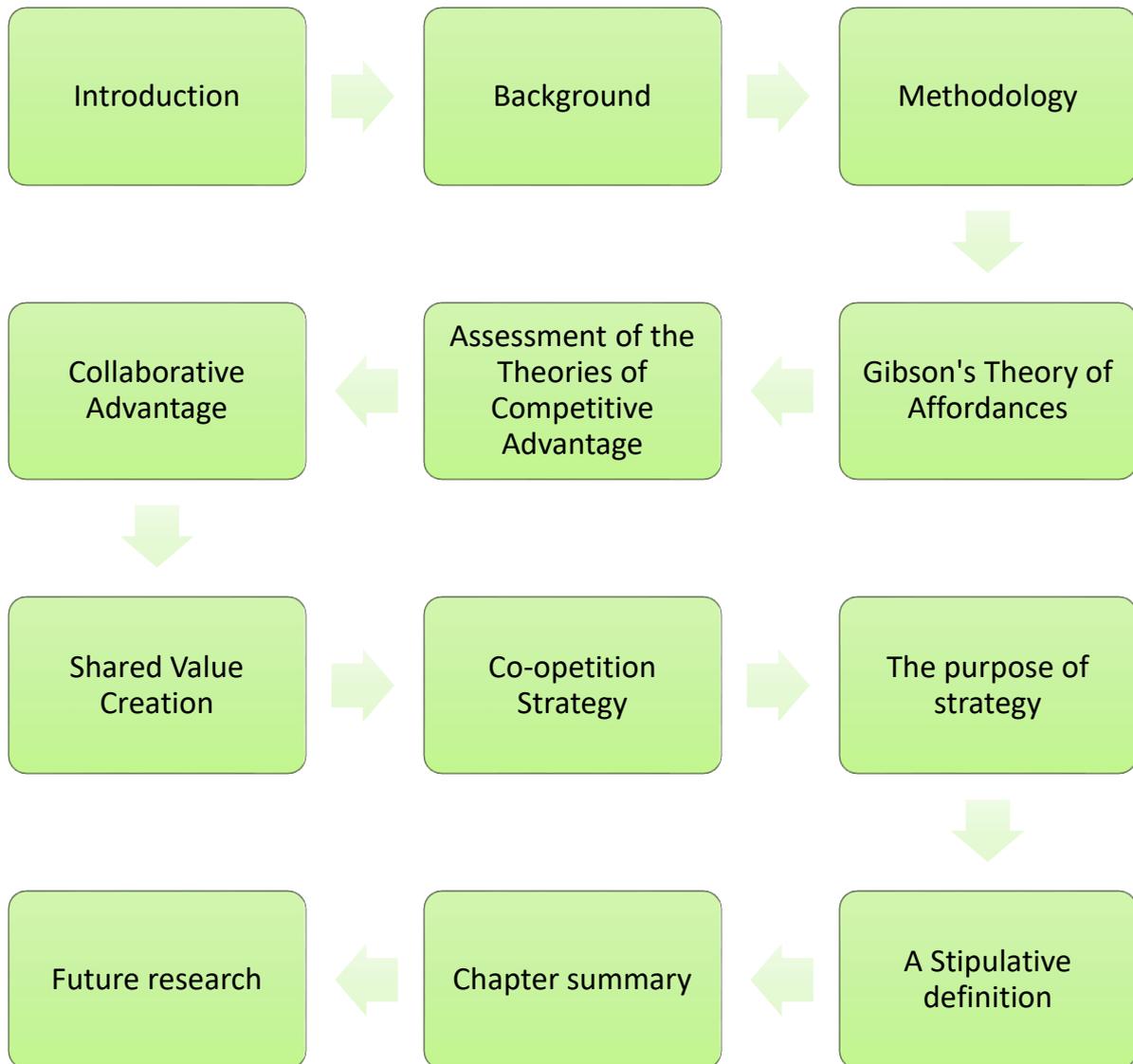


Figure 3.2: Breakdown of the components of Chapter 3

“In any field of human endeavour you reach a point where you can’t solve new problems using the old principles...”

Hamel and Breen, 2007 (used in Grant, 2016:409)

3.1 INTRODUCTION

The network disruption, synonymous with the twenty-first century, has become the stimulus that has caused traditional strategy frameworks to become obsolete. As the driver of these frameworks, competitive advantage, as the purpose of business-level strategy, should be revised. Nonetheless, while this is not the first article to investigate the application of traditional strategy theory in a networked environment, it is the first to expressly investigate the purpose of business-level strategy within an interconnected world (Kumar *et al*, 2015:469).

The networked disruption is a result of the environmental realities inherent to the twenty-first century. These realities include, but are not limited to, digitalisation, mobility, accelerated speed of business, shortened business life cycles, temporality, changes in the way industries are configured, ecosystem-based production, and the creation of consumption cycles that have caused an exponential increase in the number of businesses that choose to not go it alone. In practice, the structure of the market remains the foundation of strategy formulation. Strategists have, however, not investigated the impact of the networked environment of the traditional purpose of strategy, namely, competitive advantage (Kumar *et al.*, 2015:469).

The effect of ecosystem-based production and consumption cycles, resulting from the network disruption, is typified by the recent success of Niantic Inc. (Hereinafter referred to as Niantic). Niantic is an American software developer, based in San Francisco, California, best known for their augmented reality mobile game, Pokémon Go. It was an internal start-up at Google, and was spun out as an independent entity in October 2015 (Weinberger, 2016:Online).

Niantic, who created unheard-of revenue (making between 1.5 million and 2.5 million US dollar a day) since launching the fastest-growing mobile game in history, Pokémon Go, has done so by co-creating an experience with a web of partners. However, Niantic has started implementing measures, such as ‘limited time events’ and ‘Generation 2 Pokémon’, indicating that the experience (within seven months of its

launch) may already be in the maturity stage of its life cycle (Takahashi, 2017:Online). The network-centric business model, exhibited by Niantic, moves businesses away from legacy value chains towards a more complex, interwoven system known as value nets or business ecosystems.

This complex system requires managers to employ a collaborative network orientation (thereby directing the strategy of the business) towards creating collective value. This orientation differs from the legacy value-chain orientation where value is created by an individual business implementing, neither an business-centric, product-centric, nor a personalised-customer experience view of value-creation (Adner *et al.*, 2013:ix; Kumar *et al.*, 2015:469; Moore, 1998:167; Peppard & Rylander, 2006:128; Ryall, 2013:80; Sorenson, Folker & Brigham, 2008:615).

In 2011, Barney, Ketchen, and Wright (2011:1299) called for further research into “the institutional environment in which businesses operate and the impact thereof on the strategies businesses pursue”. In the 16 years following this call, the institutional environment has transformed remarkably, and this thesis is positioned to investigate what the networked environment affords the strategy of businesses (Barney, Wright & Ketchen, 2001:634).

The research on which this chapter is based follows an integrated approach towards reporting the literature and findings and is structured as follows: Firstly, the background and rationale of the research are presented. The first section ends with a discussion of the theory of affordances. Secondly, the methodology used is discussed. Thirdly, the literature and findings are integrated in a discussion section. The chapter is purposefully structured in this manner, as the views of participants on the said literature inform the discussion and application thereof. Fourthly, the chapter reports on the purpose of a strategy in the networked environment, and finally it concludes by offering a stipulative definition of collective benefit in consultation with 12 senior strategists.

3.2 BACKGROUND

The first decade of the twenty-first century saw globalisation driving industrialisation in emerging markets and also saw great amounts of money flowing from the rich economies to the emerging markets. However, in 2015, the International Monetary Fund (IMF) reported the fifth consecutive annual slowing in the GDP growth rate of

emerging markets, and Brazil and Russia, two of the five BRICs countries, and the cream of the crop of emerging markets, were in recession. Moreover, the IMF reported that they were unsure if the Chinese government would be able to prevent a Chinese recession. The looming Chinese recession and emerging market debt crisis were regarded to be the two biggest risks to the world economy (The Economist, 2015:Online). These risks are reportedly forcing both western and emerging market businesses to again look at the 'rich' economies for opportunities. This rapid change serves to illustrate volatility in the world economy as a whole. The described volatility and inter-connectedness is perfectly illustrated by the ripple effects resulting from the decision of the United Kingdom to exit the European Union (EU), a decision which became known as BREXIT. The Guardian (2016:Online) reports that 24 hours after the announcement of the outcome of the BREXIT referendum, the "most dramatic, volatile and downright scary trading sessions in the last decade" were triggered and it is estimated that over two trillion US dollars of value, was wiped out from world markets.

The late P.F. Drucker (1909-2005), renowned Austrian-born American management consultant, was quite a visionary and he stated that the business is a social organism, which will be limited by only what is needed for identification (Kurzynski, 2009:359). This statement of his would prove to be quite prophetic in terms of the business in the twenty-first century market.

The second decade of the twenty-first century has seen the future Drucker referred to come into being. The world economy has now been labelled as a participatory economy, characterised by mass collaboration, the rapid rise of social networking sites and digitalisation (Kleindorfer & Wild, 2009:7). Generally, the modern business environment has become networked and the boundaries of a business are being questioned (Stańczyk-Hugiet, 2013:60).

The modern business environment is characterised by a high level of education, the rule of law being well established, a level of open-mindedness that is associated with the dominant working-age generations (Generation X and Y), and an almost unbounded business (de Man, 2004:5). While the boundaries of businesses have long been researched, the networked nature of the environment has, however, made these boundaries very difficult to determine. The networked reality that businesses are faced with, is again illustrated by Niantic. Niantic was capitalised, not by big venture capitalist

companies as is the norm, but by a network of investors, including Google, Nintendo, the Pokémon Co. and numerous other angel investors (Mac, 2016:Online). This type of collaboration, as exhibited by Niantic and partners, has become the standard way of doing business (de Man, 2004:1).

3.2.1 The networked environment

Let us for a moment reduce the individual value chains of businesses to a set of Lego blocks, with each activity in the value chain representing a type of block. Each type of block has a specific shape and colour and when you follow the instructions each block has only one place where it will fit (one purpose or role). However, Lego sets were designed so that the blocks of various sets could be used inter-changeably. It now becomes interesting as each block still has a specific shape and colour, but can now take on various roles within a Lego creation. The possible configurations of the various blocks become endless, and within each configuration a single block serves a different purpose. One such set can connect to a countless number of other sets, much like the great organism [networked environment] Neumann-Spallart (1876) referred to (as used in Slobodian, 2015:317). The endless possibility of connections and configurations of several Lego sets oversimplifies what is known as the networked environment. These connections and configuration are known as ties in Network Theory, and it is these ties, both old and new that shape the opportunities and constraints inherent to a specific networked environment (Baum & Rowley, 2008). Agreeing with Baum and Rowley (2008:xiv), this thesis investigates the purpose of strategy with in the networked environment, as the network “affords greater precision in the conceptualization of environment” in which organisations operate.

Economides (1996) simplified a network by merely defining it as “the links(ties) that connect nodes”, and the assumption is made that network nodes are complementary and/or close substitutes. While an in-depth discussion of Network Theory falls beyond the scope of this article, it is imperative to note that networks are characterized as exhibiting network externalities. These externalities have shaped the structure of regional, national and global economic networks (Engleseth, Prenekert & Håkon, 2010: Online).

Rothschild (1990:xi) states that “ ... a capitalist economy can best be comprehended as a living ecosystem ... ” a concept that was expanded on in the Harvard Business

Review by Moore (1993:75). Therein, he noted that “ ... executives must develop new ideas and tools for strategising that will enable them to co-evolve within a non-linear ecosystem...” (Moore, 1993:75). However, the need to engage with the networked environment has become more prevalent as the internet keeps on diminishing industry and geographical boundaries (Adner *et al.*, 2013:ix; Gulati *et al.*, 2000:203) and most businesses, whether knowingly or unknowingly, inhabit a business network that stretches far beyond the boundaries of their own industry (Iansiti & Levien, 2004:1). Most businesses in the twenty-first century are faced with a network challenge. This challenge refers to the fact that they struggle to sustain and grow revenue and ensure long term profitability without embracing networks to access resources, markets and innovation (Kleindorfer & Wild, 2009:5).

Taking a holistic-simple view, the world economy can be regarded as a reflection of the ever-growing networked economy (a global interdependence) in which business are entangled. Economists have debated the existence of a world economy for decades. Moreover, Neumann-Spallart’s 1876 argument that “the world economy has emerged alongside individual national economies as a higher organism of decided originality” (as used in Slobodian, 2015:317) is supported by the following variables marking the twenty-first century:

- The escalation of the number of international and regional trade agreements;
- The simultaneous increase in various country-specific trade regulations (aimed at providing legal protection to national businesses); and
- International communication, trade, freight and transportation infrastructure.

The networked nature of the world economy is particularly evident in the most cited definition thereof, namely (as used in Slobodian, 2015, p317-318):

“ ... the world economy then, like the national economy, can take on the nature of a great organism, in which the individual national economies [or, more accurately, the individual economies] have the function of limbs ... ”

If businesses are indeed part of a ‘greater organism’, strategists need to take heed of the words of Gulati *et al.* (2000:203):

“...the image of atomistic actors competing for profits against each other in an impersonal marketplace is increasingly inadequate in a world in which businesses are

embedded in networks of social, professional, and exchange relationships with other business actors ...”

Using the above definitions as a guideline, the following list of characteristics has been attributed to the networked environment (Fenwick, 2015:Online; Iansiti & Levien, 2004:1; Kleindorfer & Wild, 2009:7; Moore, 1993:75, 1998:167; Peltoniemi & Vuori, 2004:267). The networked environment:

- features the shared fate of all the members of the network, regardless of the members' apparent strength;
- serves as conduits for information, human resources and capital material flows, as well as the associated risks;
- combines many of the businesses that form part of the network and that fall outside the traditional value chain;
- features precise boundaries that are almost impossible to determine, and management theorists argue the focus of members should not be on determining boundaries, but should rather be on determining with which business the fate of your business is intertwined the most;
- strives towards a collective advantage over competing networks;
- is complex, constantly remaking itself, dynamic, adaptive, self-organising, self-sustaining and emergent in nature;
- has a strong preference for digitalisation;
- is characterised by members who gather voluntarily; and
- features a decentralised decision-making system.

The network environment can be seen as the application of systems theory to the business environment. Iansiti & Levien (2004:1) have positioned ecosystem strategy to explain how businesses can best improve the health of their system/network to outcompete competing networks, thereby obtaining a collective advantage. Ecosystem strategy focuses on increasing the productivity, robustness and the ability of the network to support a diverse set of businesses and outputs, while investigating how businesses must position themselves within a value network to optimise value-creation (Peppard & Rylander, 2006:128). This is all done while keeping an eye on the

competition, as the purpose of ecosystem strategy remains the creation of a competitive advantage, albeit for a group of businesses.

3.2.2 The network (or value net)

The network, also known as the value net, has become the framework for modern business (Stąnczyk-Hugiet, 2013:63). In the field of strategic management, the concepts of network, strategic network, value constellations, and value- or business ecosystems or organisms are not new concepts and these terms are used interchangeably to refer to the same concept (Moore 1993; Rothschild 1990; Zaheer *et al.*, 2000).

De Man (2004:4–5) states that alliances are the building blocks of networks and that a network is constructed with the aim of achieving a competitive advantage. Alliances have also been subject to research, however, what is different in the twenty-first century is the number of alliances that businesses enter into, as well as who businesses choose as allies. It is interesting to note that van Kraneneburg and Hagedoorn (2008:116) report that if properly managed, external modes do contribute to the long-term performance of businesses.

The legacy modes used to engage the networked environment include, among others, alliances, joint ventures, mergers and acquisitions. These modes are commonly used when the environment is marked by moderate change. However, in this thesis it has been seen that the twenty-first century is characterised by high volatility and dramatic, almost overnight change, making the network a better-suited relational model. Not all networks are regarded as groups of alliances, as this would indicate that all networks are governed by contract, and disregard the notion that networks could be self-organising (Möller & Rajala, 2007:869).

While a detailed discussion is beyond the scope of this thesis, it is necessary to acknowledge that there are two schools of thought on the creation of a network: the first suggesting that a network is self-organising (emergent) and the second, that it is the result of a deliberate attempt of businesses to create such a network. Whether or not the network is emergent or is the result of deliberate action, is of little consequence to this thesis, as it has been assumed that the network exists. The question to be answered now is: what is the purpose or mutual interest that the network is afforded by the networked environment (Stąnczyk-Hugiet, 2013:60)?

Most businesses, knowingly or unknowingly, inhabit a business network that stretches far beyond the boundaries of their own industry (Iansiti & Levien, 2004:1). Reeves and Deimler (2011:136) report that most executives find it impossible to determine in which industry they are operating and who they are competing against. De Man (2004:2) notes that networks are becoming the preferred business form, which could indicate that businesses might struggle to sustain and grow revenue and ensure long-term profitability without embracing networks to enable them to access resources, markets and innovation (Kleindorfer & Wild, 2009:5). Moreover, strategists have been urged to consider the peripheral of the environment when making environmental assessments, with van Fenema and Loebbecke (2014:516) stressing that when businesses choose to embrace the networked environment, they are enabled to create value that is much greater than the value they can create on their own (Schoemaker, Day & Snyder, 2013:815).

De Man (2004:4) defines the network as “selected sets of mutually autonomous businesses, which interact directly or indirectly, based on one or more alliance agreement between them”. To ensure that both contractual and informal networks are included in our discussion, this thesis has defined the network as follows (Iansiti & Levien, 2004:1; Kleindorfer & Wild, 2009:5; Peltoniemi & Vuori, 2004:268):

A loose dynamic configuration of mutually autonomous suppliers, community of customers, distributors, competitors, outsourcing businesses, makers of related products or services, technology partners, governmental businesses and a host of other businesses, that are mutually supportive, affect and were affected by the creation and delivery of a business's own offerings and risks.

To simplify, the network consists of a group of businesses with a mutual interest.

Unconventionally, in the networked environment, the view of one business (or group of businesses) out-competing the other no longer serves such businesses well. Moreover, trying to define the purpose of strategy in a networked environment, as being the attainment of competitive advantage, is almost like trying to understand why a chemical reaction is working by focusing solely on one chemical (Kleindorfer & Wild, 2009:9). Adner *et al.* (2013:ix) state that in a networked environment, competitors must become co-creators of collective value, and this necessitates a change in the value-creation logic, where the focus is not on competition but on co-evolution (Peltoniemi &

Vuori, 2004:275). The challenge of the networked environment lies not in out-competing rivals (advisories) but in developing network-centric business models and strategies aimed at deriving maximum collective value by “harnessing the power of a broader network” (Kleindorfer & Wild, 2009:10).

The network is best illustrated by Burger King (or most franchises). Burger King, as the franchisor, acts like a vertically integrated business, prescribing even the type of potato seed that farmers (suppliers) must plant. Nevertheless, Burger King does not own the farms or potatoes essential to their quality and success. It is not a vertically integrated business, but rather a system, or a network. This network configuration allows Burger King and the farmers to be efficient, jointly creating value that no one could create on its own, while increasing the profitability of both. Moreover, the network configuration allows both businesses (Burger King and the farms) the stability of a relationship that is generally only evident in large integrated businesses. There is a common understanding, image, language and technology. Moreover, there is joint value-creation that cannot be driven by competitive advantage. This view is reflected by a term tautologically like that of value nets, namely, clusters.

3.2.3 Clusters

According to Porter, “Clusters are geographical concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition”. (1998:78) Examples of such clusters are the Stellenbosch Wine Cluster, German High Performance Automobile Cluster, Italian Leather Fashion Cluster and Silicon Valley. Closer investigation revealed remarkable similarities between clusters and networks. The following three important differences must, however, be noted:

- Clusters are theoretically based in the market-based view (MBV) of competitive advantage, while networks are rooted in the resource-based theory (RBT);
- Clusters are location-specific, while networks are not; and
- Theoretically, competitive advantage drive clusters, while networks are driven by value-creation (Ellegaard, Geersbro & Medlin, 2009:2; Porter, 1998:78).

While a detailed discussion of clusters falls outside the scope of this thesis, Table 3.1 presents the properties of a cluster that are deemed transferable to a network.

Table 3.1: The properties of clusters as they relate to a value net

Properties of clusters	
Related to value nets	Unrelated to value nets
Competition and collaboration co-exist	Rivals compete intensely (value nets are characterised by co-opetition)
Boundaries are defined by linkages and complementarities across industries	Collaboration is mostly vertical (In value nets cooperation is both vertical and horizontal)
Alternative to organising the value chain	
A group of independent and informally linked businesses, that offer the advantages of efficiency, effectiveness and flexibility	
Each member benefits as if it had a greater scale	
Each member benefits as if formally joining the others, without being required to sacrifice flexibility	
Increased productivity of members	
Joint innovation in direction	
Increased pace of innovation	
Stimulates the formation of new businesses	

Unconventionally, this chapter will first discuss the qualitative research methodology used to obtain the data reported herein. The findings and literature are thereafter combined to ensure a logical flow of the argument.

3.3 METHODOLOGY

The exploratory-descriptive research (Babbie, 2016:90–91; Saunders, Lewis & Thornhill, 2012:172) on which this chapter is based, relies on qualitative data collected by conducting 12 semi-structured cognitive interviews. The research followed a constructivist approach to defining (descriptive) and positioning (explanatory) collective benefit as an alternate purpose of strategy. This approach is best suited to provide a rich understanding of collective benefit, but also aided in resolving the complications and misconceptions that arose from this research. This differs from the

positivist approach followed by Sigalas *et al.* (2013:322) in their development of a stipulative definition of competitive advantage.

The research, however, implemented the first step as directed by Sigalas *et al.* (2013:322), as this enabled a direct comparison between competitive advantage and collective benefit. The first step was to develop a robust stipulative definition for the concept of collective benefit. The development was done in line with the Sigalas *et al.* (2013:322) criteria, namely, criterion 1, to incorporate all the latent characteristics of the concept and criterion 2, not to contain any judgments about its own value or the performance of the business. The stipulative definition was developed by carrying out a systematic review of literature. Interview data was subsequently added.

The final stipulative definition was rendered as a result of incorporating data obtained from the semi-structured, cognitive interviews into the definition obtained from literature. Twelve interviews were conducted, based on the recommendations of Guest, Bunce, and Johnson (2006:59) who state that data saturation from interview data normally occurs after 12 interviews, allowing researchers to make evidence-based recommendations at this point. Data saturation was indeed experienced at this point.

3.3.1 Literature selection method

The literature used throughout this thesis was selected by combining an integrative literature review procedure (Kirkevold, 1997:977; Nienaber, 2010:661) and the systems approach. Both these procedures "systematic inquiry into phenomena and relations between phenomena", which allows researchers to gain broad, rather than isolated understanding of the literature (Kirkevold, 1997:977; van As, 2016:Online). The approach, termed the adapted systems approach, further enabled a step-by-step discovery of the associated literature.

3.3.2 Sampling

The units of analysis/population of the research on which this chapter is based were senior strategists employed at businesses in diverse industries. The inclusion of diversity was a purposeful decision to ensure that a variety of business perspectives were included. The diverse perspectives enable a broader application of the operational definition resulting from the research (Saunders *et al.*, 2012:383). The

interview participants were all senior strategists, heavily involved in the practice of strategy at their respective businesses, or possessed extensive experience related to the theory of strategy. The experience of the strategists enabled the probing for meaning and explored responses, and by so doing, increasing the credibility of the data collected (Babbie, 2016:405; Saunders *et al.*, 2012:384).

Social networks and snowball sampling were used to obtain access to appropriate participants, to ensure that the sample was regarded as a purposive sample (Cooper & Schindler, 2011:167). This is different to the Sigalas *et al.* (2013:322) methodology where six practitioners, from six companies incorporated in Greece were randomly selected from a predefined population database. Based on the participant profile, as seen in Table 3.2 of this chapter, the final stipulative definition could be said to have an emerging market perspective.

Table 3.2: Research participant profile

Participant				
Number	Age group	Highest qualification	Industry	Duration of interview
1	60+	PhD	Consulting Engineering	63 min
2	40-49	Bachelors	Vehicle Manufacturing	32 min
3	30-39	Honours	Agricultural Manufacturing	40 min
4	50-59	Honours	Skills development	44 min
5	50-59	Certificate	Telecommunications	49 min
6	50-59	Bachelors	Switch	33 min
7	60+	PhD	Municipality	60 min
8	40-49	Masters	Higher Education	60 min
9	40-49	Honours	Publishing	34 min
10	60+	PhD	Academia	62 min
11	30-39	Honours	Construction	40 min
12	60+	Bachelors	Life insurance	52 min
Average duration				47 min

3.4 PROCEDURE

Semi-structured interviews were used, as they allowed the researchers to maintain control over the topics discussed and enabled the researchers to direct the conversation towards achieving a predefined purpose, without limiting interview participants to a fixed range of responses as with structured interviews (Saunders *et al.*, 2012:374). This allowed for a deeper understanding of the topics and the development of a rich, relevant stipulative definition of collective benefit (Ayres, 2008:810). The semi-structured interview protocol was used to guide the interview with each participant. The interview protocol provided a structure to the interviews and aided in addressing similar topics with each participant (Appendix C). This increased the level of standardisation and subsequently increased the trustworthiness of the data collected (Babbie, 2016:405; Saunders *et al.*, 2012:381).

A pilot study of four interviews was conducted with academics to verify the suitability of the interview protocol, to clarify concepts that were too theoretical and to determine the time required to conduct such an interview (Ey, Zuo & Han, 2014:150). The results of the pilot study did not necessitate any substantial changes to the interview protocol. However, the feedback received after the first two pilot interviews led to the introduction of key concept cards. The key concept cards used for the study can be seen in Figure 3.3. These cards were used to assist in the discussion of key concepts during the interviews. As the following comment from participants will indicate, participants found the cards to be useful, but commented that the text was too small on some of the cards:

“[...] have that size writing, makes it easier. Remember that if you're speaking to people like me that haven't been embedded within the academic it's difficult for us to read [...]” (Appendix D, Raw data table, Q17, CEO, Construction business).

3.5 DATA COLLECTION AND ANALYSIS

Following the pilot interview, the data collection through semi-structured interviews started. During the course of the interviews the interviewer probed inductively for key responses allowing the development of the operational definition based on observation (Babbie, 2016:55). The 12 interviews lasted 47 minutes on average, and were conducted at a time and location that were convenient for the participant. All participants signed an informed consent form (Appendix B) giving permission for the interviews to be recorded.

The data were collected between 22 August and 2 September 2016. The interviews were conducted in both Afrikaans and/or English, based on the language the participant was most comfortable in. The interviews were subsequently transcribed by a professional transcriber. To ensure the accuracy of the transcriptions, the transcriptions were read while listening to audio; there are, however, sections that are inaudible. The researcher relied on field and reflective notes to provide the data pertaining to missing parts.

In an effort to ensure the trustworthiness and credibility of the data used in the research, transcripts, field notes and tape recordings were imported into ATLAS.ti (a qualitative research computer program) for analysis. ATLAS.ti is designed to assist qualitative researchers to meet the quality criterion as set by authors, such as Babbie (2016:407).

3.6 ANALYSIS

Once imported into ATLAS.ti, the transcripts and tape recordings were linked using the association function. Using a modified version of the DeCuir-Gunby, Marshall, and McCulloch (2010:136) steps, a codebook was developed. A codebook is essential in addressing the ability of the study to be replicated, thereby increasing the trustworthiness of the results. The preliminary codes in the codebook were developed based on the predefined research questions. These research questions were also used during the development of the interview protocol. The codebook included the code labels and definitions in both Afrikaans and English (DeCuir-Gunby *et al.*, 2010:138) and it has been included herein as Appendix E. After developing the codebook, the data were coded deductively. However, codes were added as patterns

emerged from the data. The final quotations and code families were analysed and reported on.

A deductive, thematic analysis of the data was done, as the purpose of the research was to test a stipulative definition derived from theory.

3.7 ETHICAL CONSIDERATIONS

The study was approved by the Research Ethics Committee of the Faculty of Economic and Management Sciences, University of Pretoria, prior to the commencement of the pilot study (Appendix A). An informed consent form (Appendix B) was emailed to the participants prior to the interview. The feedback from the participants, however, prompted the provision of a detailed background to the study prior to each interview:

“[...] maybe you should explain your concept a little in the beginning, by telling us where the idea comes from [...]” (Appendix D, Raw data table, Q15, General Manager, Vehicle Manufacturer).

“[...] it would have been good if one could get more information beforehand [...]” (Appendix D, Raw data table, Q16, Senior Manager, Agricultural Manufacturer).

The documents provided to the participants gave them the background to, as well as explaining the purpose of the study. It emphasised anonymity and that participation in the study was voluntary, while informing participants that they were free to withdraw at any time.

3.8 RESEARCH PROTOCOL

Earlier in this thesis (Sections 1.1, 1.2 and 1.8), it was proposed that the relentless pursuit of a competitive advantage meets the litmus test for a strategic liability within a networked environment, and it was proposed that the purpose of network strategy must be investigated. The term competitive advantage implies a zero-sum game, indicating winners and losers, while in an environment that strives for joint value-creation a positive-sum game is required (Porter, 1996a:89; Porter, 1996b, Arend, 2003:283, Favaro, 2014:Online). Figure 3.2 (earlier in this chapter) graphically depicts the research protocol or conceptual framework (Yin, 2011:102) that has loosely guided the research on which this thesis is based.

Yin (2011:102–107) states that a research protocol is a mental framework that is loosely scripted to guide the interaction between the researchers and sources of evidence. He further explains that a research protocol should be designed and presented if the researchers have a predefined research topic, as the protocol aims to increase the validity of the proposed research in ensuring that data represents what it is intending to. The discussion of the background to this study identified a predefined research topic. To this end, a research protocol was developed and is presented in Figure 3.4.

NOTE TO READER

Figure 3.4 has been adapted from Figure 3.1 to indicate only the research relevant to Chapter 3.

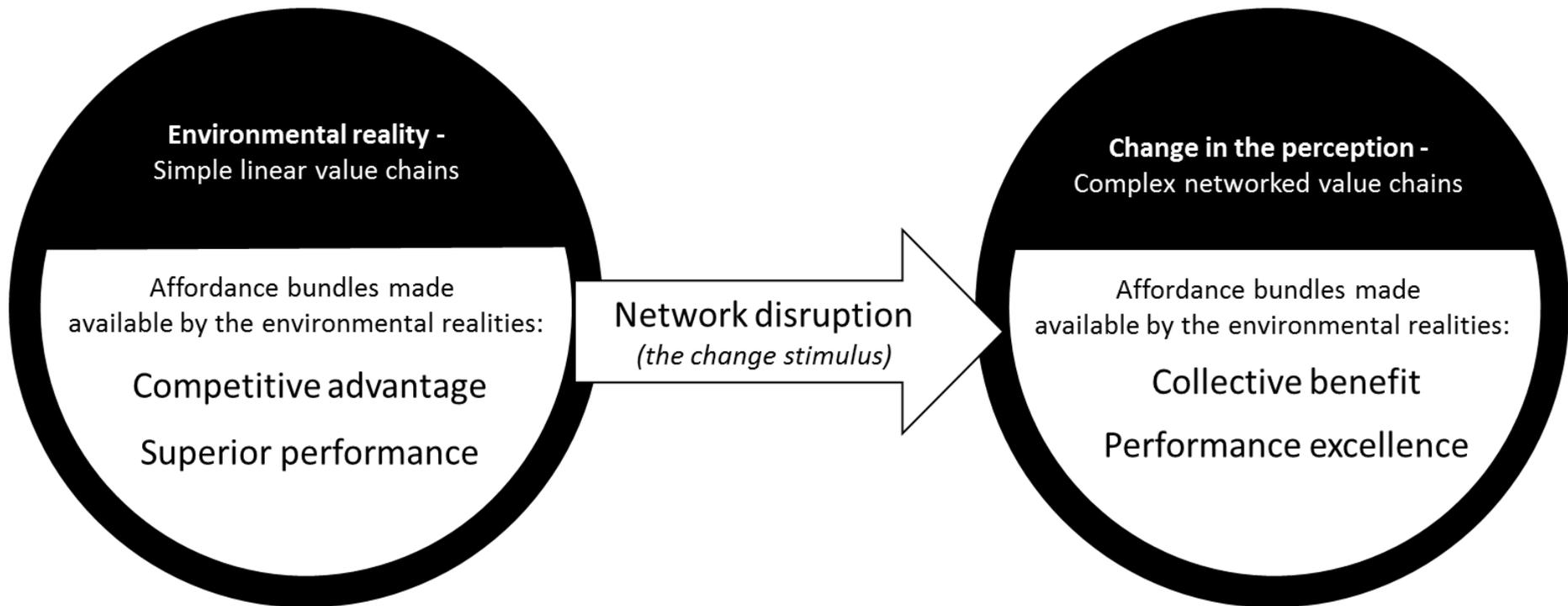


Figure 3.4: The research protocol to guide the research on which Chapter 3 is based

Source: Author's own compilation

The networked nature of the environment is regarded as a changing perception that results from a specific change in the environment (stimuli), namely, network disruption. In response to the stimuli and the rational application of Gibson's theory of affordances, the purpose of strategy has changed to collective benefit. Collective benefit unconventionally suggests that the focus of businesses should not be on the extraction of the maximum value, which is arguably the purpose of competition, but on the creation of the maximum value for the entire network (Gibson, 1979:127; Pablo *et al.*, 2006:Online).

As the chapter focuses on the redefinition of the purpose of strategy within a networked environment, a short discussion of the theory central to the proposed research, affordance theory, is necessitated.

3.9 GIBSON'S THEORY OF AFFORDANCES

Within the networked environment, the usual interplay between the doing of strategy and the environment has been replaced by a complex web of collaborating businesses. These business ecosystems consist not only of a product web, but also of a web of customers (Dass & Kumar, 2014:225). Traditionally, complex systems theory was applied and studied only in the natural sciences. However, a new wave of complexity research has seen it being applied to numerous different fields, including strategy research (Gupta & Anish, 2014:1; Mitleton-Kelly, 2011:45; Peltoniemi & Vuori, 2004:267)

The application of affordance theory to the research on which this thesis is based was discussed in Section 1.10 and a replication here is, therefore, deemed unnecessary. It is, however, necessary to create an understanding of how affordance theory has been applied in the research on which this thesis is based.

To recap, the term affordances was born out of a need to understand how the animal perceives the characteristics of the environment and adds meaning to it. Two schools of thought exist with regard to this perception, the first suggesting that meaning is created internally, and the second that meaning is created externally. Affordances fall within the second school of thought, a direct perception that suggests that the animal detects and exploits meaning from the environment without any mental calculation. Therefore, it is assumed that an affordance is offered to an animal by the environment

when the efficiencies to perceive it is relative to both the animal and the environment and it should contain properties of each (Chemero, 2003:181; Jones, 2003:107; Michaels, 2003:135; Stoffregen, 2003:115).

Stoffregen (2003:115) argues that affordances emerge, as the animal perceives the environment; however, affordances do not have to be perceived to exist (Michaels, 2003:135). Affordances are, however, action-related, and it should be noted that should an affordance not be action-related, it merely becomes meaning. By ascribing action to affordances, one is able to observe the extrinsic attributes thereof (Michaels, 2003:135).

Efficiencies are complementary properties of the environment that can be considered as the means through which the animal can seize the affordance. It must, however, be noted that both the efficiencies and the affordances exist prior to the perception or actualisation thereof (Michaels, 2003:139).

Kumar *et al.* (2015:470) argue that industries or environments vary in their profit potential and that the long-term profit potential of a business is often determined by the environment to which the business belongs. Strategists need to understand what a strategy must focus on to unlock these affordances and thereby create performance excellence (Ellegaard *et al.*, 2009:2; Grant, 2016:37).

Based on Gibson's (1979:127) theory of affordances, the reported research assumes: a) some businesses are afforded greater profitability by the networked environment than others; and b) businesses that have a better understanding of what the network environment affords, have a better chance of leveraging this bundle of affordances.

NOTE TO READER:

Affordance theory underpins this research.. The following three aspects must therefore be remembered while reading the rest of the thesis. First, affordances are considered to be actions (verbs), however, as an affordance bundle is a collection of various actions, it is considered to be a non-action, itself. Second, an affordance is a multi-dimensional compound of various observable attributes which exist independent of being perceived. Finally, affordances entail efficiencies in the actualisation thereof.

Considering that the fundamental purpose of business is arguably the quest for value – to create, as well as appropriate, some of the created value and to ensure sustained business performance and growth. Therefore, it is necessary to understand what the network environment, rather than a traditional environment, affords businesses. Moreover, strategists need to understand what a strategy must focus on to unlock these affordances, thereby creating performance excellence (Ellegaard *et al.*, 2009:1; Grant, 2016:3). To enable such an understanding this chapter now reports on the relationship between competitive advantage (the traditional purpose of strategy) and the networked environment.

According to Sigalas, “Competitive advantage has been the foundational concept in the field of strategic management” (2015:2004), and over the past 40 years numerous strategic management scholars have developed models that help explain why some businesses outperform their rivals. In the following sections, the dominant views relating to the sources of competitive advantage and the assumptions that underpin them are summarised. This serves as an illustration of why the sources of competitive advantage sometimes fail to explain how performance leadership is afforded to businesses by the networked environment.

3.10 THE THEORIES OF COMPETITIVE ADVANTAGE

This section presents an assessment of the theories of competitive advantage based on the current literature.

Sigalas and Pekka Economou (2013:61) report that there are currently two sets of conceptual definitions for competitive advantage, the first defining competitive advantage in relation to an business’s performance and the second in relation to its sources. The following definitions were found to be commonly used in prescribed books, or form the basis of definitions in prescribed books:

- A competitive advantage is achieved when a business is able to provide greater value to customers than competitors (Brevis & Vrba, 2014:286);
- A competitive advantage is what distinguishes you from the competition in the minds of your customers (Carpenter & Sanders, 2009:22); and

- A business is said to have a competitive advantage when implementing a valuable strategy, not simultaneously being implemented by current or potential competitors. (Barney, 1991).

These types of definitions of competitive advantage have, however, been criticised as being “fuzzy and abstract” (Sigalas, 2015:2006). An operational definition of competitive advantage, namely, “the above industry average manifested exploitation of market opportunities and neutralisation of competitive threats” was proposed by Sigalas *et al.* (2013:324). This definition has been adopted in this thesis, as it allows for a distinction to be made between competitive advantage, superior performance and the sources or determinants of competitive advantage (Bowman & Pavlov, 2014:1; Sigalas, 2015:2005).

The twenty-first century, with its digitalised and networked nature, has seen an intensification in the pursuit of a competitive advantage (Poulis, Poulis & Dooley, 2013:594). Reeves and Deimler (2011:134) have investigated the applicability of competitive advantage to the networked environment, but in their research, they fail to address the following question which is fundamental to research in the networked environment: Does the networked environment afford businesses a competitive advantage?

To answer this question, selected literature relating to the dominant competitive advantage theories has been reviewed and discussed with the 12 business CEOs as part of the qualitative study. The result of which is reported below.

3.10.1 Market-based view

The market-based view (MBV) is rooted in the Structure-Conduct-Performance (SCP) paradigm of Bain (1968) which was advanced by scholars such as Porter (1985). This view uses strategy to position a business in its market and suggests a business is able to protect its competitive advantage by introducing structural barriers in the industry. The MBV further argues that businesses are said to obtain a competitive advantage by positioning itself either as a differentiator or low-cost leader, within a broad or narrow market.

Wang (2014:33), however, reminds scholars that this view is based on the assumption of perfect competition in a static market. The following responses from some of the participants indicate that information is perceived to be freely available:

“[...] So when it comes to competitive advantage and what I've seen over time is that because of information parity, everything can be copied and it can be copied very quickly [...]” (Appendix D, Raw data table, Q1, CEO, Publisher).

“[...] this all has changed, but we have access to information, almost an overload of information [...]” (Appendix D, Raw data table, Q2, CEO, Skills development).

“[...] exchange hub somewhere in Palo Alto in California somewhere where they are there because they're going to get the information like 0.03 seconds quicker [...]” (Appendix D, Raw data table, Q3, CEO, Property Developer).

This is, however, not the opinion of all participants, as is evident from the following response:

“[...] doing what we do, is definitely not a copy and paste solution [...]” (Appendix D, Raw data table, Q3: General Manager, Vehicle Manufacturer).

From the discussions with the participants (Appendix D, Raw data table, Q4, Q5, Q6, Q7), the twenty-first century is characterised by temporality, diversity and complexity, as indicated by the participants who have seen the fall of paradoxes. The fall of paradoxes implies that to ensure threat profitability of businesses remain profitable they must employ both a differentiated and low-cost strategy

Jarillo (1993:5) already noted this in the 1990s when he stated that “competitive circumstances simultaneously demand levels of quality, low cost, innovation and fast response”. Paradoxes like Unilever (clearly exhibiting performance excellence) not being able to put their toothpaste, Close-up, on the shelves of almost all retailers in South Africa, while competing products, Aquafresh and Colgate are.

“[...] competitive advantage is something we see every day of our lives, every time we get to choose between Colgate and Aquafresh, that's competitive advantage because they somehow are exploiting something that's enabled them to be on everyone's shelves [...]” (Appendix D, Raw data table Q69, CEO, Property Developer).

One could argue that Colgate was able to yield a first-mover advantage and secure its brand as the South African brand of choice (for example, toothpaste in South Africa is colloquially referred to as Colgate), or that Aquafresh was able to yield a competitive advantage from its brand, differentiating it from the Unilever product. However, both

these products are also low-cost products. (Appendix D, Raw data table, Q9, Senior strategy expert, Academia).

The MBV, with its outward focus on the environment, contrasts with the resource-based view (RBV), which has an inward focus and emphasises resources and capabilities as the primary determinants of superior performance and value appropriation. In 1984, Wernerfelt directly challenged the MBV (Wernerfelt, 1984:171) by suggesting that businesses are value-creators and that each business has a unique value-creating capacity and it is this value-creating capacity that results in sustainable competitive advantage.

The MBV, however, considers businesses as value-appropriators, which acquire superior performance and sustainable competitive advantage as a function of choice of industry and market power (Haugstad, 1999:1; Johnson *et al.*, 2003:3; Porter, 1980).

Notably, Bowman and Ambrosini (2000:8) argue that businesses are both value creators and appropriators, and that there is a significant difference in the value created and value captured by the business.

3.10.2 Resource-based theory (RBT)

The term 'resource-based view' was first used by Wernerfelt in 1984, and is known as the most prominent view of competitive advantage in strategy literature (Wernerfelt 1984; Barney *et al.* 2011:625). Proponents of the RBT argue that the source of competitive advantage is rooted in the ability of a business to appropriate resources and / or capabilities which are at the same time, valuable, rare, inimitable, non-substitutional and non-exploitable (Barney 1991:99).

The RBT seeks to explain the superior performance of a business as a function of its resources and capabilities, as well as the ability of the business to use these resources to create economic rents (Wernerfelt 1984:171). Barney (1991:105) assumes that business resources, which enable businesses to create a sustainable competitive advantage, are heterogeneous and immobile. The ability of resources to create a competitive advantage is moderated with the 'knowledge disadvantage' of competing businesses; stating that as soon as the business with a competitive advantage understands the link between its resources and its advantages, competitors can also learn about this, making it imperfectly immobile and its competitive advantage

unsustainable. And while an incomplete understanding (or the lack of shared information) of the link between resources and competitive advantage is not implausible, the availability of information and the level of information literacy in the twenty-first century make it a highly unlikely source of competitive advantage. Moreover, making information available to employees builds trust between management and employees, a necessity in the twenty-first century (Hamel & Breen, 2007:74–75).

When the participants were prompted to discover if they would be able to pinpoint the competitive advantage of the businesses they were involved with, the discussions revealed that most of them agreed that they would be able to pinpoint what their competitive advantage is, while some declined to articulate what they believed it to be (Appendix D, Raw data table, Q11, Q12, Q13, Q14). The following is the average response received from participants:

“[...] Yes, I must say there are a few things one would be able to pinpoint, what you could call a competitive advantage [...]” (Appendix D, Raw data table, Q12, Senior Manager, Agricultural Manufacturing).

Although not suggesting that it is not possible to have imperfect imitable resources, but in a networked environment characterised by blurred boundaries and a shared fate, causal ambiguity and social complexity as a determinant of imperfect imitability, become highly improbable. Inimitability is considered a source of competitive advantage (Barney, 1991:99) and the absence thereof makes it implausible that the RBT would be able to completely explain performance excellence in a networked environment. Libert, *et al.* (2016:5) further reduce the likelihood of resources being a source of competitive advantage when the authors characterise the network environment as “a world of abundance, where there are excess assets everywhere, both tangible and intangible”.

Lavie (2006:640) reports, over and above the inimitability assumption, proponents of RBT advocate a proprietary assumption. This would denote that a business can only yield performance excellence from internal resources. The research done by Lavie (2006:641), however, indicates that within an alliance network, network resources could indeed yield performance excellence.

A variant of the RBT is the knowledge-based view (KBV), that regards knowledge as the most important and valuable resource in the twenty-first century, which suggests that competitive advantage is afforded to the business that has superior utilisation of resources (knowledge) (Grant, 1996:109; Grant & Baden-Fuller, 1995:17; Gary Hamel & Prahalad, 1994:122; Teece, Pisano & Shuen, 1997:509). Knowledge in itself is also not a likely source of competitive advantage in the twenty-first century, considering that Carlsson and Fridh (2002:231) determined that only one to two percent of new knowledge is successfully converted into income-yielding products and services. Therefore, it is not difficult to see why the KBV does not necessarily explain performance excellence. Both the MBV and the RBT have been critiqued for not taking the other into account, consider the following response:

“[...] it is no longer just an inside-out or outside-in view, but both [...]” (Appendix D, Raw data table, Q10, Senior strategy specialist, Academic).

3.10.3 Alignment theory (Strategic fit)

Strategic fit was first used by authors such as Chandler in 1962 and Andrews in 1971 (Zajac, Kraatz & Bresser, 2000:429), but has now become one of the central themes in strategic management literature. Chorn (1991:20) emphasises the importance of strategic fit and writes that the alignment (fit) of the various internal and external elements of a business should be the primary ‘somewhat elusive’ target of management. Nienaber and Sewdass (2016:16) propose that competitive advantage is created at a nexus of various sources. These authors suggest that competitive advantage is achieved when businesses are able to maximise the use-value obtained from the arena (MBV) in which it operates, while yielding maximum effectiveness and efficiency from the resources at its disposal (RBT) and simultaneously extracting the maximum exchange value from customers by positioning its products correctly for these customers.

However, the fit in a networked environment moves beyond what Chorn (1991), as well as Nienaber and Sewdass (2016) had in mind, and is replaced with the notion of social embeddedness. Social embeddedness in the networked environment requires strategies that relook at the value proposition created. Businesses must endeavour to develop a dual-value proposition, aimed at capturing the most exchange value for the entire network, while extracting the maximum use-value (Bowman & Ambrosini,

2000:5). This dual-value proposition requires a business to create fit between customer and partner value, while simultaneously navigating multilateral stakeholder dependencies (Adner *et al.*, 2013:ix). At the centre of the Nienaber and Sewdass (2016:16) argument regarding the sources of competitive advantage, is the creation of value. Consequently, Libert *et al.* (2016:8) warn that the networked environment is “upending traditional ways of creating value and it is occurring in every industry” (Libert *et al.*, 2016:8).

In the face of hyper-competition, resulting from the never-ending shift in the productivity frontier, embeddedness has become a major determining factor for performance excellence. Moreover, the business that is able to first make the shift from focusing on competing to co-creating new use-value (Bowman & Ambrosini, 2000:5; Porter, 1996b:61) as well as the shift from fit to embeddedness, is most likely to yield the most exchange value, within the networked environment. Embeddedness is, therefore, central to the successful functioning of businesses in the networked environment. The following definition was used by the research that informs this thesis (Gulati *et al.* 2000:203; Pablo *et al.* 2006:Online):

Embeddedness is the integration into diverse networks that leads to the development of long-term and cooperative social, professional, and exchange relationships, which may result in the achievement of common benefit for all players in the network.

Strategic fit is fundamental in creating a middle ground between the MBV and the RBV. These two theories, however, contradict each other – and considering that critical resources may span business boundaries – Dyer and Singh (1998:660) propose that the true source of competitive advantage lies in the relationships with numerous stakeholders of the business. Lavie (2006:638), while expanding on the work of Dyer and Singh (1998:660) points out the theories such as the RBT and MBV fail to explain competitive advantage in a networked environment.

Before discussing the purpose of strategy in the networked environment, it is important to acknowledge the contributions and limitations of other studies investigating the application of competitive advantage in the networked environment. It should be noted that most of these studies are concerned with the study of competitive advantage in relation to alliances. This thesis, however, moves beyond the study of alliance networks and investigates the networked environment. The relational view of Dyer and

Singh (1998), transient advantage (Gunther-McGrath 2013), collaborative advantage, co-opetition strategy and shared value-creation have offered valuable insights.

3.10.4 The relational view of strategy

Originating as a subset of the RBT, and known as the third leg of strategy theory, the relational view (RV) investigates the relationships between businesses and the rents resulting from them. In a networked environment, “strategy has become the art of managing assets you do not have” through relationships you have no control over (Iansiti & Levien, 2004:1). Dyer and Singh (1998:660) packaged this as the relational view of strategy (RV) and argued that these relationships, rather than unique resources (RBT), business bargaining power and industry configuration (MBV), are the true sources of competitive advantage in the twenty-first century (Dyer & Singh 1998:660). The following statement from Participant 6 points out that relationships, rather than other sources enable the sustainability of competitive advantage:

“[...] a high number of our clients have been with us for 10 to 12 years and our relationships with them enables us to grow in new areas, innovate [...]” (Appendix D, Raw data table, Q18, CEO, Switch)

The RV suggests that businesses that are able to build trust, and in doing so establish a relationship in the shortest period of time, are able to create an advantage over rivals (Dyer & Singh, 1998). However, while relationships present huge opportunities for competitive advantage, they also raise a number of risks. It has been estimated that the failure rate of partnerships and alliances is between 37-50% (Kale, Dyer & Singh, 2002:747), while Greve, Mitsuhashi and Baum (2013:79) caution that partnerships or alliances often fail to produce benefits for one or more of the partners. Scholars have investigated the sources of relational rents, and Rudawska (2010:7) argues that the capability to create above-normal profits out of inter-business relationships is the core of relational competitive advantage. As such, it can be said that inter-business rent is created through the joint contributions of businesses.

The research on which this thesis is based investigates the purpose of strategy from an RV perspective, and it acknowledges that the networked environment does indeed yield three types of relational rents, namely, internal, outbound spill-over, and inbound spill-over rents. Lavie (2006:640) investigated the business, relational and partner-specific factors that contribute to the capacity of alliances to appropriate rents. This

thesis expands on Lavie's (2006) RV-related work by investigating what the strategy's purpose for the networked environment must be to afford the business relational rent.

At this point, it is imperative to note that this thesis is in agreement with Castells' (2010:164) view that a new business logic has manifested itself and that businesses within the networked environment have become rent- and not necessarily competitive advantage seeking (Castells, 2010:164).

The RV suggests that the logical consequence of relational architecture is competitive advantage, and that relationships should be considered as strategic intangible resources that enable the building of competitive advantage (Stańczyk-Hugiet, 2011:157). While the RV explains superior performance within the networked environment, it is proposed that the purpose of collective strategy, when businesses endeavour to maximise inter-business rents, is a collective benefit and not a competitive advantage. The RV remains the base theory for the argument in this thesis.

3.10.5 Transient advantage

Information asymmetry, which has always allowed businesses to hold an advantage, is slowly disappearing. "Information is no longer part of the environment, but for many businesses it is becoming the environment" (Kothandaraman & Wilson, 2001:379). Unique resources have become something of the past (Moore, 1998:167), first-mover advantage has become fleeting, and should businesses revert to capabilities to obtain a competitive advantage, they are faced with the reality that the modern worker has become mobile. The reality being that competitive advantage has become temporal and in this century, it is not necessarily the best competitor that indicates the best performance (Gunther-McGrath, 2013:62).

"[...] I am really convinced of McGrath's transient competitiveness, in other words that it is not a once off story but a continuous process of reconstruction [...]" (Appendix D, Raw data table, Q19, Senior Strategist, Academia).

"[...] on the day-to-day business strategy is having to be able on such a quicker timeline [...]" (Appendix D, Raw data table, Q20, CEO, Construction).

"[...] I've seen it happen, given all of the information parity, the internet, the disintermediation, the core strategy of a business is to become fluid [...]" (Appendix D, Raw data table, Q21, CEO, Publishing).

What is known is that Niantic created unheard-of revenue in its first month of launching the Pokémon Go game, and it did this by co-creating an experience with a network of partners (Prahalad, 2009:25). Strategy theory is, simply put, too narrow to capture the complexity of value-creation in the networked environment. Established views on the sources of competitive advantage are inadequate to explain the performance excellence of, and the value created by companies like Niantic Labs. In addition, given that sustainable business performance is seldom random (Grant, 2016:5), it is imperative to revisit competitive advantage as the sole purpose of strategy. The apparent disappearance of the sources of competitive advantage that have been identified in the discussion, are synthesised in Table 3.3 (on the next page).

At first glance, a competitive advantage (as the purpose of strategy) is not afforded to businesses within the networked environment. However, one practising strategist argues exactly the opposite.

“[...] So, I'll come back to the initial assertion that I made, that competitive advantage is and continues to remain as relevant as ever because without it you're obsolete. If you can't offer something better than your competitor, you're going to be taken over by the competitor who'll be quicker to change than you and it's going to eat you up, you'll never be able to get into that web of brotherhood [...]”
(Appendix D, Raw data table 68, CEO, Publisher).

Any investigation into competitive advantage in the networked environment is incomplete if the other side of the coin – collaborative advantage – is not discussed. Therefore, the following section presents a brief discussion of collaborative advantage.

Table 3.3: The inadequacies of the most cited views of competitive advantage

VIEW OF COMPETITIVE ADVANTAGE	SECTION	NETWORKED ENVIRONMENT CHARETERISTICS
<p>MBV (Market-based view):</p> <ul style="list-style-type: none"> ▪ Requires a choice between differentiation and low cost ▪ Assumes perfect competition in a static market ▪ Builds on simple linear value chains ▪ Prescriptive approach 	Section 3.10.1	<ul style="list-style-type: none"> ▪ Characterised by temporality, diversity and complexity. ▪ Requires both differentiation and low cost.
<p>RBV (Resource-based view) has the following conditions. Resource must be:</p> <ul style="list-style-type: none"> ▪ valuable ▪ rare ▪ inimitable ▪ non-substitutional, and ▪ exploitable 	Section 3.10.2	Considering that the networked environment features blurred boundaries and a shared fate, causal ambiguity and social complexity as a determinant of imperfect imitability, become highly improbable.
KBV (Knowledge-based view) suggests that competitive advantage can be achieved through the superior utilisation of resources (knowledge).	Section 3.10.2 (discussed as a variant of RBT)	Only 1 – 2% of new knowledge is successfully converted into income-yielding products and services.
Strategic fit suggests that the alignment (fit) of the various internal and external elements of a business should be the target of management.	Section 3.10.3	Strategic fit is replaced by the notion of embeddedness.
RV (Relational view) argues that a business afforded competitive advantage when they can and are willing to make relationship specific investments	Section 3.10.4	<ul style="list-style-type: none"> ▪ Estimated alliance failure rate of 37-50%. ▪ Partnerships or alliances fail to produce benefits for one or more of the partners. ▪ Research often limited to two-partner relationships.

Source: Own compilation based on the discussion of literature in Section 3.10.

3.11 COLLABORATIVE ADVANTAGE

No business is an island and all businesses must cooperate with others at some point in time. De Wit and Meyer (2004:360) point out that there are four relational actors that businesses are likely to engage with at industry level, these are:

- suppliers (upstream vertical relations);
- buyer (downstream vertical relations)
- industry insiders or competitors (direct horizontal relations); and
- industry outsiders or complimentors (indirect horizontal relations).

The following macro-level actors have subsequently also been included in this list (De Wit & Meyer 2004:361–362):

- social cultural actors;
- economic actors;
- political and regulatory actors; and
- technological actors.

However, this thesis notes that while De Wit and Meyer (2004:360-362) have included media, community groups, charities, religious businesses and opinion leaders as social cultural actors, they have neglected to mention social media groups as well as family and friends. These actors play a critical role in the networked environment and should be included as a separate macro-level actor. The collaboration between these parties have been labelled by using various names, such as (but not limited to):

- alliances;
- partnerships;
- networks;
- coalition;
- group;
- joint venture; and
- constellation.

Some businesses, however, collaborate in a less intentional or less formal manner. These actors and collaborative forms can have various types of relationships (Ruigrok & Van Tulder, 1995:67). De Witt and Meyer (2009:365) interpreted these as:

- mutual independence: two businesses are independent of each other and have the freedom to act according to their own objectives;
- unbalanced independence: although two independent businesses work together, one has more power over the relationship;
- mutual dependence; and
- unbalanced dependence.

It is important to note that these authors refer to relationships between two businesses. Two businesses cannot be a network of businesses in the true sense, making this classification informative rather than applicable to the networked environment.

This brings us to a discussion on the art of collaborative working between two businesses. There are effective and ineffective ways of doing business, and one of the effective ways is to position the business in such a way that it will yield a collaborative advantage (Lank, 2006:2). One such collaborative advantage is shared value-creation, which is discussed in the next section.

3.12 SHARED VALUE-CREATION

The creation of shared value within the networked environment goes beyond the ability of Corporate Social Responsibility (CSR) initiatives to create and capture value (McWilliams & Siegel, 2011:1480). It implies the creation and capturing of both private and social utility within interconnected marketplaces where competition has become irrelevant. This is like the creation of a Blue Ocean strategy (BOS), as described by (Kim & Mauborgne, 2004:62).

Ecosystem strategy is like BOS in the way it views the creation of utility. Both strategies move beyond a reliance on technological innovation and focus on business model innovation when creating a leap in value for all the stakeholders involved. Both strategies are used when there is a perceived absence of competition, and they are characterised by the shared appropriation of utility (Chesbrough, 2010:354; lansiti & Levien, 2004:1; Kim & Mauborgne, 2004:62; Porter & Kramer, 2011:62).

Shared value-creation directs businesses to relook at the intersection between society and businesses. It empowers businesses to grow the potential economic and social value that is created. It is this type of joint value-creation, which has informed this research. However, Porter and Kramer (2011:62) suggest that the purpose of engaging in shared value-creation is the creation of a competitive advantage. However, as the networked environment has become almost averse to the term competitive advantage, authors doing research within this field have opted for an alternative, namely co-opetition, which is a term describing cooperative competition.

3.13 CO-OPETITION STRATEGY

Co-opetition can easily be seen as an extension of either competitive or cooperative strategy, although it is indeed neither. It is in fact a very distinctive approach to intra- and inter-business relationship studies (Yami, Castaldo, Dagnino & Le Roy, 2010:1).

Traditionally positioned as the two extremes on a strategy continuum, the competitive and the cooperative paradigm has always been viewed as mutually exclusive, which it is not. These are two independent dimensions that will impact the rent-seeking behaviour of businesses. The first will yield competitive and the second collaborative advantage. Co-opetition strategies, however, enable businesses to create both competitive as well as collaborative advantage, thereby improving the performance of the business. The notion that co-opetition and collaboration can coexist and simultaneously influence the strategy of a business is becoming increasingly popular with scholars, who are investigating this paradox (Bengtsson & Kock, 2000:412; Ullah, Bengtsson & Kock, 2014:189). In light of this paradox, our thesis holds that in the networked environment, the purpose of strategy must indeed be adapted to ensure that businesses can leverage both types of advantage (cooperative and competitive advantage) as complementaries.

There are numerous definitions of the term co-opetition. Hamel, Doz & Prahalad (1989:133) define it as a “cooperative relationship among businesses having converged strategic goals and divergent competitive goals”. Galvagno and Garraffo (2010:41), however, point to two restricting assumptions made by most definitions of co-opetition, the first is the fact that it is generally understood to indicate a relationship between two businesses only, and the second that only direct (industry-specific) competition is to be considered. These two assumptions limit the application thereof

to traditional management theory, as a network will always have more than two participants and stretch across traditional industry boundaries.

Regarding co-opetition theory: it is important to note that within the network, co-opetition may still be more beneficial to some actors, hence the focus on advantage. Bengtsson, Eriksson and Wincent (2010:19) note that the sum of the co-opetition strategies may give rise to competition between networks, making co-opetition just another means of achieving competitive advantage. Co-opetition is, however, more complex than that, and the complexity of networks and the interaction between co-opetition and collaboration as a necessity to the joint creation of value as a network is a given.

As the business environment becomes increasingly complex, networked, old strengths fade away, and strategists propose new sources of competitive advantage, it is becoming imperative to question the purpose of strategy within this complexity.

3.14 THE PURPOSE OF STRATEGY

Apart from a discussion of the relevant theory, this section also presents an account of the findings of the research on which this chapter is based.

De Wit and Meyer (2009:369) note three main goals of inter-business relationships, namely, resource leveraging, integration of activities and the alignment of positions.

Lank (2006:10) describes eight such goals:

- more effective research;
- greater influence;
- increased probability of a winning business;
- faster, better or cheaper development of products, services and markets;
- faster, better or cheaper delivery of products and services;
- in-depth learning;
- meeting an external requirement; and
- saving costs.

An investigation into the goals of inter-business relationships indicates that de Wit and Meyer (2009:369), as well as Lank (2006:10), did not name value-creation or

appropriation as a goal of collaboration. Moreover, these authors ultimately positioned inter-business relationships as a method to obtain a competitive advantage for the focal business. By understanding the goals traditionally associated with networks, the possibility of these goals being misaligned with what the network environment affords is opened up for discussion. Considering that the fundamental purpose of business is the quest for value, it is logical to infer that the networked environment should afford some sort of joint value-creation (Ellegaard *et al.*, 2009:37; Grant, 2016:2).

Ellegaard *et al.* (2009:37) propose that value-creation and appropriation be differentiated. The goal of value-creation, within the networked environment, is to create the maximum amount of use-value, for the network. Conversely, the goal of value appropriation is maximising the exchange value that a single business can extract (Bowman & Ambrosini, 2000:5). This differs from the view businesses take in the traditional business environment, where competitive advantage drives both value-creation and value appropriation and strategists are urged to take a single business view. The view of traditional businesses is reflected in the following statement by a participant:

“[...] we are not in the no-name Star Track era yet, so yes, collaborations will take place, but you will not necessarily have a shared platform [...]” (Appendix D, Raw data table, Q24, General Manager, Vehicle Manufacturer).

Understandably, Ellegaard *et al.* (2009:2) note that the more use-value a network can create and capture, the more an individual business can appropriate, and thus the better the performance of the network. Traditional businesses assume that value is embedded in its products and that use-value can only be unlocked when businesses focus on internal efficiencies. Within the networked environment use-value is, however, co-created through a participatory process by many partners who collectively deliver a personalised experience to customers (Prahalad, 2009:25). The view on value-creation by a network is typified in the following statement from a participant:

“[...] the reason that we excel is our ability to add value to the markets and worlds where we function [...]” (Appendix D, Raw data table, Q26, CEO, Switch)

Although the quest for value has been well documented in academic literature, most authors investigate value from a single-business perspective (Ellegaard *et al.*, 2009:2). The complexity associated with a networked environment makes this business-centric

perspective unsuitable. Martinez (2014:132) noted that within the twenty-first century, neither the business-centric, product-centric nor personalised-customer experience view of value-creation can effectively explain why some businesses outperform others, instead Martinez (2014:132) offered a collaborative knowledge-creation view. It is imperative to stress at this point that the theory on collaboration and co-petition stresses joint value-creation and innovation. These are methods to jointly create value that are employed by strategists, but which a single business can exploit to obtain a competitive advantage.

Kleindorfer and Wild (2009:12), however, present the following caution: while joint value-creation is admirable, the fortunes of businesses (value appropriation) still rise and fall based on their own earnings and stock performance – not the strength of their networks. Therefore, businesses must endeavour to not only create, but also appropriate value from a network.

Two theories exist about the creation of networks: this first view argues that the businesses involved in the network intentionally create the network (Dyer and Singh, 1998:660); while the opposing view suggests that networks evolve over time. From the second perspective, networks are borderless, self-organising and cannot be managed by a single business. For the purposes of this thesis, the researchers are in agreement with Möller and Rajala (2007:896) who state that both these views are relevant in understanding why some businesses outperform others in the networked environment. These two theories are reflected by origins of small worlds as described by Baum, et al. (2003:698) This thesis is therefore positioned in the 'networks-of-businesses' view, which argues that a network cannot be maintained or managed by any single business, and therefore supports the proposition that a network is self-organising (Möller & Rajala, 2007:896).

The key issue this chapter aims to address, is not whether a network can be managed, nor if value is created by taking a product-centric, business-centric, personalised-customer experience or network-of-businesses view, but rather what the purpose of an business's strategy should be when jointly creating value within a network.

Consider the following statements on value-creation that participants made during the discussions on competitive advantage, the networked environment, collaboration and the twenty-first century.

“[...] it is about problem solving [...]” (Appendix D, Raw data table, Q23, General Manager, Vehicle Manufacturer).

“[...] joint value-creation is becoming more prominent, take the new bakkie (van) developed by Mercedes and Nissan, they basically sell the same product to customers, just packaged differently [...]” (Appendix D, Raw data table, Q27, Senior Manager, Agricultural Manufacturer).

“[...] in the previous business I worked for, I was often accused of having an incestuous relationship with clients, as I actually marketed their product, so that they would use us to build their infrastructure [...]” (Appendix D, Raw data table, Q28, CEO, Telecommunications).

Syllogistic reasoning, based on the literature and these and other similar responses led the thesis researchers to develop the following propositions (P):

Within the networked environment:

P₁: While jointly creating value, the purpose of strategy should be the maximisation of joint value, while the unit of analysis is the network; and

P₂: While appropriating value, the purpose of strategy remains competitive advantage, while the unit of analysis remains the single business.

P₃: Moreover, not all value should be appropriated; some value must remain in the network to ensure that value can again be created jointly (Ellegaard *et al.*, 2009:2).

Furthermore, the discussions with strategists led to the realisation that in order to yield performance excellence in the networked environment, a strategy should enable joint value-creation as part of the network, as well as to enable the individual business to appropriate some of the use-value created (Supposition 1)

Syllogistic reasoning, based on these discussion responses led to the following proposition:

P₄: Within a networked environment, joint value-creation and competitive advantage should be put on opposing ends of a value continuum, between which a business moves depending on which stage of the value continuum it finds itself at.

To ensure performance excellence, the purpose of strategy within the networked environment can be plotted on a continuum. While creating value, the purpose of a strategy must be the creation of collective benefit, and when value is appropriated, the

purpose of a strategy must be the attainment of a competitive advantage. The value continuum is the direct result of the conversation with Participant 3 (Appendix D, Raw data table Q35, Senior Manager, Agricultural Manufacturing).

However, the following response from Participant 1 served to confirm the value continuum concept.

"[...] I would say joint value-creation is applicable to a network of businesses while competitive advantage is applicable to a single one [...]" (Appendix D, Raw data table, Q22, Senior Manager, Consulting Engineering).

Figure 3.5 is a graphical representation of the value continuum proposed above.

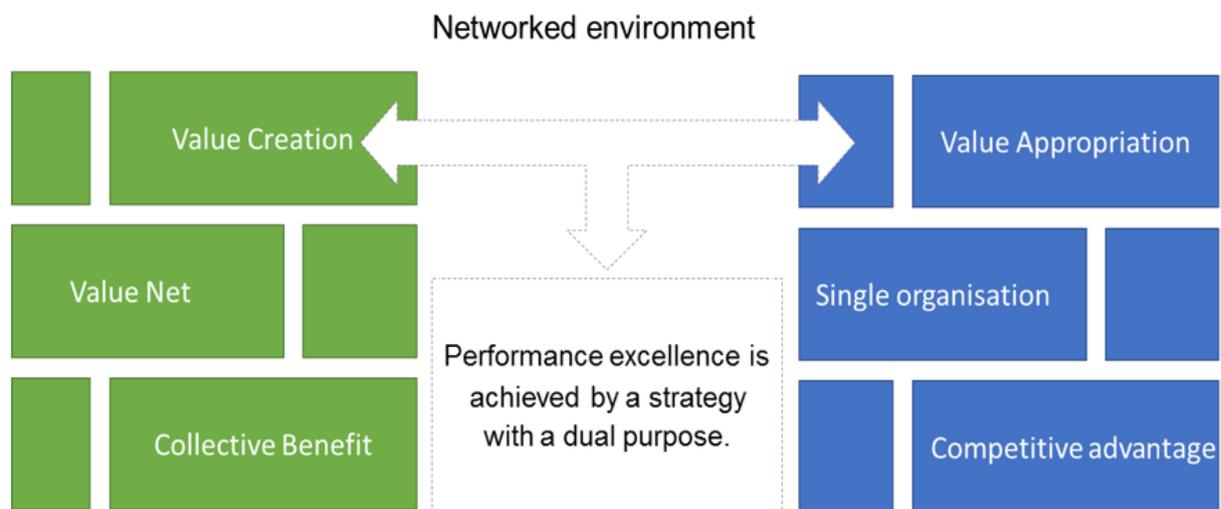


Figure 3.5: The value continuum

Source: Own compilation

Whilst on the value appropriating end of the value continuum, Rowley and Baum (2015:), argues that networked based competitive advantage is influenced by the opportunities and constrains inherent to the network as well as partner-specific concerns. The focus however of this thesis is not on the selection of partners, but on the purpose of network strategy.

Further discussions with participants revealed that, although they agree that joint value-creation would reduce the risk of doing business in a networked environment, according to them, it is not the only way. Participants are of the opinion that within the networked environment, continued performance excellence is a function of your ability to know when to jointly create value, when to do so by yourself and who to do it with. From the below and other similar quotes, an image has been deduced, that even within

the networked environment, depending on whether or not is it your core product and the type of associated risk, businesses will choose to create value either with a value net or on their own.

Figure 3.6 is a graphical representation of the following statements:

“[...] where it's not the core competency of the business [...]” (Appendix D, Raw data table, Q31, Q32 CEO, Publishing).

“[...] when it comes to outsourcing, your core competency is very important [...]” (Appendix D, Raw data table Q33, Senior Strategist, Academia).

“[...] not in terms of your core-product, there are so many things you do not have [...]” (Appendix D, Raw data table, Q30, CEO, Life Insurance).

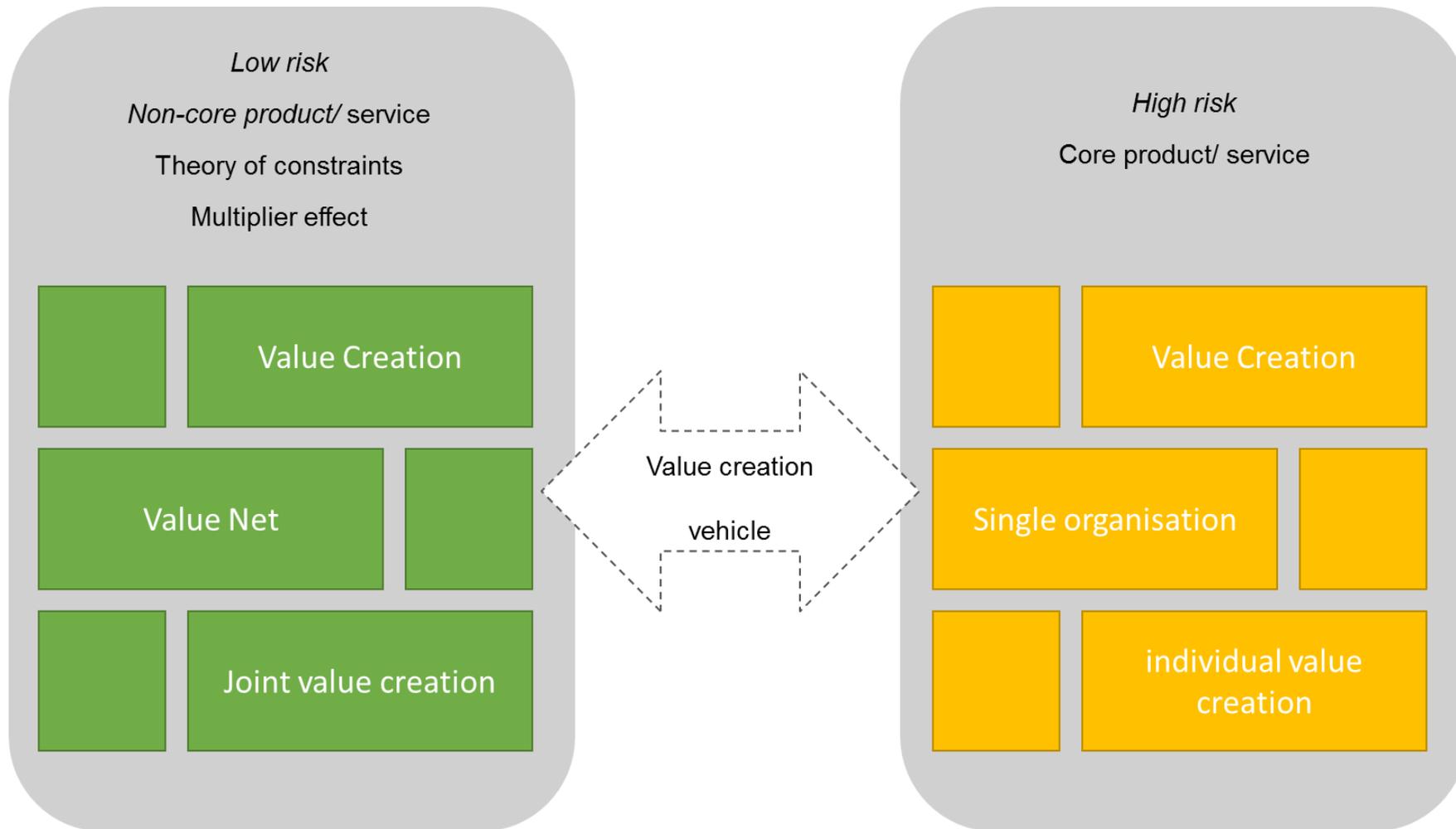


Figure 3.6: The value-creation vehicle choice

Source: Own compilation

Participant 1 argues that businesses will only create value through a network if it complies with the Theory of Constraints. This means that businesses will jointly create value if constraints are diminished and the whole product can be produced more effectively and efficiently (Appendix D, Raw data table, Q37, Senior Manager, Consulting Engineering).

If it is assumed that joint value-creation is an alternate purpose of strategy, this construct must be defined. In the section that follows the construct, collective benefit is defined by adhering to the criteria set by Sigalas *et al.* (2013:322) when developing a stipulative definition for competitive advantage. Considering that the second criterion explicitly states that a stipulative definition must not contain any judgements about an business's own value and consider the term 'value' to be a synonym for the term 'performance', it was opted to rename 'joint value-creation', collective benefit. These terms are, therefore, used interchangeably throughout the thesis.

3.15 A STIPULATIVE DEFINITION

Strategic management literature to date focuses on the creation of competitive advantage as the purpose of strategy, and as such, the researchers could find no clear or concise stipulative definition of collective benefit.

NOTE TO READER:

Section 3.9 refers. Collective benefit is considered an affordance bundle, and is therefore presented as a non-action or a noun.

This necessitated this research to turn to the preceding discussion and self-stipulate a definition for collective benefit:

P₅: Collective benefit is the use-value afforded to an interconnected, independent group of businesses (a value net) embedded in the networked environment.

While competitive advantage is a relational term, which compares the performance of various businesses, collective benefit is a collaborative term, combining the performance of various businesses. It is, however, important to note that for the purpose of this thesis, performance, competitiveness and benefit are regarded as being conceptually different nouns.

This proposed definition (Proposition 5) is clear and rigorously stated, and therefore meets the first criterion for a conceptually clear and robust stipulative definition. This definition is, however, highly dependent on a clear understanding of the terms 'use-value', 'value net' and the 'networked environment', and therefore does not meet the second criterion - not to contain any antecedents of performance (Sigalas *et al.*, 2013:322).

Bowman and Ambrosini (2000:1) suggest that value refers to marginal utility, meaning that value is the maximum satisfaction a customer receives from using a product or a service. These authors separate value into two distinct categories, namely, use and exchange value. Use-value is defined as a participative measure referring to the perceived qualities of a product or service in the mind of the customer, and exchange value to the amount paid by a customer. Use-value is created by an business, while exchange value is realised.

The term 'collaborating' also requires further elaboration and clarification. Generally, to collaborate means to cooperate with parties one is not immediately connected to, or to work jointly with others (Anon, 2017). Collaborating within a value network goes beyond the creation of a supplier network, which is aimed at horizontal collaboration, and it is aimed at increasing the realised value of the entire network, not just that of key parties directly involved in the supplier network. Collaborating within a value net entails cooperating horizontally, as well as vertically, to enhance the capabilities and resources of collaborating businesses in order to ensure the performance excellence of the collaborating businesses.

NOTE TO READER

Section 3.9 refers. Collaborating is considered to be an essential action afforded by the networked environment to a network of businesses, and it is explicitly included as the action verb in the stipulative definition to ensure that the affordance bundle (collective benefit) consists of actions as prescribed by Michaels (2003:147).

In order to find some simple basic terms (in reference to the second criterion) to be used in the final stipulative definition, a few dictionary definitions were consulted. It is common practice in the social sciences to consult dictionary definitions in the process of developing a formal definition, and authors such as Peltoniemi and Vuori (2004:268) as well as Insch, Moore and Murphy (1997:3), consulted the Merriam Webster

Dictionary . The Merriam-Webster Dictionary (2018:Online) was therefore consulted and offered the following insights:

- The **collective**, is a noun, referring to a unit or a whole.
- **Benefit**, is a noun, meaning something that promotes wellbeing.
- **Wellbeing**, is a noun, referring to prosperity.

Based on the above clarification, and discarding any sensory processing of the affordance bundle, the following final stipulative definition (Proposition 6) for Collective Benefit is proposed:

P₆: Collective benefit is the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment and is able to yield an increased efficiency of the whole, within a networked environment.

Shared prosperity or inclusive economic growth has been defined by the World Bank as a “growth in the income of the bottom 40 percent of a country’s population, the income distribution over time”. The Shared Prosperity Indicator, as proposed by the World Bank, aims to measure if economic growth is inclusive of the less-well-off portion of the population (The World Bank, 2013:Online). The concept of a Shared Property Indicator is a macro-economic indicator of inclusivity, and has been super-imposed on the business due to the similarities that exist between an open economy and the networked environment.

NOTE TO READER

Section 3.9 refers. The term efficiency has been used to ensure that the affordance bundle, collective benefit, adheres to the definition of an affordance, that states “an affordance entails an effectivity for its actualisation but not for its existence” (Michaels, 2003:147).

The term ‘efficiency’ within the stipulative definition refers to financial, social, as well as environmental efficiency. This brings the proposed definition into alignment with the Sustainability Development Goals that were developed by the United Nations in 2016. While the primary ownership of these goals lies with governments, civil society is placing pressure on business to contribute to the fulfilment of these goals (United Nations, 2016:Online). The term ‘efficiencies’ was further used as it ties back to the terminology used by Arend (2004:1007) when describing the outcomes of a strategic

liability. More specifically, it has been suggested (Section 1.8) that competitive advantage as the purpose of strategy, is likely to create inefficiencies. Collective benefit as the purpose of strategy should, in contrast, create efficiencies. Moreover, within the Network Theory efficiency gains are generally attributed to the economies of scope resulting from operating within a networked environment (Economides, 1996).

The above stipulative definition thus satisfies both sets of criteria as stipulated by Sigalas *et al.* (2013:322), as it differentiates between collective benefit and performance excellence, it is clear and conceptually concise and thus, it is this definition (P6) that was presented to participants. Asked if they concurred with the stipulative definition, all 12 participants answered positively.

“[...] Yes, it is the model we had [...]” (Appendix D, Raw data table, Q43, CEO, Telecommunications).

“[...] Sho! I can’t see anything wrong with this, I find it extremely true! [...]” (Appendix D, Raw data table, Q44, CEO, Switch).

“[...] Yes, it is new and interesting [...]” (Appendix D, Raw data table, Q45, Senior Manager, Agricultural Manufacturing).

“[...] I agree. In essence, I agree [...]” (Appendix D, Raw data table, Q46, Senior Municipal Manager, Local Government).

“[...] Like you explained, I must say this definition describes it very good [...]” (Appendix D, Raw data table, Q47, Senior Strategist, Academia).

“[...] I absolutely agree [...]” (Appendix D, Raw data table, Q48, CEO, Construction).

3.16 CHAPTER SUMMARY

This chapter endeavoured to identify and define what purpose the networked environment affords the strategy of a business choosing to operate in a networked environment, and it culminated in the final stipulative definition (Proposition 6). The environmental realities of the twenty-first century and the applicability of competitive advantage as the sole purpose of strategy were discussed. Resulting from the literature review and discussions with 12 senior strategists, but without any further imperial testing, it was then proposed that:

P₁₋₅: To ensure performance excellence, the purpose of strategy within the networked environment can be plotted on a continuum. While creating value the purpose of a strategy must be the creation of joint value and when value is appropriated, the purpose of a strategy must be the attainment of competitive advantage.

At this point, the above propositions (P₁₋₅) are considered to be supported, and joint value-creation is considered a more suitable purpose of the strategy of businesses operating in the networked environment. In line with the Sigalas *et al.* (2013:231) criterion, it was decided to replace the term 'joint value-creation' with the term 'collective benefit'.

Subsequently, a conceptually clear and robust stipulative definition of collective benefit was identified. The stipulative definition (P₆) which satisfies both sets of criteria as required by Sigalas *et al.* (2013:322) (and all 12 participants agreed with the final definition during the interviews) has been adopted:

Collective benefit is the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment, and is able to yield an increased efficiency of the whole, within a networked environment.

The above stipulative definition is considered to be ample, sound and comprehensive. As the definition contains no direct reference to the term 'competitive advantage', it allowed the researchers to position collective benefit on the one end of the value continuum, while competitive advantage was placed on the other end.

To conclude, collective benefit is afforded to collaborating businesses within the networked environment.

A strategy aimed at creating a collective benefit may be a strategic asset to a business choosing to jointly create value in a networked environment. Moreover, within the networked environment, strategists should consider collective benefit as an alternate purpose of their strategy.

3.17 FUTURE RESEARCH

Based on the stipulative definition of collective benefit that has been provided, an operational definition which will detail the observable aspects of collective benefit should be developed. Thereafter a best practice framework for the development of collective benefit within a network should be developed. Future research should also

investigate the influence of partner-selection strategies on the creation of collective benefit.

Chapter 4 follows with the operational definition of collective benefit.

CHAPTER 4: AN OPERATIONAL DEFINITION OF COLLECTIVE BENEFIT

This chapter is prepared in manuscript format and might be submitted to the Working Paper Repository of the University of Pretoria. Upon receiving feedback from the academic community, this manuscript will be reworked to an article and will be presented to *The Journal of Economics and Management Strategy* for publication consideration, and has been formatted in line with the journal guidelines.

Figure 4.1 indicates the place of Chapter 4 in relation to the research protocol presented in Section 1.1. The research objective addressed in Chapter 4 has been highlighted in turquoise in Figure 4.1.

NOTE TO READER

Due to the working paper structure of the thesis, there is a repetition of the methodology, sample and data as found in Chapter 3. This is necessary because as a working paper, Chapter 4 needs to be read and understood independently from Chapter 3.

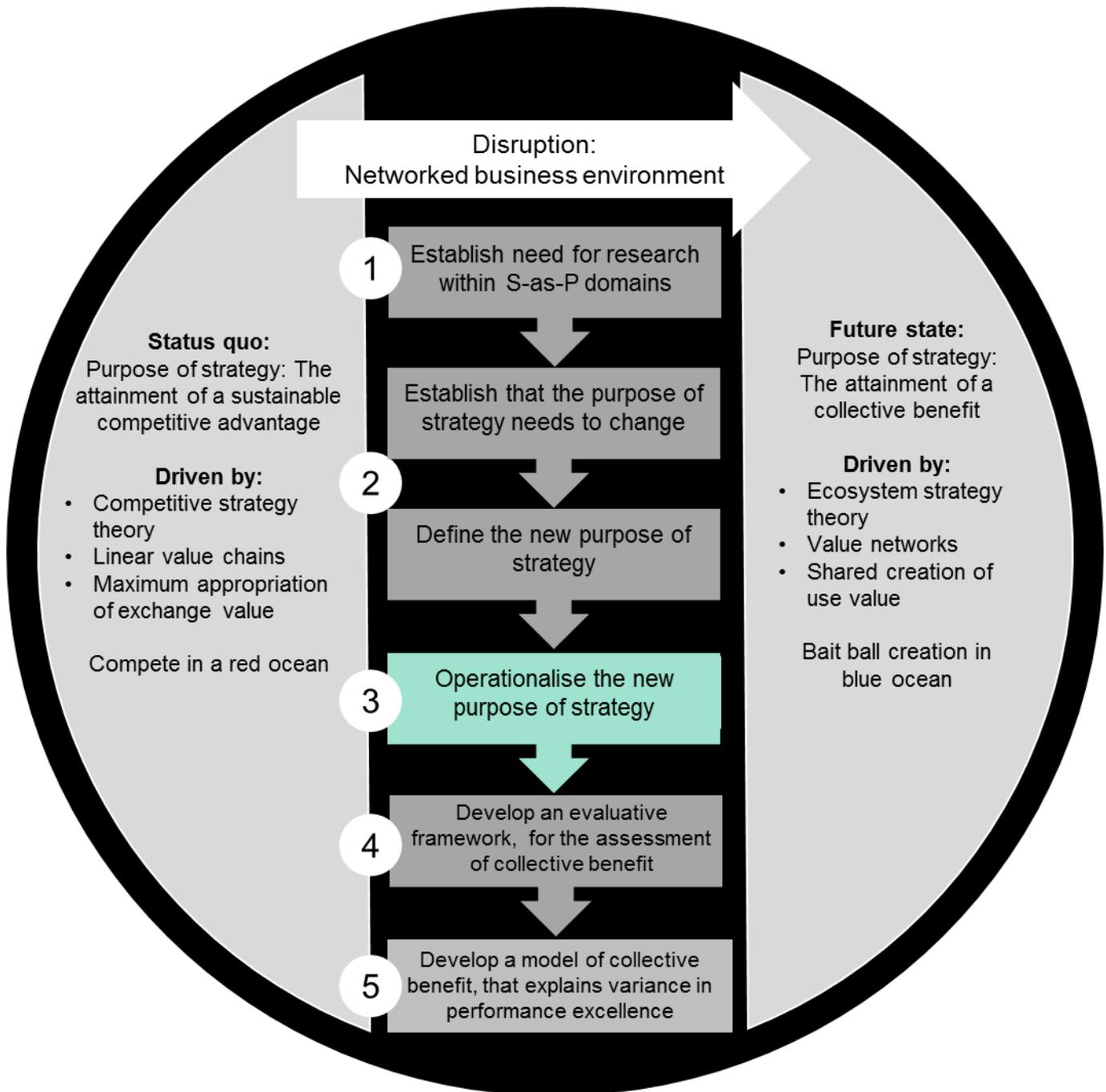


Figure 4.1: The research protocol for Chapter 4

Figure 4.2 (on the next page) details the flow of Chapter 4.



Figure 4.2: Breakdown of Chapter 4

“Beyond the public relations efforts of platforms like Uber and Airbnb, there may be deeper reasons why the term ‘sharing economy’ is so popular: It captures some of the thinking and the idealism of the early proponents of economy-wide sharing approaches. It hints at the shift away from faceless, impersonal 20th-century capitalism and toward exchange that is somehow more connected, more embedded in community, more reflective of a shared purpose.”

Sundararajan, 2016:35

4.1 INTRODUCTION

Consider the American technology business, Uber Technologies Inc. (hereinafter referred to as Uber). Uber develops, markets and operates the ‘Uber apps’. Among these apps is the original ‘Uber Cab app’ that connects thousands of drivers worldwide to customers, enabling the drivers to offer a logistical service from which everyone involved benefits (Uber, 2016:Online). Uber is an economic network in which members voluntarily participate and is said to have an advantage over local taxi operators. Their strength lies in the more than one billion connections they have worldwide (Uber, 2016:Online). It is this network of drivers in more than 489 cities worldwide, which has enabled Uber and its drivers to jointly create value for its customers. This intentional networking allowed Uber, its drivers and riders (customers), as well as other stakeholders (example of a value net), all to benefit from the value created and to appropriate the maximum value from the service offered.

Uber would not have been able to create as much value without the joint efforts of all its stakeholders, hence it can be stated that the Uber value net purposely chooses to jointly create value. This joint value-creation has reportedly resulted in the creation of more than US\$20 billion in joint revenue for the value net. This measured value is greatly compounded by the unmeasured value appropriated by the customers, who did not need to make payments related to the ownership of a car, buy car insurance or pay for the maintenance of these vehicles. This thesis argues that the performance excellence experienced by the Uber value net, is the result of being afforded the proposed affordance niche – collective benefit – by the networked environment.

Erroneously, it would be easy to consider collective benefit as the purpose of the strategy of Uber. However, the numerous challenges (expounded in scale, due to the

networked challenge) such as violent protests, legal action requiring contractors to become employees, class action lawsuits, governments passing legislation to bar the business from operating, and a costly fight to operate in China (Hartmans & McAlone, 2016:Online) indicate that this is not the case. It can be argued that most of the challenges that are being experienced are as a direct result of a strategy pursuing competitive advantage, namely, winning at all costs, whereas within the networked environment, the strategy of a business should focus on creating a collective benefit.

While the implications of the networked environment for competitive advantage has informed numerous strategic management works, especially within the RV perspective, little research has studied the focus of strategy within the networked environment (Kumar *et al.*, 2015:469). Moreover, a search of the current available literature revealed that the first work on the purpose of strategy within the networked environment, was probably reported in Chapter 3, wherein it was determined that collective benefit should be the focus of a strategy, when businesses, like Uber choose to jointly create value within the networked environment. Chapter 3 concluded by offering a concise and robust stipulative definition of collective benefit that adheres to both criteria as determined by Sigalas *et al.* (2013:322), and that was developed in consultation with 12 senior strategists, namely:

Collective benefit is the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment and is able to yield an increased efficiency to the whole, within a networked environment.

4.2 THE SHARING ECONOMY

Uber is considered by Forbes (Forbes, 2017:Online) to be one of the pioneers of what is known as ‘the sharing economy’. The sharing economy is a form of collaborative network that uses a non-market form of exchange, namely sharing, bartering, renting and exchanging. In this type of environment, resources are pooled and shared in a peer-to-peer market. Also known as collaborative or non-ownership consumption and the gig economy (the gig economy refers to a type of environment where temporary and short-term positions are common) (Greenwood, Burtch & Carnahan, 2017:28; Nica & Potocovaru, 2015:69).

In the sharing economy, a network, by leveraging a digital platform, does away with the need to carry inventory, employ employees, and collectively these types of

networks are transforming consumption. These networks started by relying on complementary economic agreements, and have differentiated to the point of sharing between strangers (Marr, 2017:Online; Nica & Potocovaru, 2015:69). While striving for the collaborative utilisation of resources, it is not difficult to see that should a business want to embrace this economy, its strategy cannot be driven by a construct that is often referred to as the opposite of collaboration, namely, competitive advantage. In Chapter 3, it was concluded that within a networked environment, such as the sharing economy, the strategy of a business could be driven by collective benefit.

While the sharing economy is driven by collaboration, it still highly depends on a platform operator like Uber. This platform operator still makes a profit and will inevitably impact how sharing occurs in this economy. These businesses, however, should strive for balanced, utility-maximising conduct (Möhlmann, 2015:194; Scaraboto, 2015:152), that would still allow the collaborative utilisation of services, and therefore their strategy should strive to maximise collective benefit and not individual, competitive advantage. Collective benefit is, however, only afforded to businesses that can configure a network that has the efficiencies to extract it from the sharing economy. In the following section, the term 'affordance' is detailed.

NOTE TO READER

The following section contains a duplication from Section 1.10 and Section 3.9. It was done in this manner to ensure that the manuscript can be read independently.

4.3 THE AFFORDANCES NICHE: COLLECTIVE BENEFIT

In any environment, there are things that exist, for example, tables, chairs, fictional characters like Batman and affordances. An affordance, according to theory of affordances of Gibson is a noun derived from the verb 'to afford' and is rooted in ecological psychology (Gibson, 1979:127). The concept refers to a specific environment–animal pairing and is defined as “opportunities for action in the environment for some sort of animal” (Sanders, 1997:99). When investigating affordances, the animal (business) and its environment should be regarded as a complementary pair, the interaction of which results in a niche (a bundle) of

affordances between the environment and the animal (businesses) (Sanders 1997:97–98).

Affordances can only be taken advantage of by a specific animal, if perceived with specific efficiencies in a specific environment (Sanders, 1997:104). These affordances are perceived by the animal, and like the chair and Batman, affordances are both real and supposed, but are neither part of the environment nor the animal (Chemero, 2003:181). Chemero (2003:182) moreover, notes that it is the awareness of that which objects afford which imposes meaning to them, and emphasised that affordances are not resources contained in the environment, but are rather efficiencies (Chemero, 2003:183-4).

Let us agree that the business is a set of interconnected efficiencies, each of which would have situations where it would be asserted. Chemero (2003:191-192), further suggests that every business (animal) has an affordance niche, which is a set of affordances resulting from an event in the environment (Stoffregen, 2000:93), where one or more of its efficiencies can be implemented. These affordances are relative and specific to specific animals in specific environments and can be either positive or negative (Gibson, 1979:127).

The networked environment is an environmental change that has profoundly changed the way businesses should do business (Zott & Amit, 2009:260). According to the Gibson theory of affordances, this environmental change, the network disruption, should afford businesses an affordance niche, where its efficiencies can be implemented.

The affordance niche is afforded to businesses that are better off, because they are operating in the network environment. Gibson (2000:54) states that the information (of what an affordance is) “is to be found in events that include the relevant environmental features, the activity of the organism and the consequences that ensue as well as the relations among these”.

Uber (the animal), is operating in 58 countries around the world, and is valued at over US\$60 billion (Hartsman & McAlone, 2016:Online), all because it perceived collective benefit (the affordance niche) in the networked environment (the change event) and purposefully chose to configure a value network that has the efficiencies to extract the affordance niche (benefit) from the environment.

In Chapter 3, it was determined that collective benefit should be the purpose of strategy when businesses choose to jointly create value. Collective benefit is an affordance niche, or bundle, as referred to by Demir (2015:125), that consists of multiple action possibilities being offered to businesses choosing to embrace the networked environment. When strategists (as the agents of the business) consider positioning the business within the networked environment to jointly create value, they must do so taking these possible actions into account. Subsequently, the efficiencies of a business must then be aligned towards these possible actions. This implies that the strategy of a business should be designed in such a way that it will enable the business to exploit the affordance niche afforded by the environment.

This chapter attempts to unbundle the affordance niche, collective benefit, and consequently to offer the strategic management community an operational definition of this construct. This thesis presents a definition conceptualised in a similar manner to that of the Sigalas *et al.* (2013:326) definition of competitive advantage, given here below:

“The above industry average manifested:

- *exploitation of:*
 - a) *all market opportunities,*
 - b) *full (exploitation of) the market opportunities and*
 - c) *more market opportunities than competitors,*
- *neutralisation of:*
 - a) *all competitive threats,*
 - b) *full (neutralisation of) the competitive threats, and*
 - c) *more competitive threats than competitors and*
- *reduction of:*
 - a) *total expenses at a higher rate than competitors,*
 - b) *operating expenses at a higher rate than competitors,*
 - c) *total expenses divided by revenue to a higher extent than competitors, and*
 - d) *operating expenses divided by revenue to a higher extent than competitors.”*

An explicit decision was taken to replicate the Sigalas *et al.* (2013:322) methodology, as through the use of a similar methodology to develop the collective benefit definition, scholars will be able to directly contrast the two definitions. In the following section, an analogy is presented to clarify the concept of collective benefit.

4.4 THE BAIT BALL

To illuminate the concepts of affordances, collective benefit, the value continuum and competitive advantage, an analogy has been used, built in part on the Tidal Pool and Great White Shark analogies used in Sections 1.10.1 and 2.1, namely, the forming and dissolution of a bait ball.

4.4.1 What is a bait ball?

Small pelagic fish, such as sardines, who live in the open water of the ocean, swim in schools to create a safer environment for themselves. When these fish form a school they are difficult to ambush and an attack on an individual fish becomes difficult for any single predator. As a network, the smaller fish can rhythmically and rapidly change direction, split and reform into one big school again, providing safety in numbers. Driven by the availability of specific nutrients in the ocean, the schools of smaller fish congregate at very predictable locations at certain times of the year. Larger marine predators, such as sharks, sea birds and marine mammals, have come to realise this and have learned to coordinate an attack on these schools. Cooperatively, this predator network, forces the fish to the surface, causing the school of fish to panic, and as a result the fish form what is known as a bait ball.

The grace and coordination previously central to the survival of the school is quickly abandoned, with every fish trying to get to the centre of the bait ball to protect itself. In this way, a dense bait ball is formed, the movement, smell and sound of which attracts more predators, until there is a carousel of them surrounding the panicked school of fish. The predators are rewarded by this panic and the collective protection that the fish previously enjoyed quickly disappears.

Each of these predators have their own predatory strategy and as the small fish break loose, in a panicked state, a feeding frenzy develops. During this time, the once perfectly coordinated group of predators compete, each trying to maximise the number of fish they can catch, and each employing their own strategy. Slowly the school of

fish is diminished until only a few bait fish are left. These fish go off to join another school of fish, and chances are that they will find themselves in the same situation, facing different predators again on another day (Fetecau, 2011:1539; Robinson & Tetley, 2007:85; Ryan, Edwards & Pichegru, 2012:89; Seifert, 2010:26).

The idea of using predators and prey as an analogy in the field of strategic management is not a new one, Moore's (1993:75) article in the Harvard Business review featured the exact words "Predators and Prey" in the title, and the Blue Ocean Strategy of Kim and Mauborgne (2004) used the ocean and its predators to explain their concepts.

In the next section, collective benefit is illuminated in a similar manner. Figure 4.3 below is a photograph of copper sharks engulfed in a ball of sardines.



Figure 4.3: Sharks feeding on a bait ball

Source: Safonov (2009:Online)

4.4.2 The bait ball and collective benefit

While it would be easy to think of the bait fish as the network, the predators in the bait ball analogy illustrate a value net or network of businesses, operating in a networked environment.

Figure 4.4 (on the next page) better indicates the different types of predators that are commonly involved with the creation of a bait ball. You will note that these predators normally do not live together, but have chosen to create value together, namely, the bait ball. While creating the bait ball, the predators work together and their purpose is to maximise the size of the bait ball. At this point of time they are not competing against each other, but collaborating. This is just like businesses in a value net, who collaborate to create maximum value.

Chapter 3 of this thesis argued that during this time, the strategy of both the predators and the business should be the creation of collective benefit. However, when the bait ball has reached the surface and panic sets in, the predators start to compete to appropriate the maximum value from the bait ball. So, do businesses. At this point the strategy of both businesses and predators focuses on the creation of competitive advantage.

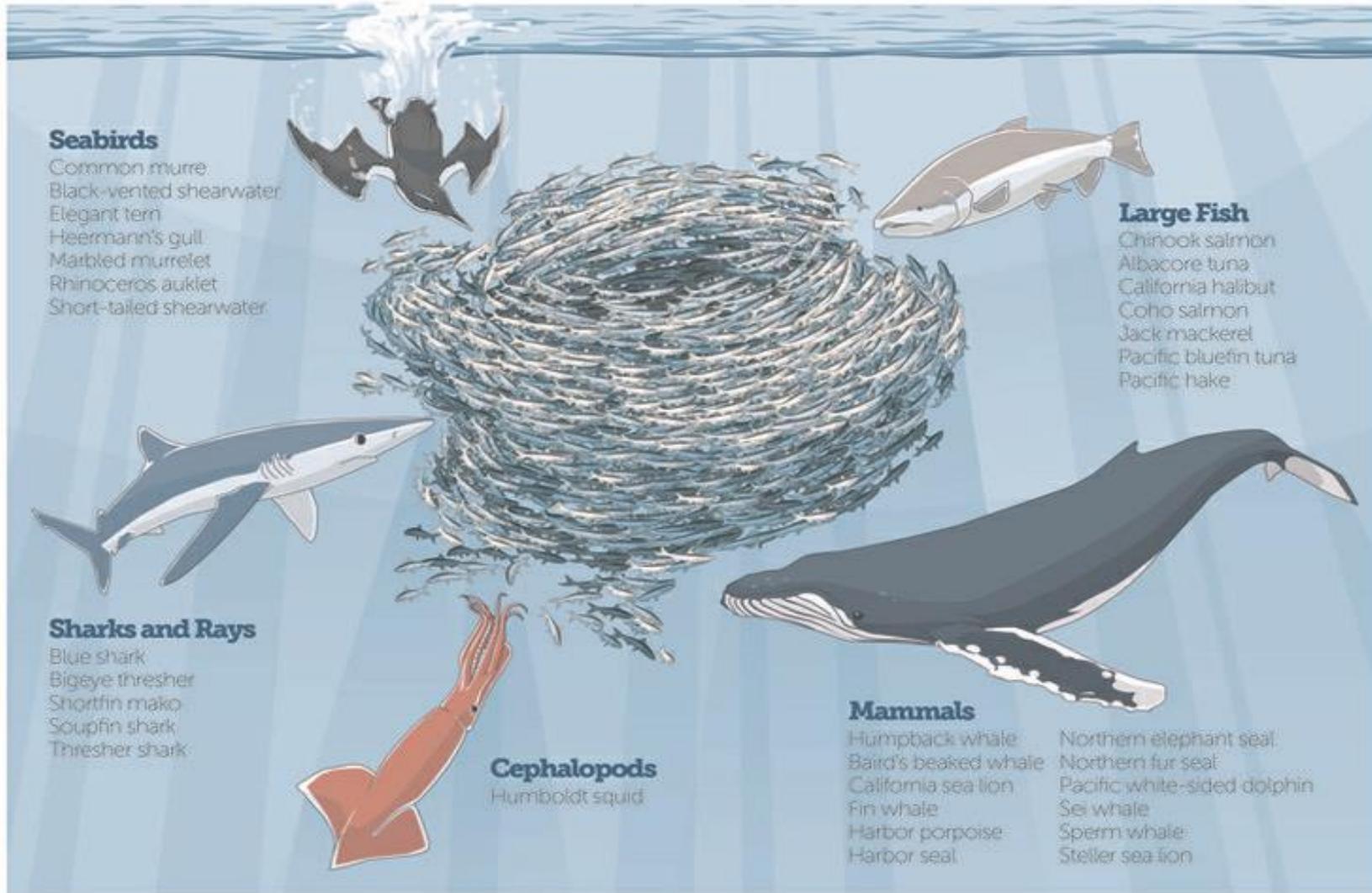


Figure 4.4: The network of predators feeding off a bait ball

Source: Szoboszlai, Thayer, Wood, Sydeman and Koehn (2015:Online)

While the creation and dissolution of a bait ball are seemingly two distinct events each with a beginning and an end, the flow between collective benefit and competitive advantage on the value continuum is not so clear-cut in time. Businesses can be creating value in one network, while at the same time be appropriating value from another. What is, however, clear is that should the value net of predators have focused on competitive advantage while creating the bait ball, there would have been no bait ball being afforded. From this analogy, it can be inferred that the performance of businesses is greatly influenced by their ability to jointly create value for the value net, thereby maximising the collective benefit afforded to the whole.

In this light, it is imperative to unbundle the affordances that together constitute collective benefit. In the following section, the methodology used to identify these affordances is detailed.

4.5 METHODOLOGY

This chapter builds on the exploratory work done in Chapter 2 and 3, and is therefore conducted using the S-as-P research lens. The operational definition presented herein allows for the accumulation of practical knowledge to link micro activity to macro knowledge, thereby contributing to Domain F of the S-as-P Typology Matrix (Jarzabkowski & Spee, 2009:78). The research further speaks directly to Network Theory, especially to Granovetter (1973), who suggested that social networks are the link between micro and macro levels of sociological theory. Proponents of S-as-P research (Vaara & Whittington, 2012:287), explicitly advocate for the inclusion of qualitative research methodologies in strategy research. While the data-collection method, namely, semi-structured interviews, used in the research that informs this chapter, is inherently qualitative, both qualitative and quantitative data were collected from the participants, making it mixed-method research. The mixed-method approach enables researchers to gain both a broad and deep understanding of the research participant due to the fact that data are collected from multiple viewpoints (Denzin & Lincoln, 2017:279; Tran, 2016:1).

The research was conducted using the pragmatic paradigm. The pragmatic paradigm, is orientated “towards solving practical problems in the real world” (Tran, 2016:15), and is perfectly aligned with the S-as-P research lens that explicitly seeks to explain

the practice or doing of strategy (Johnson *et al.*, 2003:13; Whittington, 2007:1578). The definition resulting from the research could be used to guide the decision-making process of strategists.

This research paradigm and approach enabled researchers to combine both the qualitative and quantitative methods, allowing for method triangulation (Tran, 2016:3), thereby strengthening the reliability of the results. The triangulation minimised the bias associated with any one method and enabled the thesis to get closer to the truth about collective benefit (Tran, 2016:4).

The methods chosen were those that were deemed to best integrate the available theories, as well as to answer the research questions. Furthermore, as this research is informed by the work of Sigalas *et al.* (2013) wherein a mixed-method approach was followed, it was deemed suitable to apply a similar approach. The research design that was used in the study is discussed in the sections to follow.

The research on which this chapter is based, can be considered sequential, as it follows on and was informed by the research that was conducted in Chapter 3, and will in turn inform the research that is conducted in Chapter 5. Given that collective benefit is an inherently complicated construct, its operational definition was inductively created in consultation with senior strategists at 12 South African businesses in various industries. The variation in industries was purposefully included to increase the breadth of the research.

4.5.1 Participant profile

The initial participants were identified through the social networks of the researchers and thereafter snowball sampling was applied. Guest *et al.* (2006:59) state that when using non-probability samples, saturation is likely to occur within the first 12 interviews, and as much was experienced.

Table 4.1 contains details of the participants' profiles.

Table 4.1: Participant profile

PARTICIPANT				
NO.	AGE GROUP	HIGHEST QUALIFICATION	INDUSTRY	DURATION OF INTERVIEW
1	60+	PhD	Consulting Engineering	63 min
2	40-49	Bachelors	Vehicle Manufacturing	32 min
3	30-39	Honours	Agricultural Manufacturing	40 min
4	50-59	Honours	Skills development	44 min
5	50-59	Certificate	Telecommunications	49 min
6	50-59	Bachelors	Switch	33 min
7	60+	PhD	Municipality	60 min
8	40-49	Masters	Higher Education	60 min
9	40-49	Honours	Publishing	34 min
10	60+	PhD	Academia	62 min
11	30-39	Honours	Construction	40 min
12	60+	Bachelors	Life insurance	52 min

During the interviews, strategists were asked to review the stipulative definition of collective benefit (Section 3.15). Once the stipulative definition of collective benefit was finalised (see Section 3.15), the construct was further discussed and broken into various affordances. Some of the affordances were pre-defined from the related literature, while others emerged from the discussions. The participants were subsequently asked to rate the impact of the identified affordances of collective benefit on a 5-point Likert-type scale. A score of 5 refers to the maximum impact on collective benefit, while a score of 1 refers to a minimal impact and a score of zero disregarded the construct as a dimension of collective benefit.

Table 4.2 presents the questionnaire presented to the participants.

Table 4.2: Questionnaire used during the interviews with strategists

CONSIDER THE FOLLOWING LIST OF VARIABLES AND RATE THEIR APPLICABILITY, AS DIMENSIONS OF COLLECTIVE BENEFIT						
The collective benefit afforded to a business is impacted by the degree to which a business has:	A dimension of collective benefit					
	Disregard as a dimension of collective benefit	Minimal impact on collective benefit	Low impact on collective benefit	Impact on collective benefit undecided	High impact on collective benefit	Maximum impact on collective benefit
	0	1	2	3	4	5
... digitalised*						
... exploited opportunities as a collective*						
... neutralised threats as a collective*						
... reduced costs as a collective*						
... become embedded within the network*						
... gained the trust of the collective*						
... been able to coordinate with the collective*						
... been able to co-learn with the collective*						
... been able to co-innovate with the collective*						

4.6 DATA COLLECTION AND ANALYSIS

The data were collected between 22 August and 2 September 2016. The interviews were conducted in both Afrikaans and/or English, based on the language the participant was most comfortable in. The interviews were subsequently transcribed by a professional transcriber. Afterwards, to ensure the accuracy of the transcriptions, the transcriptions were read while listening to the audio recordings.

As collective benefit is such a new concept with limited theory in the literature relating to the concept, observable attributes were assigned when describing and defining the concept. The assignment of observable attributes increased the trustworthiness and credibility of the description of dimensions (Cooper & Schindler, 2011:182–183; Golafshani, 2003:604). Observable attributes of each affordance were added iteratively as the interviews progressed. The iterative process allowed researchers to clarify the aspects of each affordance, as well as to determine the relevance of each affordance to the operational definition. This methodology is similar to the methodology used by Sigalas *et al.* (2013:326), when constructing an operational definition (variable) of competitive advantage.

4.7 ETHICAL CONSIDERATIONS

The study was approved by the Research Ethics Committee of the Faculty of Economic and Management Sciences, University of Pretoria, prior to the pilot study (Appendix A). An informed consent form (Appendix B) was emailed to the participants before the interview. A document was included that explained the background to and the purpose of the study. It emphasised anonymity and that participation in the study was voluntary, and they were free to withdraw at any time.

4.8 QUANTITATIVE DATA

Table 4.3 indicates the average scores and ratings of the affordances. A detailed discussion of the qualitative data from both the literature and the interviews follows in the next section. Table 4.3 indicates the affordances and individual ratings before the affordance was assigned to various affordance niches (groups). The average rating, standard deviation, as well as number of strategists who rated the affordance, are reported.

Table 4.3: Raw data table containing the scores given to the affordances by the participants

The collective benefit afforded to a business is impacted by the degree to which a business has:	Participant number												N	Average rating	Std. Dev.	
	1	2	3	4	5	6	7	8	9	10	11	12				
DIGITALISING																
... digitalised	5	4	0	5	4	5	5	4	4	5	3	5	12	4.00	1.44	
COMPETING																
... exploited opportunities as part of a network	4	5	3	5	5	5	5	4	5	4	5	1	12	4.55	1.22	
... neutralised threats as part of a network	4	5	4	3	4	5	5	3	4	4	4	1	12	4.09	1.11	
... reduced costs as part of a network	5	5	5	5	3	3	5	4	3	4	3	1	12	4.09	1.27	
EMBEDDING																
... become embedded within the network	3	3	2	5	5	5	5	4	4	4	4	2	12	4.00	1.11	
COLLABORATING																
... gained the trust of the network	4	4	5	5	4	5	5	4	5	5	4	2	12	4.55	0.89	
... could coordinate with the network	5	4	5	5	4	5	5	4	4	5	5	2	12	4.64	0.90	
... could co-learn with the network	5	4	3	5	5	5	5	4	5	4	3	2	12	4.36	1.03	
... could co-innovate with the network	4	4	4	5	4	5	5	4	4	4	5	2	12	4.36	0.83	

The collective benefit afforded to a business is impacted by the degree to which a business has:	Participant number												N	Average rating	Std. Dev.
	1	2	3	4	5	6	7	8	9	10	11	12			
ADDED BY INTERVIEW PARTICIPANT															
... developed a flexible collaborative relationship	5														
... developed a flexible skillset that enables collaborating	5														
... could increase the speed to market								4							
... could understand the world of their customer					5										
... could create a shared message				5											
... could support the prime partner				4											
... created a mature management team			5												
... to act in a socially responsive manner		4.5													
... developed a customer intimacy	5														
... the ability to create a whole product															
... the ability to innovate															
... the ability to market that innovation															

4.9 DATA ANALYSIS AND FINDINGS

Using Table 4.3 as a guide, and following an analysis of the interview transcripts, it was determined that the affordance bundle, collective benefit, consists of the affordances of digitalising, competing, sustainability embedding, collaborating, creating customer intimacy and developing a whole product. These aspects are further discussed in the following sections.

4.9.1 Digitalising

Although the networked environment is not synonymous with a digital platform, considering the marketplace of the twenty-first century, it should enable a value net to extract a greater collective benefit, in a shorter period, at an increasing rate of return. This is mostly because of the law of increasing returns. Networks are developed to grow, meaning that the value that a value net can create, increases exponentially with every added node, and by digitalising a value net it is able to access more nodes, much faster and at a lower cost (Libert *et al.* 2016:11,19). Digitalising enables the participatory economy (Libert *et al.* 2016:21) and furthermore, it allows networks to address the higher order needs that Maslow (Brevis & Vrba, 2014:474) identified. Digitalising was therefore regarded as the first dimension of collective benefit.

Digitalising was presented to participants as the ability to incorporate a digital platform into a network that enables the network to extract a greater collective benefit in a shorter period. Digitalising received an average rating of 4, meaning that overall the participants regarded Digitalising as having a high impact on the creation of a collective benefit.

“[...] digitalising, like I said, to me it is critical, without it there is nothing [...]”
(Appendix D, Raw data table, Q50, CEO, Switch).

“[...] I always think that is a given [...]” (Appendix D, Raw data table, Q51, Senior Strategist, Higher Education).

The standard deviation of Digitalising is high (1.44), indicating that there is uncertainty about the impact of the construct on collective benefit. This could be indicative of the generation profile of the participants, who for the most part, are Baby Boomers (birth years 1946 to 1964) and Generation X (birth years 1965 to 1976), the two generations

that are known for being technology averse (The Center for Generational Kinetics, 2017:Online). This view is reflected in the following statement by Participant 3:

“[...] of course it will help, but I do not think it is necessary needed [...]” (Appendix D, Raw data table, Q 49, Senior Manager, Agricultural Manufacturer).

Although embracing the networked environment does not necessarily mean Digitalising, businesses may find it challenging to embrace this environment without embracing the digital world, and Fenwick (2015:Online) warns that businesses who miss the mark and do not achieve ‘digital mastery’, will become ‘digital prey by 2020’.

Digitalising has been included in the operational definition, as it can be argued that the networked disruption, for the most part, involves an element of digital mastery.

4.9.2 Competing

Even though this thesis positions collective benefit as an alternative to competitive advantage, it does not diminish the importance of remaining competitive. Porter (2000:25) cautions readers of his work on clusters, that as much as businesses in a cluster cooperate at one level, they also compete at another. The role and necessity of competition in the ability of business to create, as well as to realise value, is emphasised by Bowman and Ambrosini (2000:5). Hence, Competing is added as the second dimension of collective benefit.

For the purposes of this thesis, and in concurrence with Sigalas *et al.* (2013:323), the Newbert (2008:748) definition of competitive advantage, namely, “the degree to which a business has exploited opportunities, neutralised threats and reduced costs” is accepted. The thesis has applied these observable attributes of Competing to a networked environment.

Participants were presented with these attributes of Competing and asked to rate them separately for their relevance to collective benefit. The joint exploitation of opportunities received an average rating of 4.55, the average rating of joint neutralisation of threats and reduction of cost, were both rated at 4.09. The average rating of the whole construct of Competing received an average rating of 4.24. This would suggest that participants agree that a value net that can enhance Competing among its members will yield a higher collective benefit.

“[...] competing, yes without any doubt [...]” (Appendix D, Raw data table, Q52, CEO, Switch).

4.9.3 Embedding sustainability

Embedding implies that a business is not operating in an asocial manner, but rather performs economic activities entangled in a social network of relationships, which are not aimed at individual, but collective interest (Pablo *et al.* 2006:Online). Pablo *et al.* (2006:Online) suggest that Embedding leads to the development of long-term cooperative relationships which may result in a common benefit for all the players involved in the network. It is therefore, a tautology that Embedding is the third dimension of collective benefit.

Participants, however, understood the meaning of Embedding as becoming part of the value net, and strongly rejected the notion.

“[...] in engineering embedding is not desired, you need to remain flexible [...]” (Appendix D, Raw data table Q52, CEO, Consulting Engineering).

“[...] Sadly, I am of the opinion that the average person’s individual need for greed is too strong, embedding might play a role but not a big one. This might be different in Africa due to tribalism? [...]” (Appendix D, Raw data table Q54, General Manager, Vehicle Manufacturer).

From the discussions, it however, became apparent that participants regarded Sustainability Embedding, as it was initially identified in literature, as being essential to the creation of a collective benefit.

Embedding Sustainability was defined by le Roux and Pretorius (2016:364) as the ability to embed sustainability in the strategy of an business. Sustainability refers to the internalisation of social and environmental concerns into the operations and interactions of a business (Le Roux & Pretorius, 2016:363). Consequently, based on this definition, Embedding Sustainability can be broken down into two observable attributes, namely, the preservation of natural resources and being socially responsible.

To clarify, the participants did not rate Embedding (becoming part of) but were requested to rate Embedding Sustainability. The embedding of sustainability in the business was rated by the participants and received an average score of 4.00. This

indicates that participants view Sustainability Embedding as having a moderately high impact on the ability of a value net to create a collective benefit.

“[...] it is a non-negotiable [...]” (Appendix D, Raw data table, Q52, CEO, Telecommunications).

“[...] to me embedding is critical to our world [...]” (Appendix D, Raw data table, CEO, Switch).

This construct has a high standard deviation, indicating that not all the participants are equally convinced that pursuing it should yield a higher collective benefit. For example, Participant 12 stated that Sustainability Embedding is merely an outflow of being able to create a superior return and rated it 2, meaning that it has a low impact on collective benefit.

“[...] competitive advantage allows you to do certain things, such as CSI, without corporate social investment you will struggle [...]” (Appendix D, Raw data table, Q58, CEO, Life Insurance).

4.9.4 Collaborating

Considering that Kleindorfer and Wild (2009:7) almost view the participatory economy and Collaborating as synonyms for the networked economy, while Libert *et al.* (2016) also note a striking resemblance between the number of competitive coalitions and collaborations and the rise of the networked economy, the fourth predefined dimension of collective benefit is Collaborating. Collaborating by businesses requires the creation of trust, coordinating, co-learning and co-innovating (Arsenyan, Büyüközkan & Feyzioğlu, 2015:2073) and participants were presented with these four affordances to rate separately. Collaborating received the highest average rating of 4.48, indicating that participants considered it to have a high impact on the ability of a value net to create a collective benefit.

“[...] collaborating is a no-brainer [...]” Appendix D, Raw data table, Q5, CEO, Switch).

It is imperative to note that of the affordances scored, trust, can be regarded as the most important as it received the highest average, with the lowest standard deviation.

From the discussion with Participant 1 (Appendix D, Raw data table, Q59, Senior Manager, Consulting Engineering), two further aspects were added to the construct

Collaborating, namely, flexibility and a diverse skill set. Participant 1 suggested that these aspects have a maximum impact on the creation of collective benefit, rating the impact for both a 5.

The aspect of a diverse skill set was enforced by Participant 4 (Appendix D, Raw data table, Q60-61, CEO, Skills development) and this participant further suggested a mature management team as an aspect of Collaborating, stating that this aspect is so important, he would rate it off the scale.

4.9.5 Creating a whole product

To ensure ease of reading, the action to create a whole product is hereinafter referred to as a whole product.

First identified as crucial to the creation of collective benefit by Participant 1, is the ability of a value net to create a whole product. Participant 1 defines a whole product as:

“[...] the whole product thing, you have to integrate everything in the system, product, software, marketing, customer intimacy, suppliers, it is actually a multi-pronged approach [...]” (Appendix D, Raw data table, Q62, CEO, Consulting Engineering).

The creation of a whole product as a dimension of collective benefit was supported by various participants.

“[...] the putting together of that whole product then creates that competitive advantage for that particular business, so that collective benefit's there but it only exists here [...]” (Appendix D, Raw data table, Q63, CEO, Publishing).

“[...] you have to constantly innovate and provide a whole product [...]” (Appendix D, Raw data table, Q64, CEO, Switch).

“[...] Your competitive edge does not necessarily make you number 1 in the market. It is the ability to provide the whole product [...]” (Appendix D, Raw data table, Q65, CEO, Skills development).

“[...] I think superior performance is about how. How you package that collaborating and how you then put it out in the market [...]” (Appendix D, Raw data table, Q66, Senior Strategist, Higher Education).

“[...] Why would I collaborate, I already have a one stop service? [...]” (Appendix D, Raw data table, Q67, CEO, Life insurance).

A whole product solution is a concept first introduced by Regis McKenna and Godfrey Moore (Barnes, 2015:Online). They define the whole product as a completely configured set of solutions, providing everything the customer needs. Typically, the whole product is the core product with everything added on that would compel customers to buy that product. The fact, however, that five participants directly referred to the whole product, would suggest that the concept remains relevant, and as such, the ability of a value net to create a whole product is therefore included as a dimension of collective benefit.

4.9.6 Creating customer intimacy

The participants further observed that all the following affordances, namely, the speed at which a product can be placed in the market, understanding the world of your customer, creating a shared message, developing a customer intimacy, innovation, and the marketability of the innovation, should be regarded as attributes of the affordance, creating customer intimacy, and as such, it contributes to the creation of the affordance bundle, collective benefit. The attributes were included in the operational definition as the affordance (action) creating customer intimacy, hereinafter referred to as Customer Intimacy.

[...] collaboration falls apart when it comes to being able to get to market quickly with something [...] (Appendix D, Raw data table, Q70, CEO, Publishing).

[...] what gives me an advantage is my ability to understand my client and his world [...] (Appendix D, Raw data table, Q71, CEO, Telecommunications).

[...] you need the soft skills to enable the prime partner to obtain business [...] (Appendix D, Raw data table, Q72, CEO, Switch).

4.10 A PROPOSED FRAMEWORK OF COLLECTIVE BENEFIT

The affordance identified and discussed above, was first visualised in a framework, as this made it easier to construct a logical operational definition that would include all the affordances identified. The framework constructed is include herein as Figure 4.5.

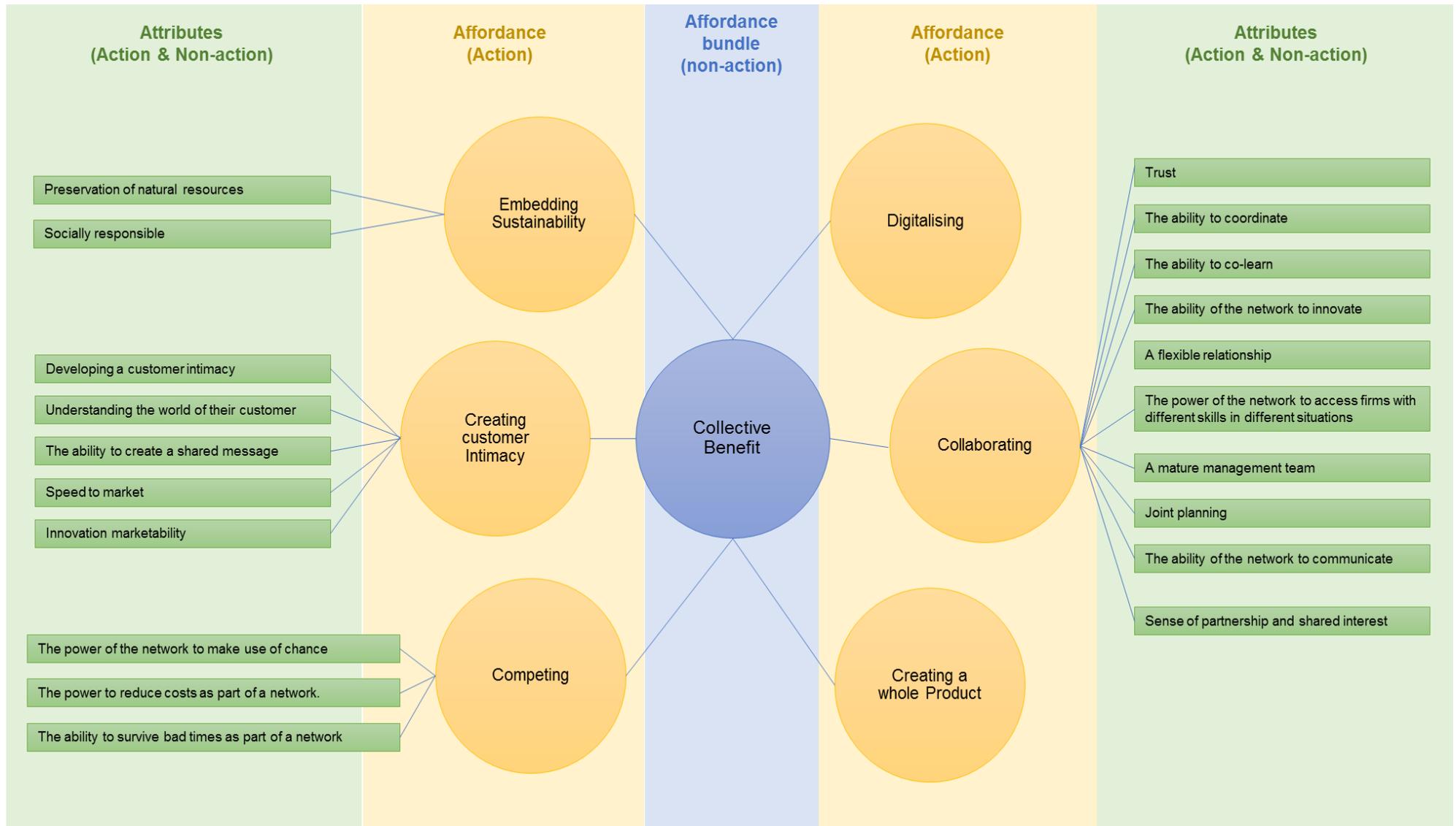


Figure 4.5: The proposed framework of collective benefit

The above framework enabled the conceptualisation of the operational definition of collective benefit.

4.11 THE PROPOSED OPERATIONAL DEFINITION OF COLLECTIVE BENEFIT

The literature review, combined with the feedback from the executives and the framework, led to the enhancement of the term collective benefit, and it was included in the operational definition of collective benefit. As a result, the following operational definition of collective benefit has been proposed:

Collective benefit is the shared prosperity afforded to a network of loosely configured businesses that has:

- a. digitalised;*
- b. exploited opportunities, neutralised threats and reduced costs, as part of a network;*
- c. gained the trust of the network and could create a flexible skillset, coordinate, co-learn, and co-innovate with the network; and*
- d. could create a whole product solution, based on customer intimacy;*
- e. while integrating social and environmental concerns into the operations and interactions of the network.*

4.12 CHAPTER SUMMARY

To summarise, this chapter attempted to develop a valid and conceptually clear operational definition of collective benefit, which is harmonised with the stipulative definition offered in Chapter 3. The stipulative definition offered in Section 3.15 completely separates collective benefit from business performance, since it does not incorporate any latent characteristics of performance or any judgements about its own value and can be presented as:

“[...] the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment and is able to yield an increased efficiency of the whole, within a networked environment [...]”

Based on the above stipulative definition, while using a similar methodology as used by Sigalas *et al.* (2013:326) when composing an operational definition of competitive

advantage, and as the result of cognitive interviews and the visualisation of the findings in the form of a framework, the operational definition of collective benefit can be given as:

[...] *“the shared prosperity afforded to a network of loosely configured businesses that has:*

- *digitalised;*
- *exploited opportunities, neutralised threats and reduced costs, as part of a network;*
- *gained the trust of the network and could create a flexible skillset, co-ordinate, co-learn, and co-innovate with the network; and*
- *could create a whole product solution, based on customer intimacy;*
- *while integrating social and environmental concerns into the operations and interactions of the network.”*

The above operational definition is ample, sound and comprehensive and should capture all the aspects of the different dimensions of collective benefit.

4.13 MANAGEMENT IMPLICATIONS

From a practice view, the presented definition can increase practising strategists' awareness relating to the conceptual nature of collective benefit. A conceptual understanding of collective benefit will, in turn, enable practising strategists to configure the efficiencies of the business to harness the benefits associated with the networked environment or sharing economy.

4.14 FURTHER RESEARCH

The operational definition of collective benefit offered can be used to develop a valid, measurable variable of collective benefit in further empirical research.

Chapter 5 follows and concludes with an evaluation framework of collective benefit.

CHAPTER 5: UNBUNDLING THE AFFORDANCES NICHE, COLLECTIVE BENEFIT: AN EVALUATION FRAMEWORK

This chapter builds from Chapter 4 and is presented in a working paper or manuscript format. The manuscript might be submitted to the Working Paper Repository of the University of Pretoria. Upon receiving feedback from the academic community, this manuscript will be reworked to an article and will be presented to the *Journal of Economic and Management Strategy* for publication consideration.

Figure 5.1 indicates the place of Chapter 5 in relation to the research protocol presented in Section 1.1. The research objective addressed in Chapter 5 has been highlighted in orange in Figure 5.1.

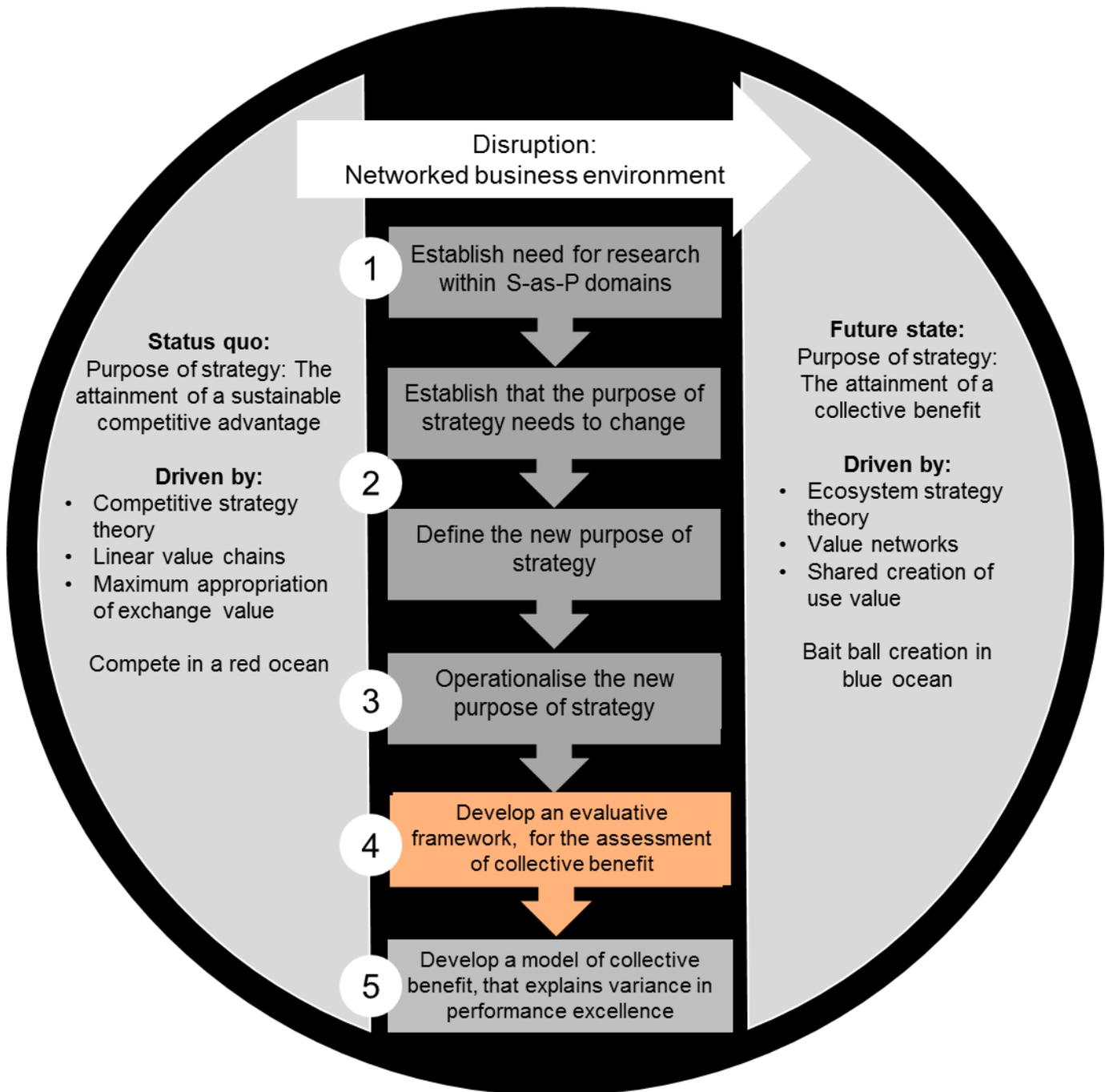


Figure 5.1: The research protocol for Chapter 5

Figure 5.2 (on the next page) details the flow of Chapter 5.

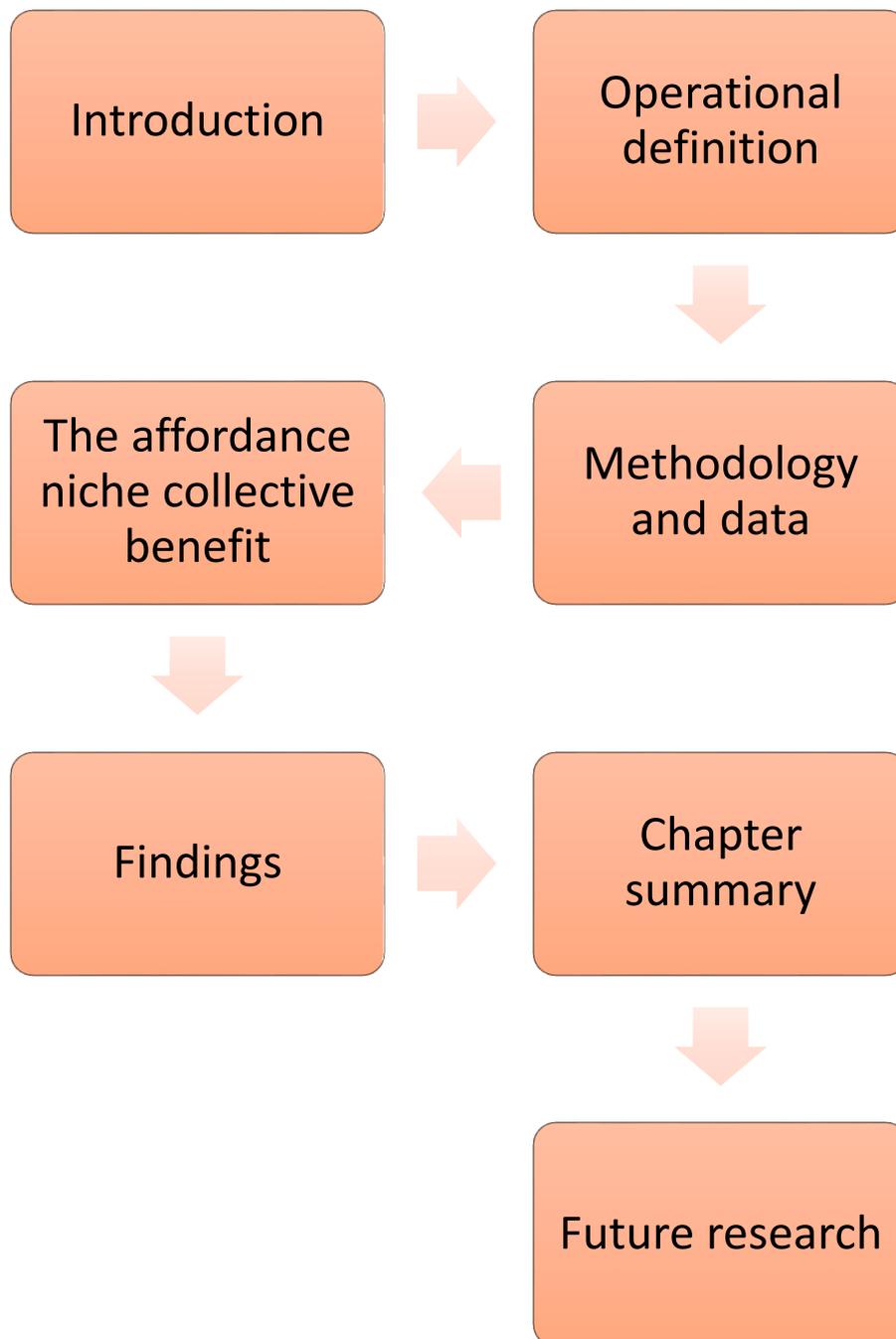


Figure 5.2: Breakdown of the components of Chapter 5

"[...] executives must develop new ideas and tools for strategising that will enable them to co-evolve within a non-linear ecosystem [...]"

(Moore, 1993:75)

5.1 INTRODUCTION

The dawn of the networked economy has seen the development and establishment of sustainability, shared value-creation, sharing markets and gift markets. Moreover, it has seen the disappearance of traditional linear economic and management systems, a factor that has forced strategic management researchers to relook at and rethink the purpose of strategy. Traditionally, the purpose of strategy was the creation and attainment of competitive advantage. However, in an increasingly networked economy, the pursuit of competitive advantage alone has become a strategic liability for businesses (Arend, 2004:1007). It has been suggested that instead of single-mindedly pursuing a zero-sum strategy, businesses should rather focus on the positive-sum of collective benefit (Porter, 1996a:89; Porter 1996b, Arend, 2003:283, Favaro, 2014:Online).

The multinational group, Ikea, saw the value inherent to the networked economy, and in September 2017, they purchased a sharing economy start-up, TaskRabbit. TaskRabbit has 60 full-time employees that manage the platform – used by a network of 60,000 workers – that matches local workers to locally available jobs. This platform provides immediate employees to help with everyday tasks, including but not limited to, cleaning, moving, delivery and handyman work. This acquisition enabled Ikea to improve the lives of their customers, as well as enabling them to share the value that is inherent to Ikea with numerous entrepreneurs and customers. This now forms part of their premium customer experience (Morgan, 2017:Online; Zimmerman, 2015:Online).

Ikea is, however, faced with the challenge of having a strategy that is still based on the competitive advantage paradigm. This strategy, in turn, informs the efficiencies that are implemented in the structure of the business. This challenge can be addressed by understanding that collective benefit will still enable competing. Section 4.4 (Chapter 4) presented the bait ball analogy, and the Ikea scenario is a perfect example of creating value through such a bait ball. Ikea and the ‘taskers’ at TaskRabbit act like predators, collectively creating a bait ball from which everyone can benefit.

The thesis proposes a novel evaluation framework that should inform the decision-making of strategists when developing a strategy that seeks to yield collective benefit. The proposed framework offers strategy practitioners a tool that should make the successful implementation of a strategy, focused on collective benefit, more likely. Evaluation frameworks offer a structure, or an outline, against which businesses can evaluate their current strategy to determine if it is addressing the factors necessary to create a collective benefit (Nilsen, 2015:1).

The evaluation framework proposed herein is the result of the analysis of quantitative data, acquired through the administration of an questionnaire hosted on an online platform (hereinafter referred to as an online questionnaire). The questionnaire was distributed to the members of the BNI (Business Network International) and 580 valid responses were included in the final analysis. The evaluation framework is the result of a sequential process started in Chapter 3, with the presentation of a stipulative definition of collective benefit. Subsequently, in Chapter 4, the operational definition of collective benefit was developed. It is this operational definition that serves as the starting point for the development of the proposed evaluation framework.

5.2 OPERATIONAL DEFINITION

Twelve senior strategists at businesses, from diverse industries, across South Africa were interviewed. On the back of a comprehensive review of the relevant literature and the data that emerged from these discussions, the operational definition of collective benefit is subsequently expressed as:

Collective benefit is the shared prosperity afforded to a network of loosely configured businesses, which has:

- a. digitalised;*
- b. exploited opportunities, neutralised threats and reduced costs, as part of a network;*
- c. gained the trust of the network and created a flexible skillset, co-ordinated, co-learned, and co-innovated with the network; and*
- d. created a whole product solution, based on customer intimacy;*
- e. while integrating social and environmental concerns into the operations and interactions of the network.*

This definition informed the data collection tool that is detailed in the methodology section that follows.

5.3 METHODOLOGY AND DATA

The evaluation framework of collective benefit was developed by adapting the five step process followed by Sigalas *et al.* (2013:322) when developing a measure for competitive advantage. Sigalas *et al.* (2013:322) refer to the development of a variable, we have however opted to use the term framework. This change reflects the prevalence in strategic management literature for frameworks.

The focal network and its partners was instrumental to the design and execution of the study, therefore, the methodology sections start with a discussion of the focal network, the BNI.

5.3.1 Methodology

The unit of analysis, the BNI is first reviewed and thereafter, the development of the questionnaire will be discussed.

5.3.1.1 Unit of analysis

It was determined that the unit of analysis/population suitable for this research, is businesses choosing to purposefully participate in an economic network. Zott and Amit (2009:260) state that purposeful networking is required if a business is to become more than a passive participant in a value net.

The BNI was identified as an example of an economic network that a business might select for membership. In addition, the BNI has more than 220 000 members, each of which is a typical example of a business that has decided to join an economic network; therefore, it was selected as the unit of analysis for this research. By selecting the BNI as the unit of analysis, the researchers were able to obtain a global perspective from more than 73 countries worldwide, and across various industries, on the construct of collective benefit.

The BNI, founded in 1985 by Dr Ivan Misner (hereinafter referred to as the founder) in the United States of America, is an international word-of-mouth referral business. The official BNI website reports that globally the internal networks of the BNI have yielded US\$11, 2 billion in referral business for its members.

The members of the BNI are characterised as being a team of like-minded companies, focused on developing mutually beneficial relationships that should result in an increase in the revenue of members. The success of the BNI is built on a structured, positive and professional referral marketing programme, aimed at the development of long-term relationships with other business professionals. The 'givers gain' philosophy of the BNI encouraged the BNI leadership to assist in conducting this research (BNI Global, 2017:Online).

To the best of the researchers' knowledge, this is probably the first data-collection instrument that can yield the data needed to develop an evaluation framework of collective benefit. The questionnaire was developed, based on the constructs informed by literature, and discussed during 12 cognitive interviews with senior strategy consultants. The process followed in the development of this specific online questionnaire is detailed in the following section.

5.3.1.2 Questionnaire development

An online questionnaire was developed using the functionalities available on Qualtrics⁵ and distributed to members of an identified economic network. The questionnaire was developed by adapting the process outlined by Barry, Chaney, Stellefson and Chaney (2011:98), when detailing their Scale Development Decision Tree (SDDT). The SDDT was initially developed to aid researchers only in the development of the scale to be utilised in a questionnaire, but this process was applied to the entire questionnaire as this increased the reliability of the instrument.

Figure 5.3 is a graphical representation summarising the process that was followed.

⁵ Qualtrics is an online experience management platform, used to develop and distribute online questionnaires, collate and store the responses for said questionnaire as well as conduct an analysis of the data received.

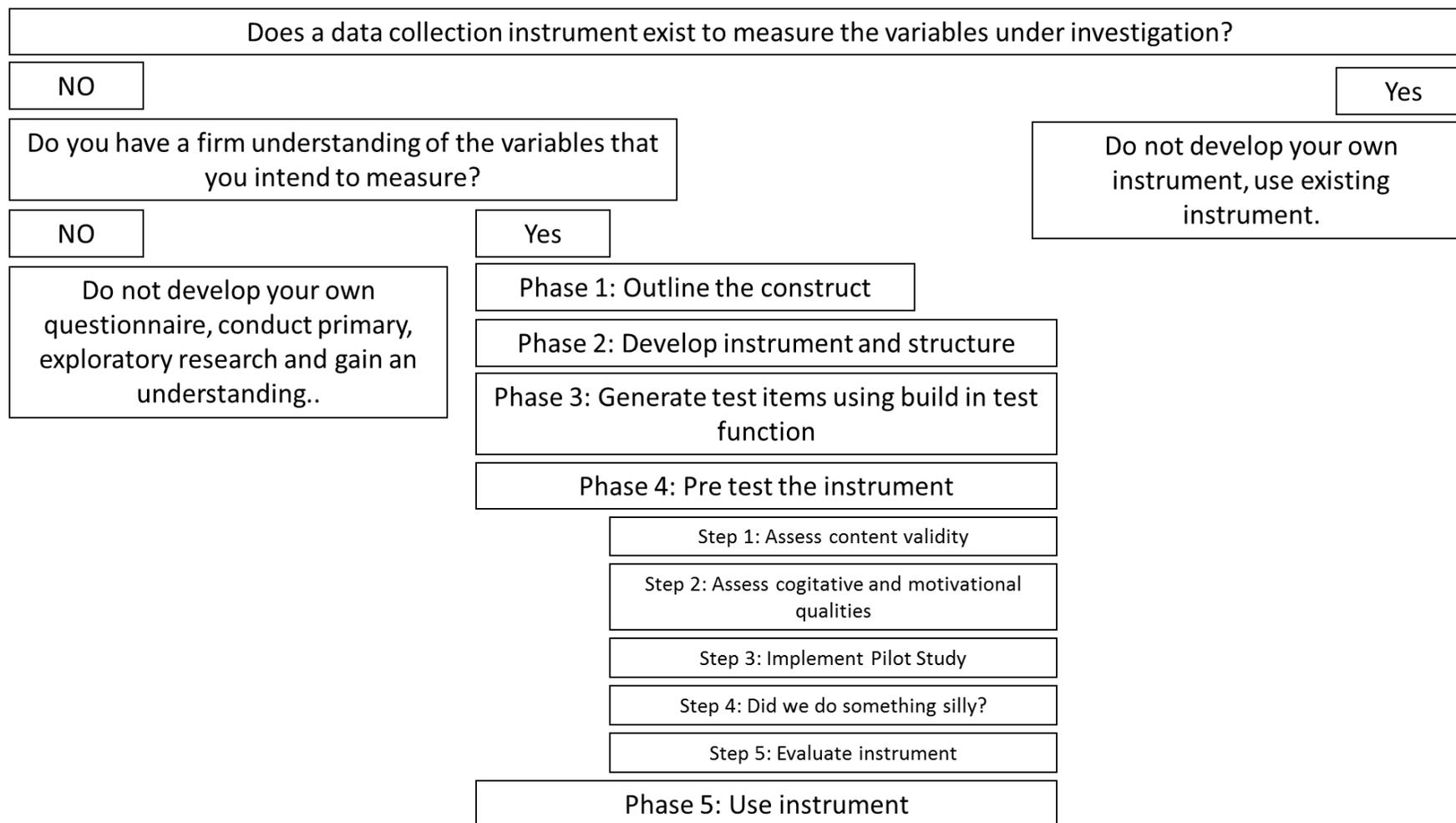


Figure 5.3: Questionnaire development decision-making tree

Adapted from: Barry *et al.* (2011:98)

The BNI was first contacted on 6 March 2017. The National Administrative Assistant to the National Director of the BNI in South Africa corresponded with the researchers and first put them in contact with the Executive Director of the Tshwane Region.

The primary researcher was invited to visit the Silver Linings Chapter of the BNI to observe a BNI network and how the members network. The Chapter was visited on 6 April 2017, and the primary researcher confirmed that the members did indeed meet the criterion for participation in this study, namely, willingness to join an economic network.

Once confirmed that the BNI members would indeed be suitable participants to the study, the South African Chapters put the researchers in contact with the founder and on 20 April 2017, he agreed to assist with the development and distribution of the questionnaire (Appendix F contains the email correspondence in this regard). The questionnaire was designed and presented to the founder for his inputs. Upon receiving his inputs, the questionnaire was shortened and some of the questions were removed or rephrased. The questionnaire was then piloted by various academics specialising in strategising, and further corrections were made. This process allowed content validity (STTD: Phase 4, Step 1) to be assessed.

The improved questionnaire was scrutinised by statistical experts and it was recommended that a different scale be used. The scales were amended and two typical BNI members were asked to pilot the questionnaire. The questionnaire was conducted in the presence of the primary researcher and the members were asked to discuss anything that required further clarity related to the administering of the questionnaire. This allowed the assessment of the cognitive and motivational qualities of the instrument (STTD: Phase 4, Step 2).

The questionnaire was then piloted with random members from the researchers' social networks. This allowed the researchers to determine if 'something silly' had been done, and small changes, such as spelling mistakes, were corrected (STTD: Phase 4, Steps 3 and 4). Finally, the instrument was evaluated by the study supervisor and approved by the research ethical committee of the University of Pretoria as well as the founder (STTD: Phase 4, Step 5). The final questionnaire as it was used in the study can be accessed online (a dummy version of the questionnaire was created for reporting purposes) using the following link:

https://pretoria.eu.qualtrics.com/jfe/form/SV_blluoPRlr0j9hI1

On 1 June 2017, the founder sent out an email to all BNI directors in English-speaking countries, requesting members to complete the questionnaire. On 7 July 2017, a reminder email went out to all directors and the survey closed at 12h00 on 21 July 2017. This process yielded 902 submitted questionnaires.

The participants were presented with the final list of affordances, derived from Chapter 4, and asked to rate these affordances on a 6-point Likert-type scale of Importance. The 6-point Likert-type scale used is a standard, importance Likert-type scale with no neutral option as recommended by Vagias (2006:Online). The standard scale as presented in Table 5.1 was used, but the neutral option was removed to force an answer.

Table 5.1: Standard importance Likert-type Scale

LEVEL OF IMPORTANCE
1 – Not at all important
2 – Low importance
3 – Slightly important
4 – Moderately important
5 – Very important
6 – Extremely important

The data received from the questionnaire is presented in the next section.

5.3.2 Data collected

Nine hundred and two (902) questionnaires were submitted in the seven-week window during which the questionnaire was accessible online. Of the participants, 820 chose to participate in the study and 669 of these participants indicated that they did indeed join a business network. Based on the 2017 number of permanent employees employed in the companies, as reported by the participants, it was determined that only 15 of the responses came from large enterprises employing more than 250 permanent employees (Krishnan & Scullion, 2017:431). These responses were

removed from the dataset as they were considered to be outliers. After removing all incomplete responses, the final dataset contains data from 580 valid questionnaires, totalling 64% of the initial responses received.

Considering the population of 220 000 and the final sample size of 580, the sampling rate is equivalent to 1 in 380 (0.26%). This falls well within the standard sampling guidelines that suggest that 384 valid responses are the minimum sample size if a sample is to yield a 5% margin of error at a 95% confidence level (Saunders *et al.*, 2012:219).

Data related to the participants' primary industry and the scope of trade will be briefly discussed below.

5.3.2.1 Primary industry

Participants were asked to indicate the industry within which their business primarily operates. The data indicates a fair split between the financial (n=57), construction (n=57), health care (n=49), real estate (n=46) and marketing industries (n=48), while it is noteworthy that there were no businesses representing the agricultural industry.

Figure 5.4 indicates the number of participants disaggregated into the various industries.

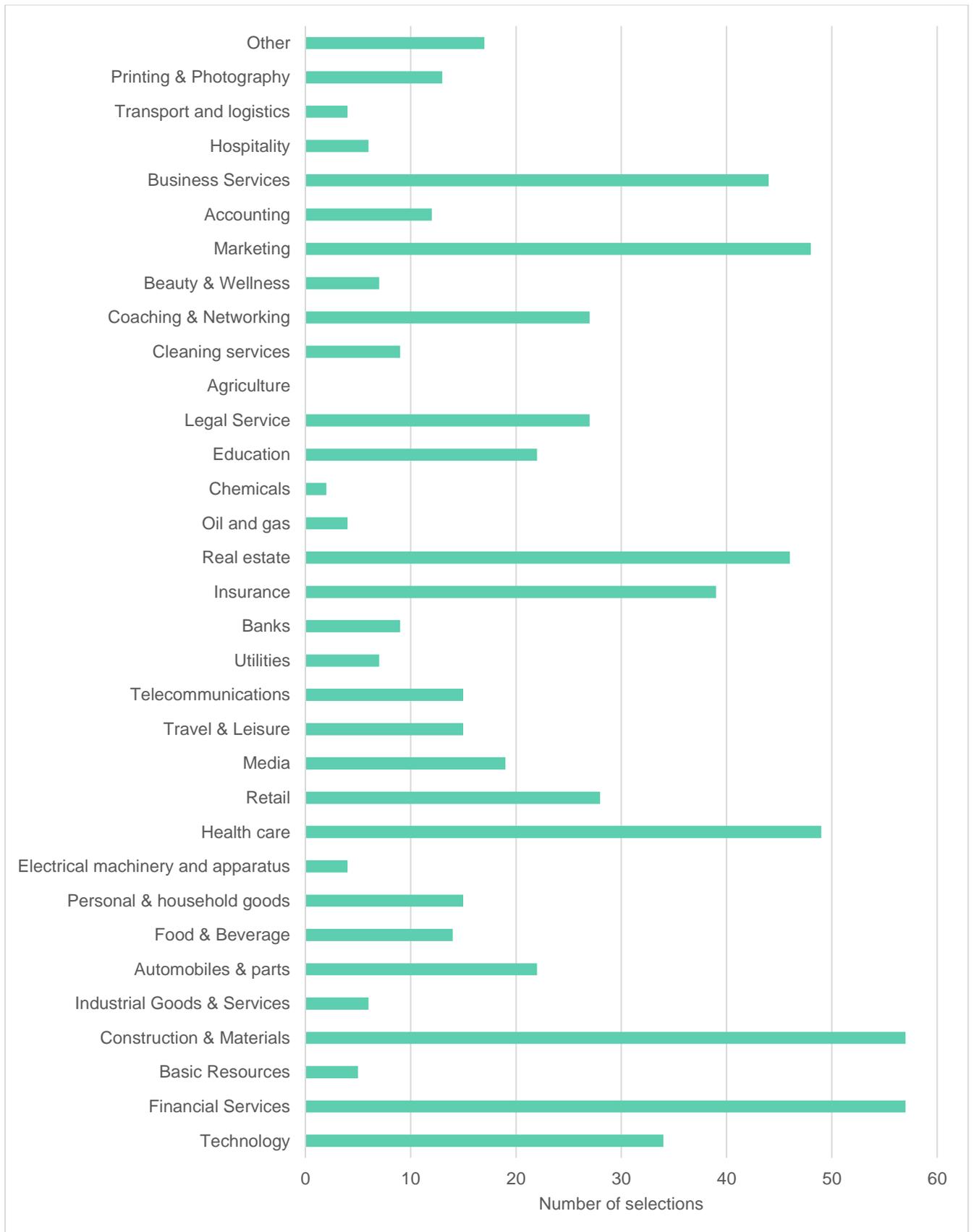


Figure 5.4: Industry distribution

5.3.2.2 Scope of trade

Figure 5.5 indicates that 38.45% of the participants selected regional trade as their business's broadest scope of trade, while 5.69% of the participants answered the question incorrectly. Further analysis would indicate most networks reported have a broad reach, with only 26.55% of participants indicating that their business has only a local reach.

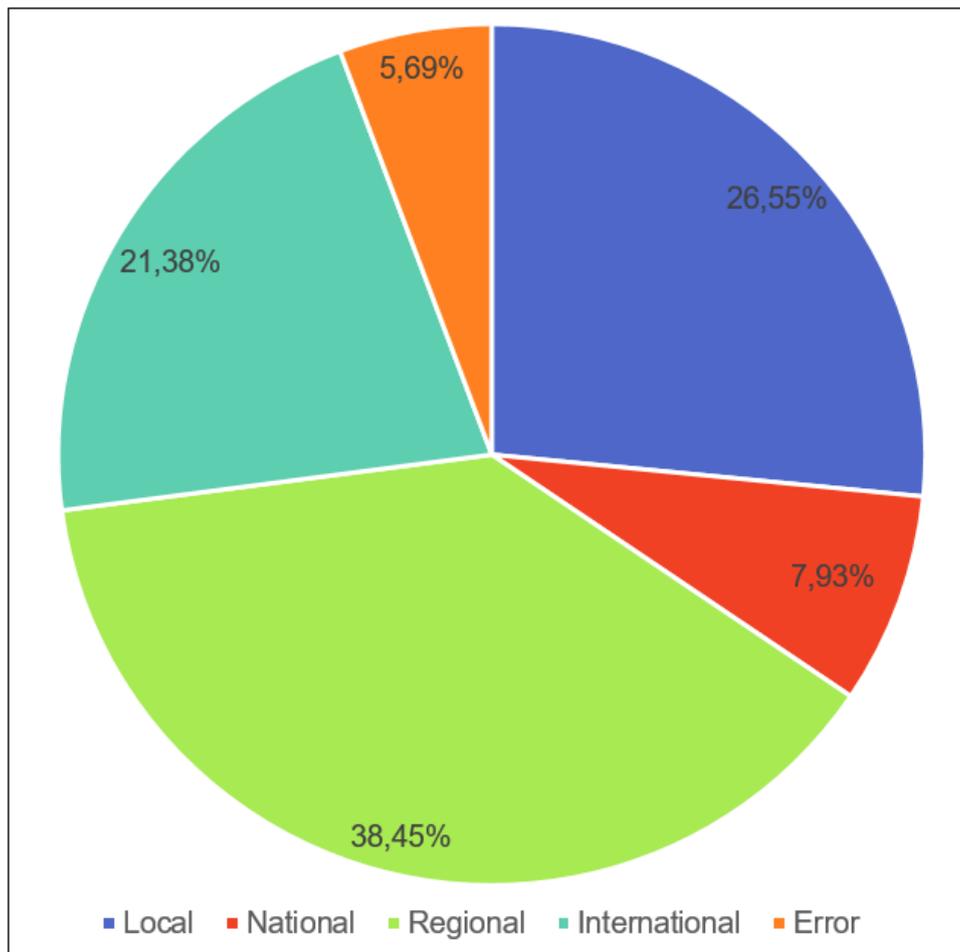


Figure 5.5: Scope of trade distribution

5.3.3 Level of responsibility

The data indicates that the majority (64.14%) of the participants considered themselves to be entrepreneurs. Figure 5.6 indicates the distribution of responses, based on the level of responsibility. It is noteworthy to mention that 86.89% of the responses come from the level of management (top management, board of directors, entrepreneur), the level that is traditionally responsible for formulating and evaluating the strategy of the business.

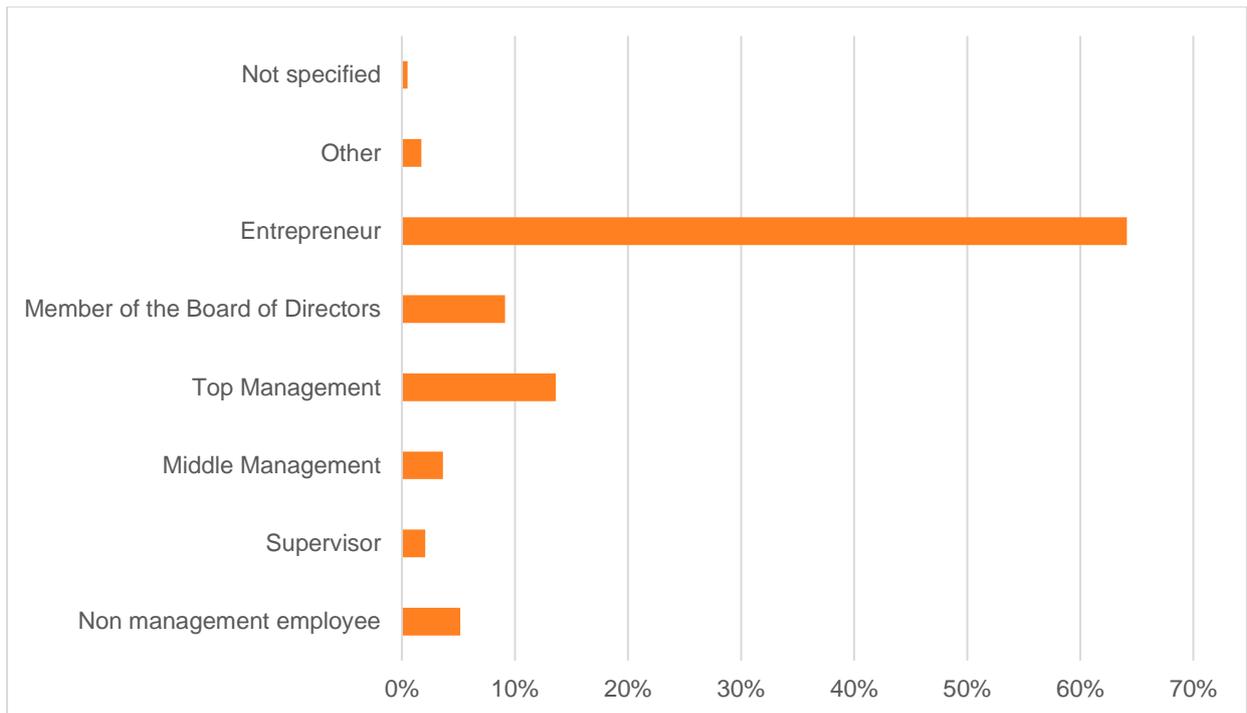


Figure 5.6: Level of responsibility distribution

5.3.4 Network history

Table 5.2 indicates that 47.59% of participants have joined only one network. Figure 5.7 indicates that 93.45% of participants reported on their experiences with the BNI. Of the participants who have joined more than one network and are reporting on their experiences with the BNI, 86% reported that the skills they were taught through the BNI's efforts, have enabled them to join other networks.

Table 5.2: Number of networks joined

No.	N	%
One	276	47.59%
Two	145	25.00%
Three	95	16.38%
Four	34	5.86%
Five	13	2.24%
Six and more	17	2.93%

Given that merely 0.34% of the participants indicated that they are involved with an informal project-based network, the statement of Zott and Amit (2009:260) that purposeful networking is required if a business is to appropriate value from a network, is therefore confirmed.

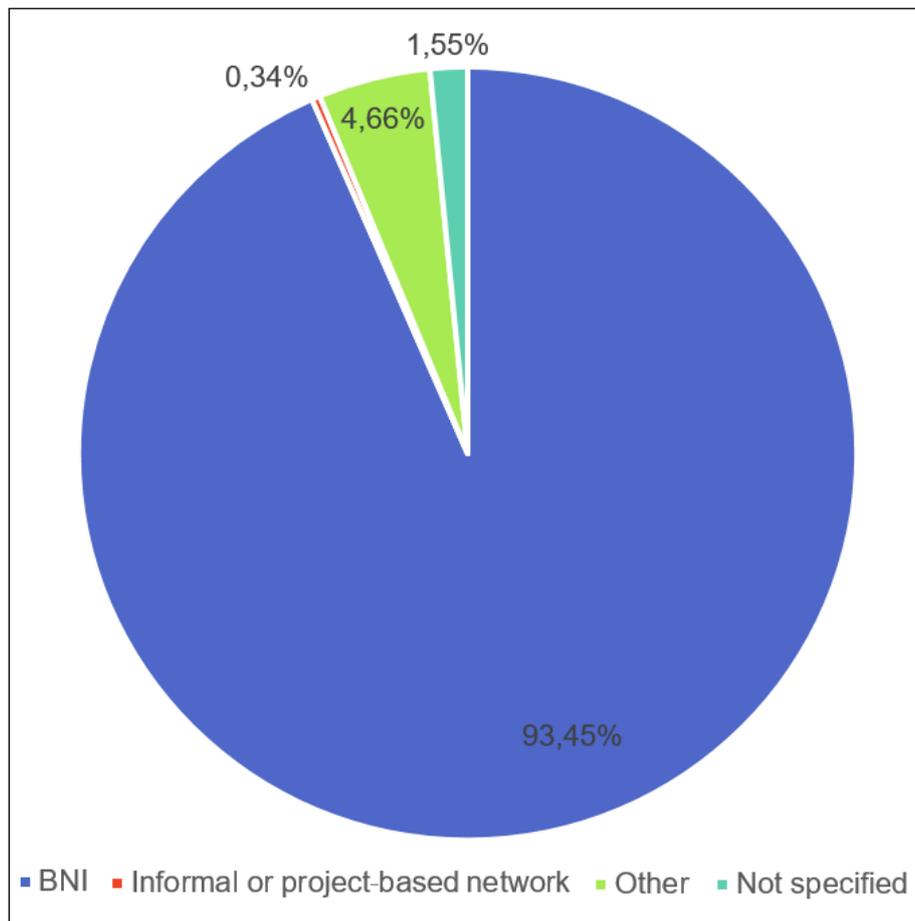


Figure 5.7: The network reported on

As the BNI restricted the length of the questionnaire, any further demographic information was considered optional; and as such, there were limited responses to these questions. Therefore, only 41 responses were recorded for the questions detailing the participant demographics, and the next section must be read with this in mind. This can be regarded as a design limitation of the questionnaire. The following data were collected to create context to the results.

5.3.5 Participant demographics

Table 5.3 indicates the age profile of the participants. The age group that was represented the most was between the ages of 40 and 49, with no participants younger than 20.

Table 5.3: Age profile of the respondents

NO.	ANSWER	COUNT %	COUNT
1	Younger than 20	0.00%	0
2	20 - 29 years old	7.32%	3
3	30 - 39 years old	19.51%	8
4	40 - 49 years old	31.71%	13
5	50 - 59 years old	19.51%	8
6	60 years and older	21.95%	9
	Total	100%	41

Figure 5.8 indicates that 73.17% of the participants were male.

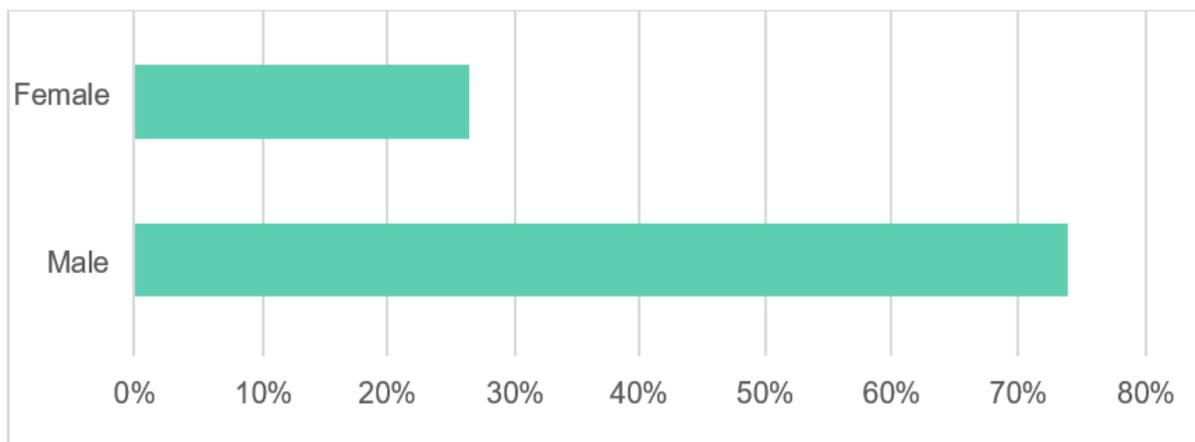


Figure 5.8: Participant gender distribution

Figure 5.9 (on the next page) indicates the participants' highest level of schooling. Most participants had some form of tertiary education and the 4-year degree or diploma was the most selected option, with a score of 32.69%.

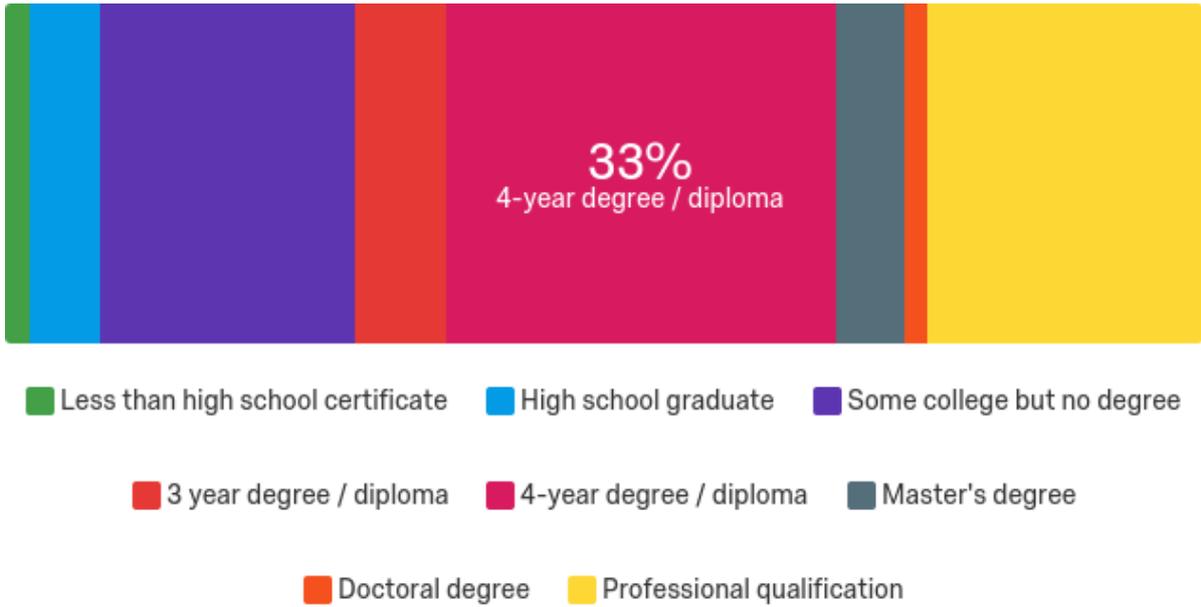


Figure 5.9: Highest level of schooling

5.3.6 Headquarter distribution

The participants were asked to click on the country in which the headquarters of the business they are reporting on, is located. Figure 5.10 shows the resulting distribution on the world map.

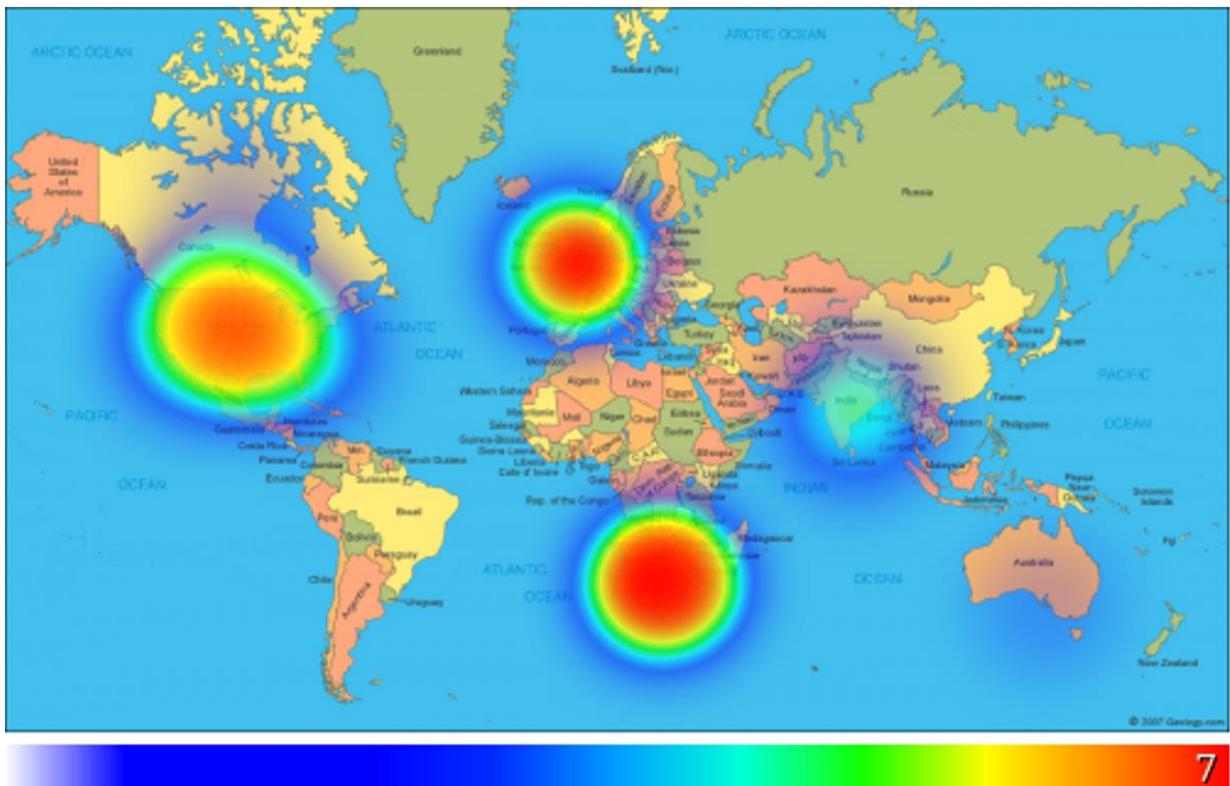


Figure 5.10: Headquarter distribution

In the following section, the framework data collected from 580 SMMEs are presented.

5.3.7 Framework data

Collective benefit is an affordance niche (or bundle as referred to by Demir (2015:S125)) that consists of multiple action possibilities offered to businesses choosing to embrace the networked environment. When strategists, as the agents of the business, consider positioning the business within the networked environment to jointly create value, they must do so taking these possible actions into account. This chapter attempts to confirm the operational definition, presented in Chapter 4, as well as to construct an evaluation framework for collective benefit.

Equation 5.1 presents the proposed operational definition of collective benefit (CB) as a mathematical equation as a point of departure. This equation is based on the equation of an affordance bundle offered in Section 1.10.1 (Equation 1.2), where in the affordance bundle (now collective benefit) is expressed as a function of the observation of the affordances:

Equation 5.1: The affordance niche, collective benefit (CB)

$$CB = \int \Phi(\textit{affordance}_1 + \textit{affordance}_2 + \dots + \textit{affordance}_n)$$

Table 5.4 (on the next page) presents the descriptive statistics calculated from the data collected on the X-variables, the affordances. This allows for the unbundling of the affordance niche, collective benefit.

Table 5.4: The descriptive statistics associated with the observable attributes associated with the affordances

Observable attributes	N	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Digitalising	580	1	6	4.69	0.047	1.139	-0.954	0.101	0.655	0.203	3.2
Making use of chances	580	1	6	4.93	0.037	0.900	-0.956	0.101	1.498	0.203	7.4
Surviving bad times as part of a network	580	1	6	5.12	0.039	0.927	-1.173	0.101	1.395	0.203	6.9
Reducing costs as part of a network	580	1	6	4.32	0.053	1.271	-0.605	0.101	-0.170	0.203	0.8
Preservation of natural resources	580	1	6	4.42	0.056	1.360	-0.826	0.101	-0.094	0.203	0.5
Acting in a socially responsible manner	580	1	6	5.15	0.044	1.071	-1.639	0.101	2.979	0.203	14.7
Coordinating	580	2	6	5.09	0.029	0.707	-0.335	0.101	-0.133	0.203	0.7
Co-learning	580	2	6	4.91	0.036	0.877	-0.590	0.101	0.192	0.203	0.9
The ability of the network to innovate	580	1	6	4.94	0.037	0.901	-0.681	0.101	0.319	0.203	1.6
Creating a flexible relationship	580	1	6	4.92	0.036	0.870	-0.704	0.101	0.662	0.203	3.3
Accessing businesses with different skills in different situations	580	1	6	5.18	0.034	0.817	-0.964	0.101	1.337	0.203	6.6

Observable attributes	N	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Joint planning	580	1	6	4.69	0.043	1.024	-0.825	0.101	0.922	0.203	4.5
Communicating	580	2	6	5.52	0.028	0.671	-1.486	0.101	2.862	0.203	14.1
Creating a sense of partnership and shared interest	580	2	6	5.39	0.031	0.753	-1.218	0.101	1.526	0.203	7.5
Developing a mature management team	580	1	6	5.07	0.044	1.061	-1.273	0.101	1.369	0.203	6.8
Trusting	580	4	6	5.87	0.015	0.356	-2.488	0.101	5.310	0.203	26.2
Defining of roles and responsibilities	580	1	6	5.34	0.034	0.813	-1.281	0.101	1.867	0.203	9.2
Developing shared goals	580	2	6	5.11	0.035	0.845	-0.869	0.101	0.749	0.203	3.7
Launching a product quickly	580	1	6	4.16	0.049	1.192	-0.573	0.101	0.047	0.203	0.2
Understanding the needs of their customer	580	1	6	5.32	0.033	0.790	-1.386	0.101	2.892	0.203	14.3
Creating one message to the customer	580	1	6	4.92	0.040	0.965	-0.849	0.101	0.537	0.203	2.7
Getting close to your customer as a network	580	1	6	4.86	0.043	1.031	-1.175	0.101	1.721	0.203	8.5

Observable attributes	N	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Creating a synergy in the network	580	1	6	5.17	0.035	0.838	-1.206	0.101	2.600	0.203	12.8
Creating constant membership	580	1	6	4.95	0.041	0.987	-0.901	0.101	0.748	0.203	3.7
Creating a whole product	580	1	6	4.55	0.045	1.076	-0.911	0.101	1.117	0.203	5.5

5.3.7.1 Trusting

None of the affordances, or attributes thereof, that were presented to the participants were disregarded (score of 0) by any of the participants, indicating that all the affordances and attributes thereof are somewhat important for the creation of collective benefit.

The most prominent affordance, however, is Trusting. Graph 6 indicates that both in the qualitative as well as quantitative phases (Chapter 4 and Chapter 5), Trusting emerged as the highest ranking and most prominent of the affordances. The low standard deviation of this affordance indicates that there is very little variance in the opinion of participants with regards to the importance of Trusting. The minimal variance is evident in Figure 5.11, which shows the distribution of Trusting responses, based on the percentage of responses. Trusting further has an excessive Kurtosis ratio of 26.2, confirming the minimal variance.

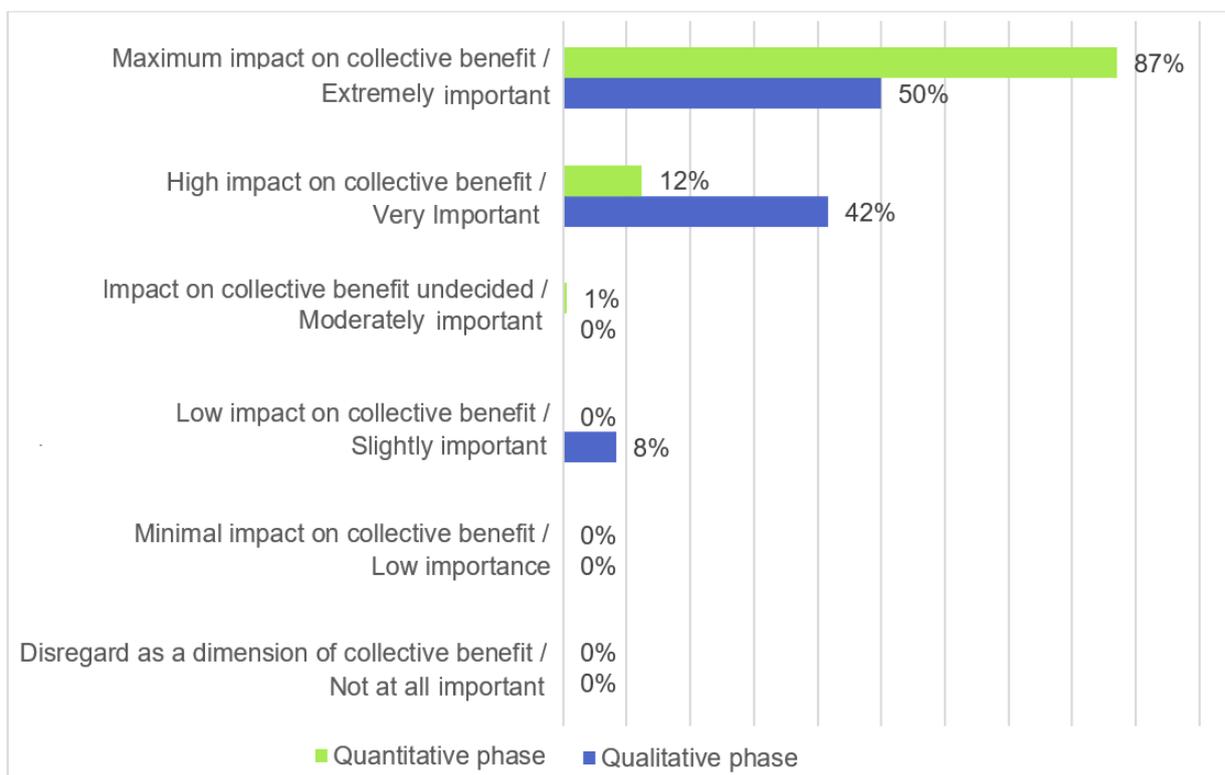


Figure 5.11: Quantitative and qualitative distribution of Trusting responses

This minimal variance would indicate that Trusting is almost universally regarded by the participants as essential to the creation of collective benefit. The mathematical equation, representing the operational definition for collective benefit, was subsequently modified to reflect this importance and is presented in Equation 5.2. Due

to the importance of trust, it is considered a precondition for the creation of collective benefit.

Equation 5.2: Collective benefit (CB), accounting for the importance of Trusting

$$CB = \int \phi(\text{trust})(\text{affordance}_1 + \text{affordance}_2 + \text{affordance}_3 + \dots + \text{affordance}_n)$$

5.3.7.2 Digitalising

The overall correlation between all the scores of the observable attributes of the affordances were computed using SPSS, the statistical software developed by IBM, and Table 5.5 presents the data obtained.

From the data highlighted in blue in Table 5.5 (Corrected item total correlation) it was observed that all items have a positive correlation, while Digitalising has the lowest inter-item correlation of 0.217.

Table 5.5 also shows that while the corrected item total correlation of Digitalising is low in comparison to other items, this was to be expected given the age profile of the participants. Of the participants, 73.14% are older than 40 years of age. This means that the majority of the participants fall under Generation X (born 1965 to 1976) and Baby Boomers (born 1946 to 1964). In most workplaces today, Baby Boomers are generally regarded as those who have the lowest affinity for digitalisation. This generation often prefers face-to-face meetings and, at most, telephone communication. Generation X is used to using technology as a tool and rely heavily on emails as their main communication tool. Both these generations would most probably not be comfortable with the concept of Digitalising (Boomer & Wiley, 2017:Online; The Center for Generational Kinetics, 2017:Online).

Table 5.5: Inter-item correlation table

ITEM-TOTAL STATISTICS					
Observable attributes	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
Digitalising	114.01	162.903	0.217	0.120	0.909
Making use of chances	113.76	159.141	0.464	0.314	0.903
Surviving bad times as part of a network	113.57	158.673	0.469	0.343	0.903
Reducing costs as part of a network	114.37	153.443	0.490	0.320	0.903
Preservation of natural resources	114.27	154.326	0.424	0.486	0.905
Acting in a socially responsible manner	113.54	156.387	0.484	0.502	0.903
Coordinating	113.60	160.371	0.538	0.457	0.902
Co-learning	113.78	155.627	0.645	0.564	0.899
The ability of the network to innovate	113.75	155.089	0.650	0.542	0.899
Creating a flexible relationship	113.77	158.103	0.532	0.387	0.902
Accessing businesses with different skills in different situations	113.52	158.875	0.532	0.386	0.902
Joint planning	114.01	152.047	0.689	0.609	0.898
Communicating	113.17	161.679	0.490	0.416	0.903

ITEM-TOTAL STATISTICS					
Observable attributes	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
Creating a sense of partnership and shared interest	113.30	159.938	0.525	0.417	0.902
Developing a mature management team	113.62	155.137	0.538	0.450	0.901
Defining of roles and responsibilities	113.35	158.760	0.541	0.442	0.901
Developing shared goals	113.58	158.883	0.511	0.418	0.902
Launching a product quickly	114.53	152.516	0.562	0.413	0.901
Understanding the needs of their customer	113.37	159.378	0.526	0.383	0.902
Creating one message to the customer	113.78	155.908	0.567	0.481	0.901
Getting close to your customer as a network	113.83	154.677	0.576	0.465	0.900
Creating a synergy in the network	113.52	156.754	0.621	0.465	0.900
Creating constant membership	113.74	158.108	0.460	0.332	0.903
Creating a whole product	114.14	156.735	0.468	0.279	0.903

Digitalising has a mean value of 4.69, meaning that the participants, on average, view this affordance as moderately to very important. Considering the above findings, it has been decided to include Digitalising in the affordance niche, as presented in Equation 5.3.

Equation 5.3: Collective benefit (CB), accounting for Trusting and Digitalising

$$CB = \int \phi(\text{trusting})(\text{digitalising} + \text{affordance}_2 + \dots + \text{affordance}_n)$$

5.3.8 Affordance inclusion conditions

The affordance niche, collective benefit, was further developed by considering the relationships between the predefined groups of observable attributes (affordances) and the attributes that emerged from the content analysis of the 'list of other affordances' provided by participants.

The predefined groups of observable attributes (affordances) are: competing, embedding sustainability, collaborating, creating a whole product and creating customer intimacy. The predefined groups (affordances) are discussed in detail in Section 4.9 and to avoid excessive duplication was not discussed here

The following conditions were set for the inclusion of the attributes in an affordance. The attributes were only included if:

Condition 1: There was a linear relationship between the attributes. Linearity is an assumption that underpins the Pearson correlation coefficients (PCC) (Laerd Statistics, 2017: Online; Saunders *et al.*, 2012:460), as used in the research on which this chapter is based, to determine if the attributes in an affordance 'hang together', in other words, to find out if the attributes constitute a coherent totality (Pallant, 2011:6). A scatter plot for each of the predefined groups was created to determine linearity.

Condition 2: Another assumption that underlies the PCC (Laerd Statistics, 2017:Online; Saunders *et al.*, 2012:460) is that there are no significant outliers in the data. Box plots were used to determine this.

Condition 3: The PCC indicated a medium to high (0.3 to 1.0 or -0.3 to -1.0) correlation between the attributes (Saunders *et al.*, 2012:460).

Condition 4: The average of the mean values of the remaining attributes is between 3 and 6.

In the following sections the affordance niches, identified from the data, are subjected to various tests to determine if they did indeed meet the 4 conditions, stipulated above.

5.3.8.1 Competing

The three attributes that were observed to constitute the affordance, Competing are: ‘the power of the network to make use of chances’; ‘the ability to survive bad times as part of a network’; and ‘the power to reduce costs as part of a network’ (Sigalas & Pekka Economou, 2013:61).

To establish linearity, a matrix scatter plot was drawn in SPSS, as depicted in Figure 5.12. It was established that the three attributes all have a linear relationship, meeting condition 1.

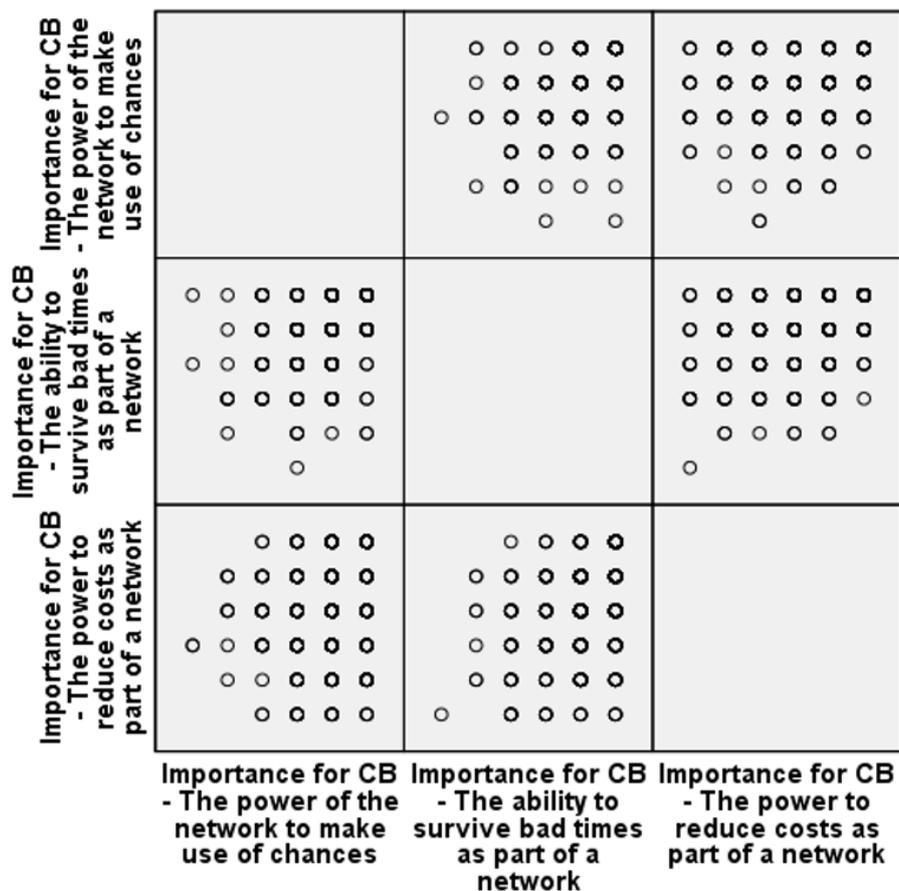


Figure 5.12: Competing scatter plot

Subsequently a box plot was generated, as depicted in Figure 5.13. The box plot indicates that while there are a few outliers, the number of outliers is not significant

enough to influence the results, therefore meeting condition 2. The PCC between the attributes was computed, and Table 5.6 rendered from the results.

From the data presented in Table 5.6, ‘the power to make use of chances’ as well as ‘the ability to survive bad times’, have a significant, moderately high positive correlation with each other, while ‘the power to reduce costs as part of a network’ has a significant but moderately weak correlation with these two attributes. Based on these results it has been decided to exclude ‘the power to reduce costs as part of a network’ from the affordance.

Finally, the average mean of the remaining attributes was computed as 5.02, indicating that the participants think that Competing is of high importance for the creation of collective benefit within the network. Competing was therefore included in the affordance niche of collective benefit.

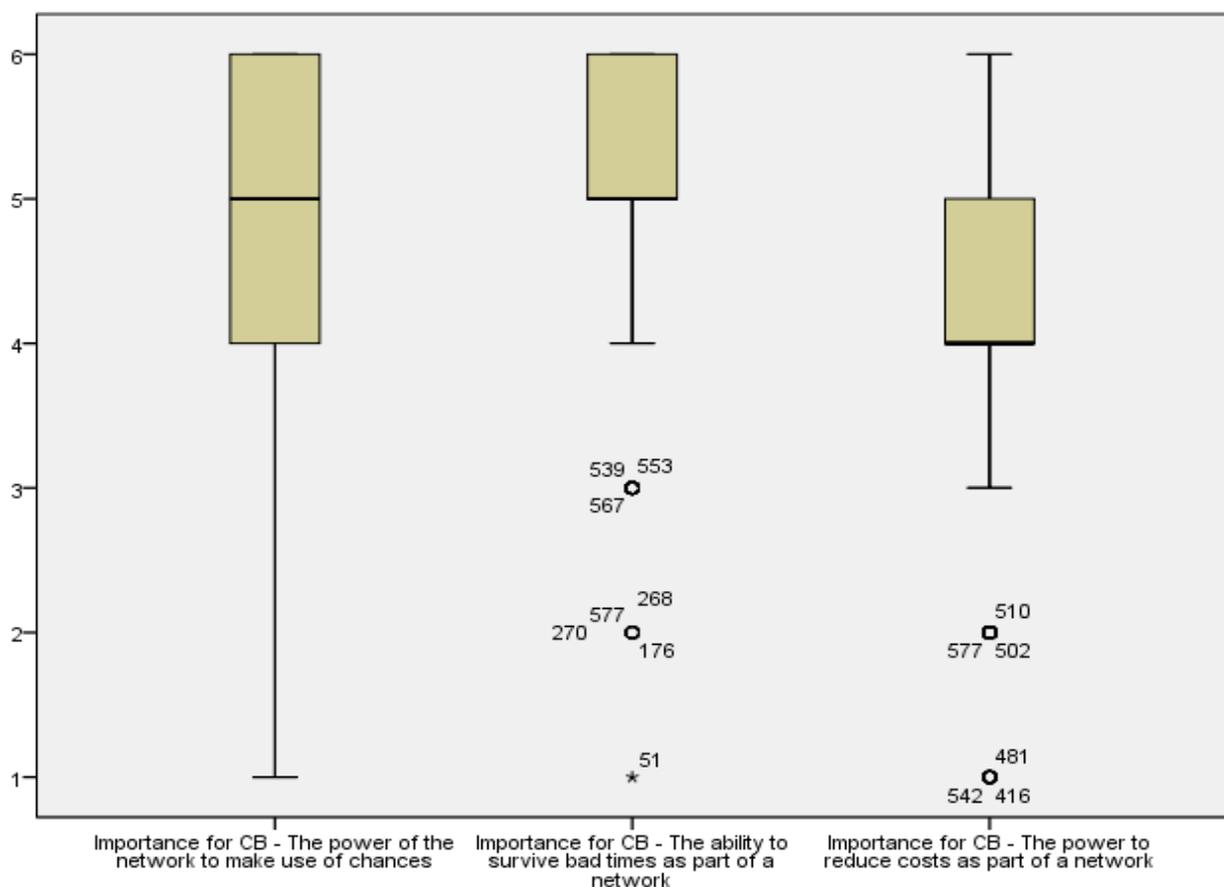


Figure 5.13: Competing box plot

Table 5.6: Competing Pearson Correlation Coefficient

Attributes of the affordance Competing		The power of the network to make use of chances	The ability to survive bad times as part of a network	The power to reduce costs as part of a network
The power of the network to make use of chances	Pearson Correlation	1	.451**	.253**
	Sig. (2-tailed)		.000	.000
	N	580	580	580
The ability to survive bad times as part of a network	Pearson Correlation	.451**	1	.381**
	Sig. (2-tailed)	.000		.000
	N	580	580	580
The power to reduce costs as part of a network	Pearson Correlation	.253**	.381**	1
	Sig. (2-tailed)	.000	.000	
	N	580	580	580
** Correlation is significant at the 0.01 level (2-tailed).				

5.3.8.2 Embedding sustainability

The attributes that together constitute the affordance Sustainability Embedding, are ‘preservation of natural resources’ and ‘being socially responsible’ (Le Roux & Pretorius, 2016:363). The same process, as described above, was followed, and as a result, Figure 5.14, Figure 5.15 and Table 5.7 were rendered.

Figure 5.14 indicates linearity, addressing condition 1. Figure 5.15 indicates no significant number of outliers, addressing condition 2, and Table 5.7 indicates that the attributes have a significantly high positive correlation (0.628), addressing condition 3.

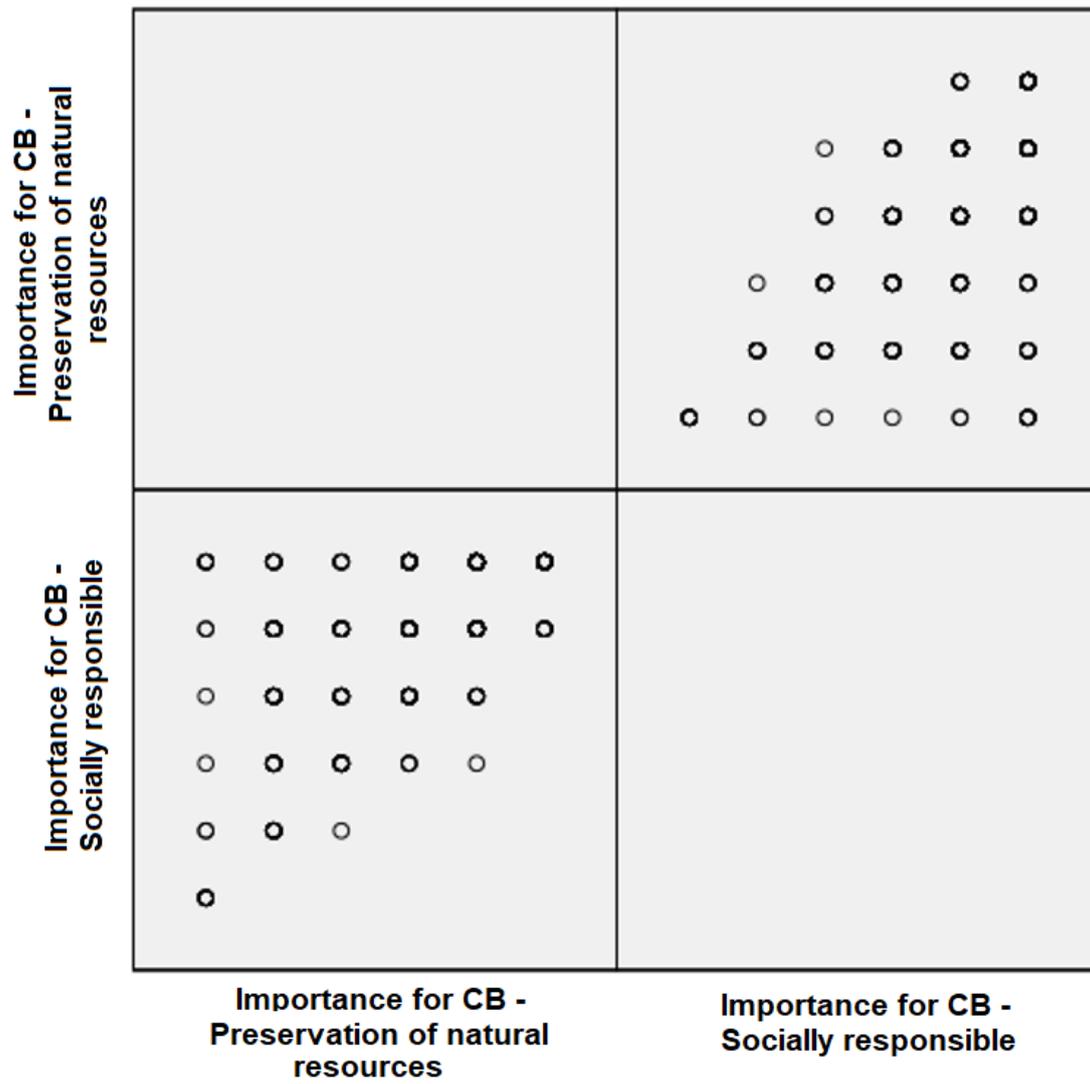


Figure 5.14: Embedding Sustainability scatter plot

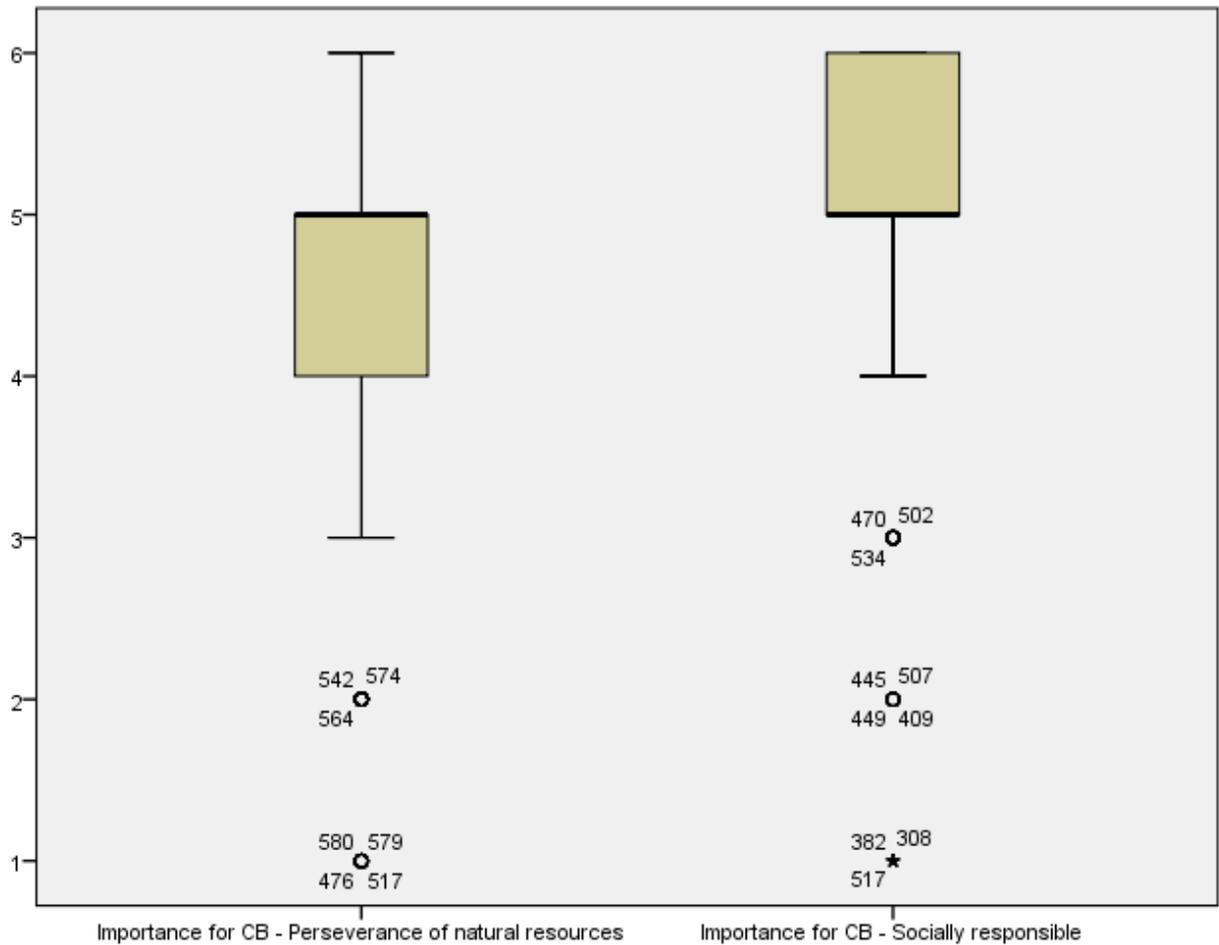


Figure 5.15: Embedding Sustainability box plot

Table 5.7: Embedding Sustainability Pearson Correlation Coefficient

Attributes of the affordance Embedding Sustainability		Importance for CB - Preservation of natural resources	Importance for CB - Socially responsible
Importance for CB - Preservation of natural resources	Pearson Correlation	1	.628**
	Sig. (2-tailed)		.000
	N	580	580
Importance for CB - Socially responsible	Pearson Correlation	.628**	1
	Sig. (2-tailed)	.000	
	N	580	580

** Correlation is significant at the 0.01 level (2-tailed).

Once it was determined that all three conditions were met, the average mean for the two attributes were calculated at 4.78, falling well within the parameters set for condition 4. As a result, Sustainability Embedding was included in the affordance niche of collective benefit.

5.3.8.3 Collaborating

Due to its prominence, the variable Trusting was removed from the construct Collaborating, where it was theoretically thought to fit. The attributes that were included in the analysis of collaborating were:

- the ability to coordinate,
- the ability to co-learn,
- the ability of the network to innovate,
- a flexible relationship,
- the power of the network to access businesses with different skills in different situations
- joint planning, and
- a mature management team.

Figure 5.16 indicates linearity, adhering to condition 1. Figure 5.17 indicates no significant number of outliers, meeting condition 2, and Table 5.8 indicates that the attributes have a significantly moderate to high positive correlation, except in the case of 'coordination' and 'a mature management team' where the correlations are weak. It was decided to, however, keep this attribute as part of the affordance Collaborating as the correlation values (with the other attributes), for the most part, fall well within the parameter set in condition 3. The average mean for the construct is 4.97, indicating that the construct was considered important by the participants and adheres to condition 4. As all conditions were met, Collaborating has been included in the affordance niche of collective benefit.

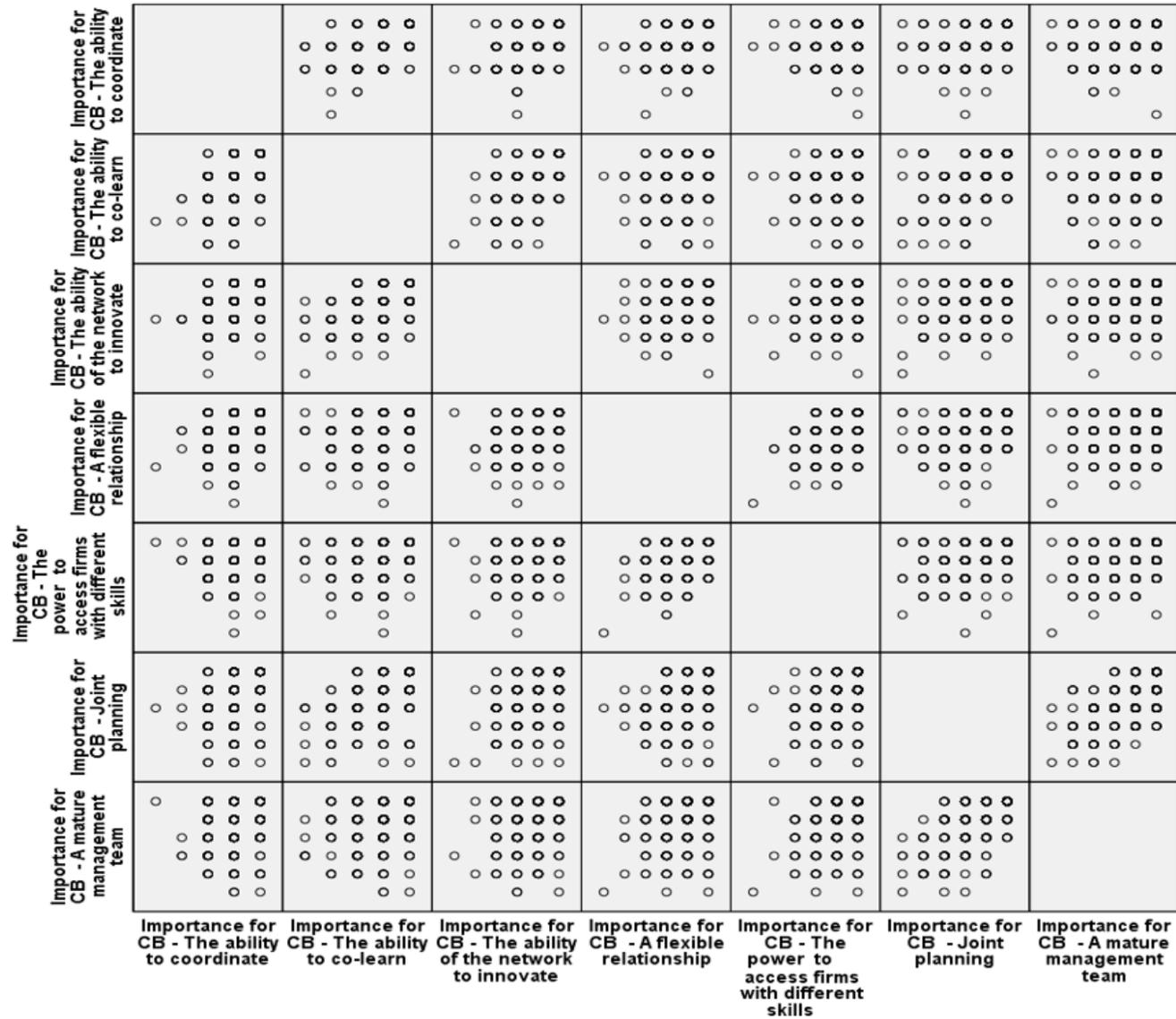


Figure 5.16: Collaborating scatter plot

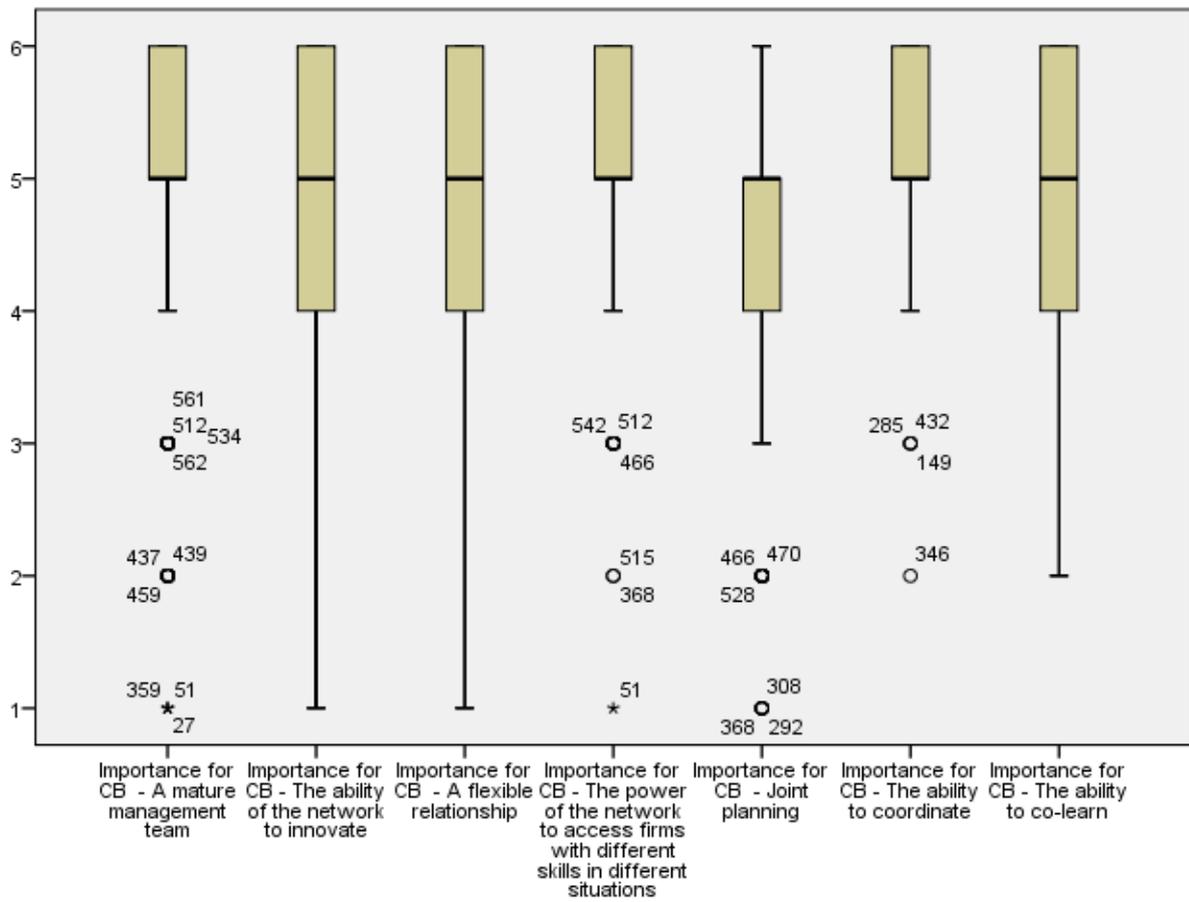


Figure 5.17: Collaborating box plot

Table 5.8: Collaborating Pearson Correlation Coefficient

Attributes of the affordance Collaboration		A mature management team	The ability to coordinate	The ability to co-learn	The ability of the network to innovate	A flexible relationship	The power of the network to access businesses with different skills in different situations	Joint planning
A mature management team	Pearson Correlation	1	.250**	.348**	.344**	.306**	.405**	.628**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	580	580	580	580	580	580	580
The ability to coordinate	Pearson Correlation	.250**	1	.615**	.510**	.365**	.296**	.406**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	580	580	580	580	580	580	580
The ability to co-learn	Pearson Correlation	.348**	.615**	1	.621**	.414**	.353**	.529**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	580	580	580	580	580	580	580
The ability of the network to innovate	Pearson Correlation	.344**	.510**	.621**	1	.483**	.359**	.487**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	580	580	580	580	580	580	580

Attributes of the affordance Collaboration		A mature management team	The ability to coordinate	The ability to co-learn	The ability of the network to innovate	A flexible relationship	The power of the network to access businesses with different skills in different situations	Joint planning
A flexible relationship	Pearson Correlation	.306**	.365**	.414**	.483**	1	.449**	.417**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	580	580	580	580	580	580	580
The power of the network to access businesses with different skills in different situations	Pearson Correlation	.405**	.296**	.353**	.359**	.449**	1	.411**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	580	580	580	580	580	580	580
Joint planning	Pearson Correlation	.628**	.406**	.529**	.487**	.417**	.411**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	580	580	580	580	580	580	580
** Correlation is significant at the 0.01 level (2-tailed).								

5.3.8.4 Creating a whole product

Only one question in the questionnaire was related to and can be considered an observable attribute of the affordance 'creating a whole product' (whole product). In this question, participants were asked to rate the importance of 'creating a whole product' for the creation of collective benefit. The mean of this rating was 4.55, thereby allowing its inclusion in the affordance niche of collective benefit.

Participants were also given a chance to name other affordances (constructs) that could contribute to the creation of collective benefit. A content analysis of the data, identified the most prominent of these as Camaraderie.

5.3.8.5 Camaraderie

The term 'Camaraderie' is herein used to address the affordance action of creating good-fellowship and will be referred to as such, going forward. Camaraderie is an affordance (or construct) that emerged out of a content analysis of the other attributes listed by the participants. The following list of observable attributes (based on a pattern that emerged from the content analysis) were assigned to Camaraderie: 'a sense of partnership and shared interest', 'a clear definition of roles and responsibilities', 'shared goals', 'the ability to create a synergy in the network', and 'the ability to communicate' would together constitute the construct Camaraderie.

Figure 5.18 indicates linearity, meeting condition 1. Figure 5.19 indicates no significant number of outliers, meeting condition 2, and Table 5.9 indicates that the attributes have a significantly high positive correlation (ranging between 0.328 and 0.535), except in the case of 'shared goals'. However, 'shared goals' falls within the parameters of condition 3, and it was decided to include this variable in the construct Camaraderie. Finally, the average mean value for Camaraderie was computed at 5.13. Consequently, it was determined that the affordance, Camaraderie, meets all the conditions for inclusion in the affordances niche, collective benefit.

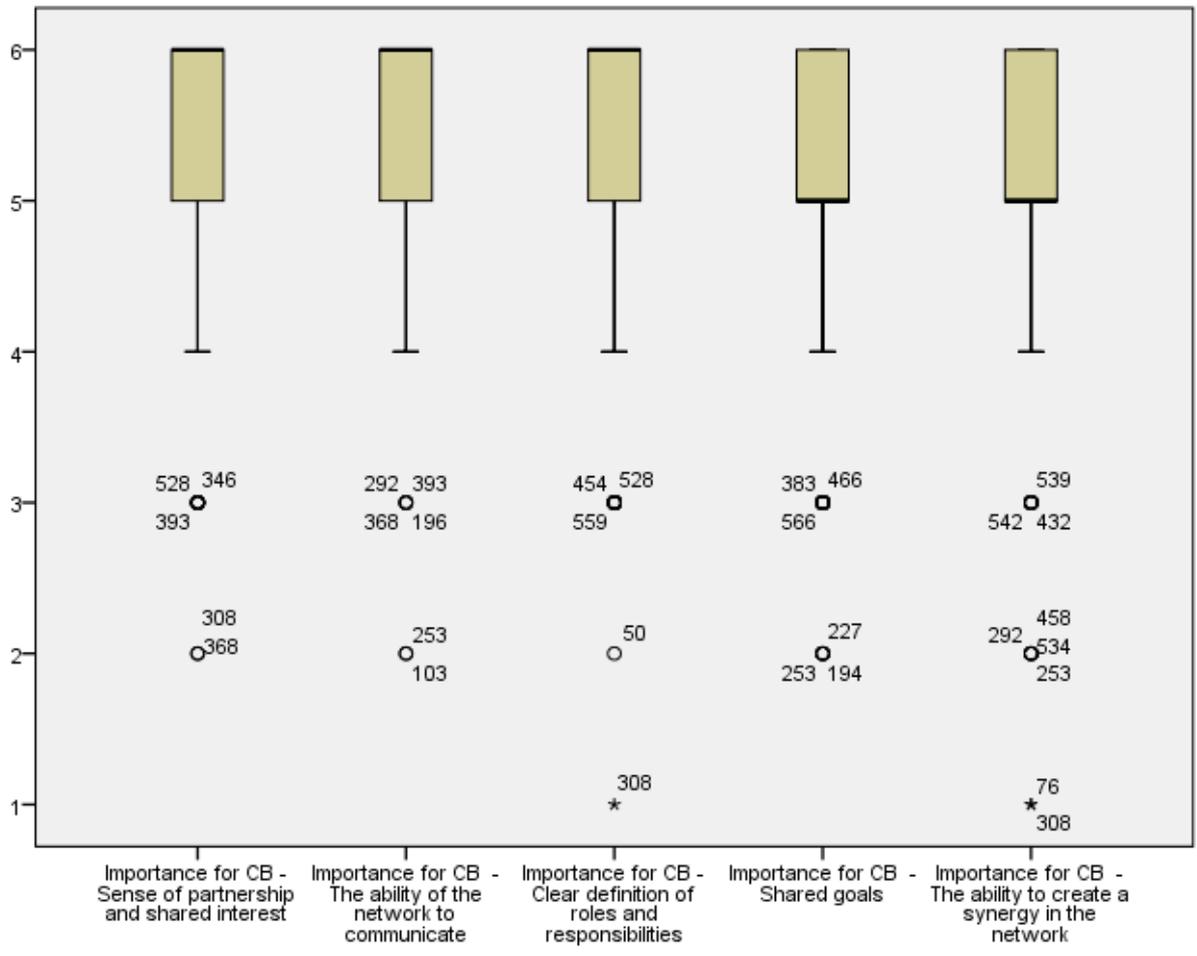


Figure 5.19: Camaraderie box plot

Table 5.9: Camaraderie Pearson Correlation Coefficient

Attributes of the affordance Camaraderie		The ability of the network to communicate	Importance for CB - Sense of partnership and shared interest	Clear definition of roles and responsibilities	Shared goals	The ability to create a synergy in the network
The ability of the network to communicate	Pearson Correlation	1	.517**	.415**	.323**	.407**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	580	580	580	580	580
Sense of partnership and shared interest	Pearson Correlation	.517**	1	.449**	.336**	.450**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	580	580	580	580	580
Clear definition of roles and responsibilities	Pearson Correlation	.415**	.449**	1	.535**	.418**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	580	580	580	580	580
Shared goals	Pearson Correlation	.323**	.336**	.535**	1	.368**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	580	580	580	580	580
The ability to create a synergy in the network	Pearson Correlation	.407**	.450**	.418**	.368**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	580	580	580	580	580

** Correlation is significant at the 0.01 level (2-tailed).

5.3.8.6 Creating customer intimacy

Creating customer intimacy is an affordance that emerged from discussions with strategists, and this construct was also present in the content analysis of the other attributes listed by the participants. The attributes assigned to this construct were: ‘the power to launch a product quickly’, ‘understanding the needs of customers’, ‘the ability to create one message’ and ‘getting close to the customer as a network’.

Figure 5.20 indicates linearity, as required by condition 1. Figure 5.21 indicates no significant number of outliers, hence condition 2 was met, and Table 5.10 indicates that the attributes have a significantly moderately high positive correlation. The mean average of the four attributes is 4.81, indicating its importance and adhering to condition 4. Subsequently, creating customer intimacy was included in the affordance niche of collective benefit.

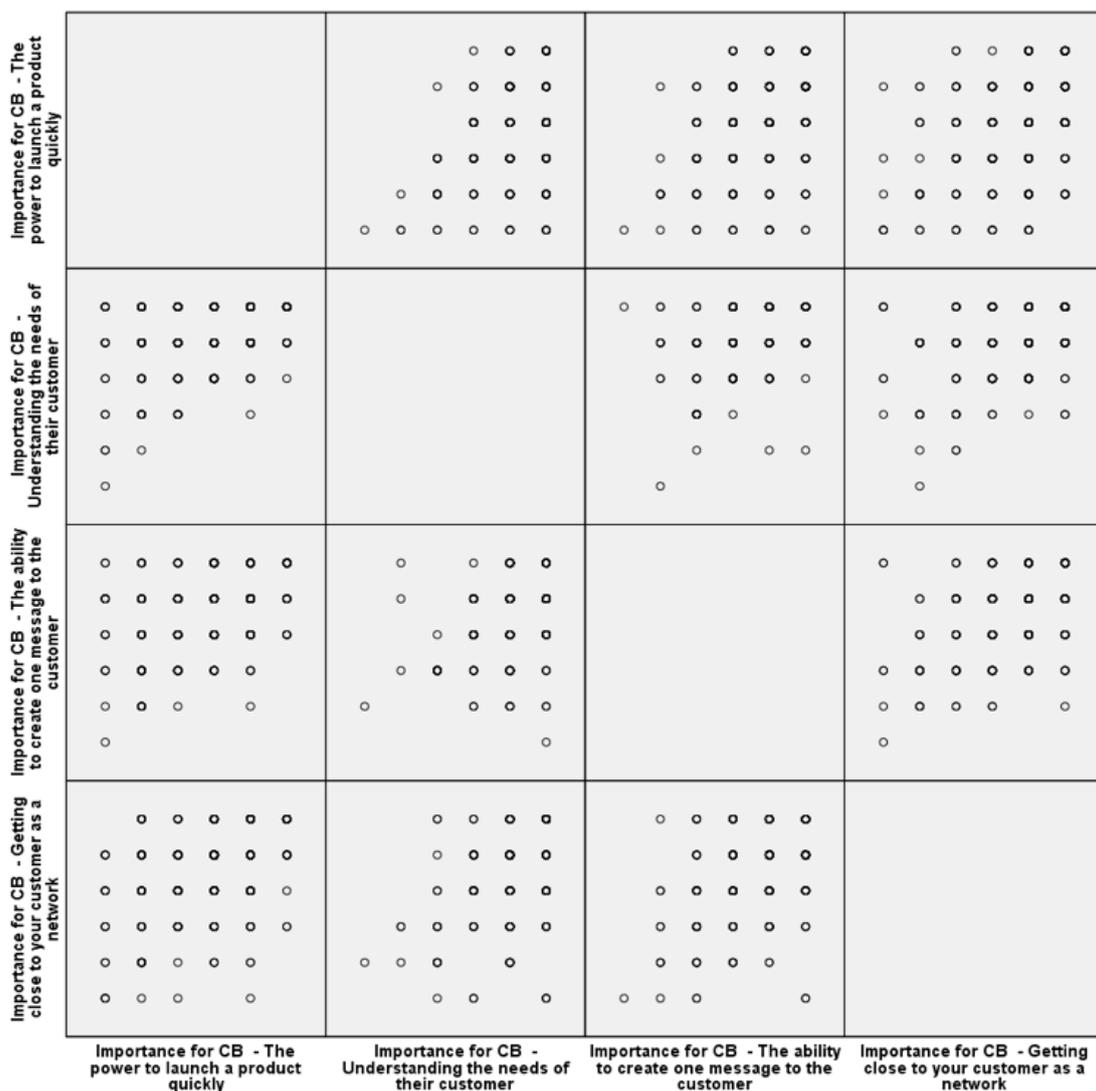


Figure 5.20: Creating customer intimacy scatter plot

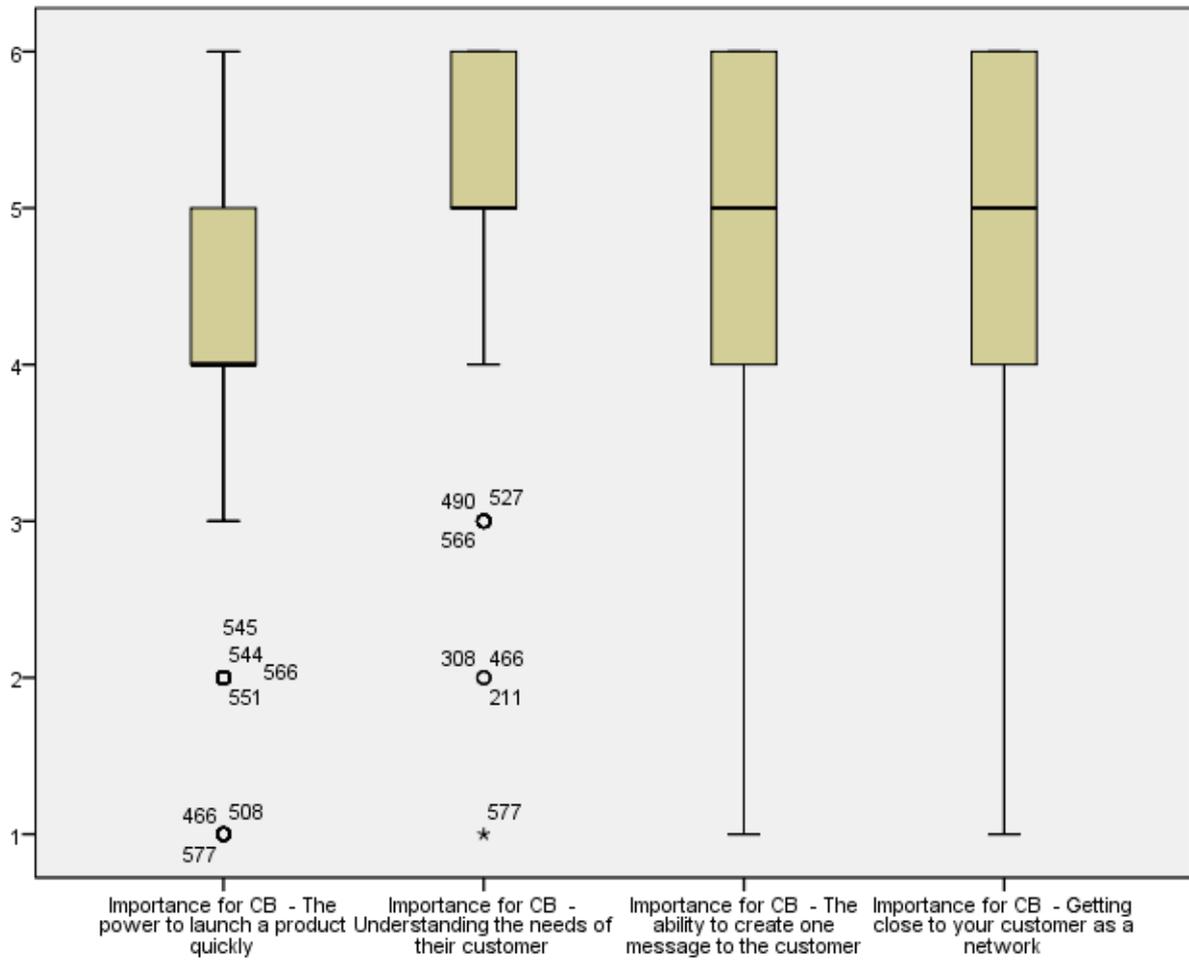


Figure 5.21: Creating customer intimacy box plot

Table 5.10: Creating customer intimacy Pearson Correlation coefficient

Attributes of the affordance Creating customer intimacy		The power to launch a product quickly	Understanding the needs of their customer	The ability to create one message to the customer	Getting close to your customer as a network
The power to launch a product quickly	Pearson Correlation	1	.387**	.468**	.455**
	Sig. (2-tailed)		.000	.000	.000
	N	580	580	580	580
Understanding the needs of their customer	Pearson Correlation	.387**	1	.513**	.433**
	Sig. (2-tailed)	.000		.000	.000
	N	580	580	580	580
The ability to create one message to the customer	Pearson Correlation	.468**	.513**	1	.537**
	Sig. (2-tailed)	.000	.000		.000
	N	580	580	580	580
Getting close to your customer as a network	Pearson Correlation	.455**	.433**	.537**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	580	580	580	580
** Correlation is significant at the 0.01 level (2-tailed).					

5.3.8.7 Other action affordances

The only remaining attribute that could not reasonably be assigned to any of the affordances, and that was originally included in the questionnaire, is “the importance of members staying constant (consistency)”. The mean of this attribute is 4.95. While it is high enough to be included on its own, as was done with whole product, this attribute was contradicting the ‘flexibility’ attribute assigned to Camaraderie.

The following ‘other’ attributes that participants considered important are: language and culture that was mentioned by 21 participants; mentoring and training by 22; member selection by 19; and leadership style by 14. While there are not enough values to include these in the analysis, a conscious decision was taken to use the mean value associated with ‘Consistency’ as a proxy for the inclusion of the construct ‘Others’ in the Framework of Collective Benefit.

5.4 THE AFFORDANCE NICHE COLLECTIVE BENEFIT

The collective benefit affordance niche has been expressed in Equation 5.4, which is a modification of Equation 5.3, based on the results of the data analysis.

Equation 5.4: The affordance niche – collective benefit

$$CB = \int \phi(\text{trust})(\Sigma \text{ camaraderie, competing, collaborating, creating customer intimacy, embedding sustainability, digitalising, creating a whole product, other action affordances}) + \varepsilon$$

Equation 5.4 reflects only two layers of the framework data that were presented, and in the following section, all four layers of attributes that make up the affordance niche, collective benefit, are visualised in a graphical presentation (Figure 5.23).

5.5 COLLECTIVE BENEFIT VISUALISATION

All the layers of the affordance niche of collective benefit, as well as each of the observable attributes and the associated mean values, are presented in Figure 5.22. The visualisation is used as a basis to formulate the evaluation framework of collective benefit. Each colour in the visual presentation represents a layer represents a layer.

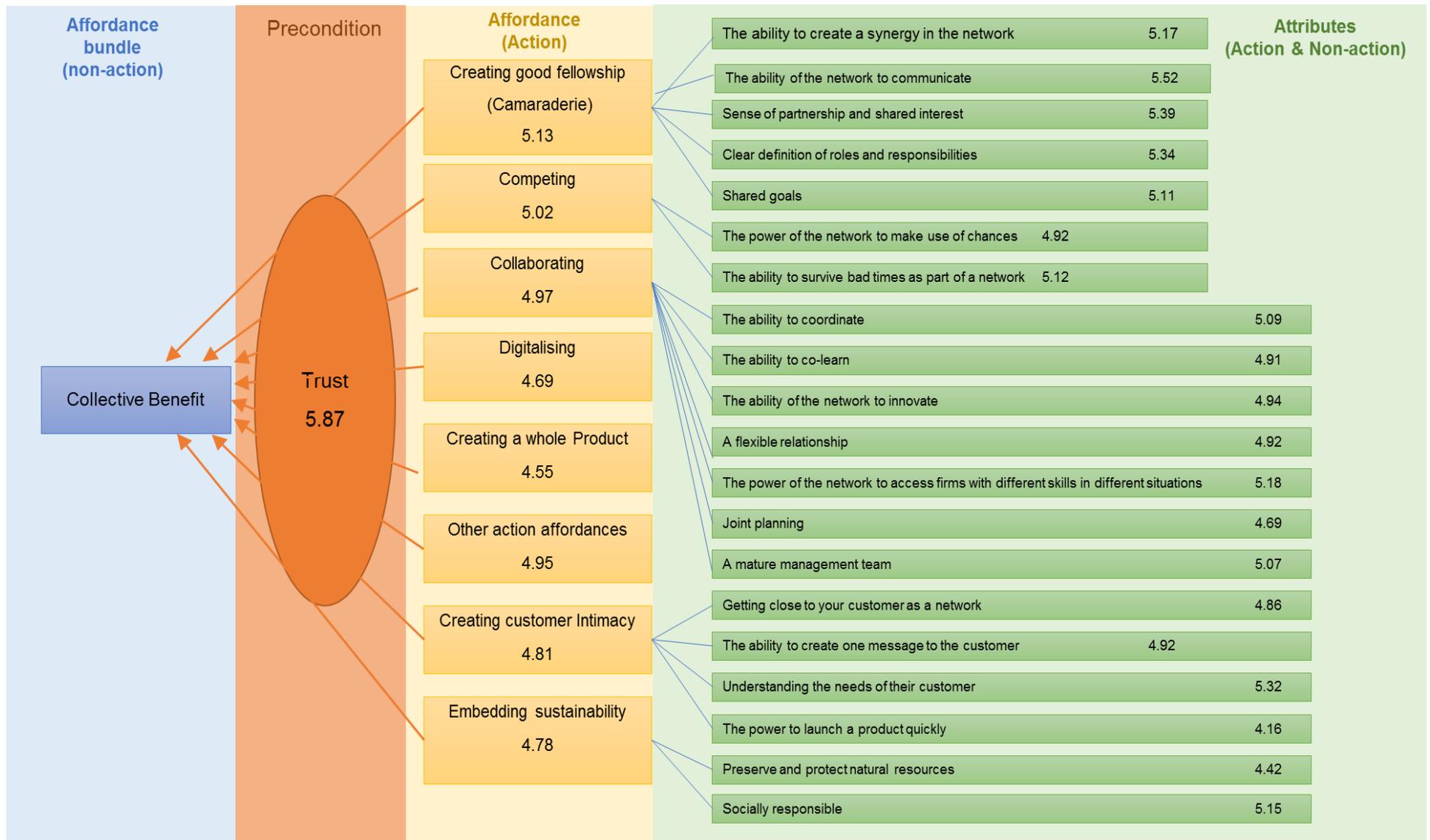


Figure 5.22: Collective benefit, the affordance niche visualisation

5.6 FINDINGS

Considering that the research was conducted from an S-as-P perspective, and keeping in mind the claim of Jarzabkowski and Kaplan (2015:537) that the theory of strategy tools and how they are used, are essential to S-as-P research, the data reported herein were used to develop an evaluation framework (or tool) that strategists could use to evaluate the ability of their current strategy to create collective benefit. The data visualisation depicted in Figure 5.23 was converted into a proposed evaluation framework and the hope is that this framework will guide strategists to implement strategies geared toward collective benefit (Nilsen 2015:1).

The proposed evaluation framework contains generic descriptions of factors that could be leveraged to create collective benefit. The framework also presents general suggestions of how businesses could go about creating collective benefit, once they have decided to join a network or have engaged the networked environment. While this is not a tool to evaluate possible members of networks, strategists could use it to evaluate their current strategy. It should, however, indicate where a strategy must be adapted for the network, once it is joined, to create a collective benefit. This is in line with the S-as-P research lens that seeks to explain the practice of strategy (Jarzabkowski, Kaplan, Seidl & Whittington, 2016:270).

The framework, as a tool, is adaptable to the needs of each specific business. However, it is strongly suggested that the identified affordances must be at least evaluated, as they can be considered as best practices in a certain sense.

When using this evaluation framework, strategists must first rate if they are aware that the affordances exist in the business (Is the business currently doing this?) and then decide how desirable the affordance is, based on the specific business and industry needs (Does the business need to start doing this?). The Likert-type scales that were used were obtained from the list of standard responses developed by Vagias (2006:Online). Strategists must then subtract the score they obtained in 'awareness' from the 'desirability' score (as explained below). The higher the value, the more immediate the action needs to be to address this affordance (the more important it is for your business and/or network to expressly address it).

To determine the level of **awareness** (“Am I aware that the business is doing this?”) managers must use the following scale when using the evaluative framework as in Table 5.11 on the next page (Vagias 2006:Online):

- 1 – Not at all aware
- 2 – Slightly aware
- 3 – Somewhat aware
- 4 – Moderately aware
- 5 – Extremely aware

The scale used to evaluate the level of **desirability** is the following when using the evaluative framework as in Table 5.11 on the next page (Vagias 2006:Online):

- 1 – Very undesirable
- 2 – Undesirable
- 3 – Neutral
- 4 – Desirable
- 5 – Very desirable

Table 5.11: Evaluation framework for the attainment of collective benefit

Purpose:												
The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.												
Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very un-desirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
Trusting	Do I trust the partners in my network? <i>* If trusting is absent, it is advisable that the participation in the network is re-evaluated.</i>											
Camaraderie (Creating good-fellowship)	Is a synergy created in the network?											
	Is the network effectively communicating ?											
	Is there a sense of partnership in the network?											
	Does the network have a shared interest ?											
	Are the roles and responsibilities clearly defined in the network?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very undesirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
	Do the network members have a shared goal ?											
Competing	Does the network make use of chances ?											
	Does the network collectively fend off treats ?											
Collaborating	Can the network coordinate ?											
	Can the network co-learn ?											
	Can the network innovate ?											
	Do members have a flexible relationship ?											
	Can the network access different skills sets in different situations?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very undesirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
	Does the network plan jointly ?											
	Do the member businesses have mature management teams ?											
Digitalising	Does the network have a digital platform supporting its operations?											
Creating whole product	Is the network creating a whole product ?											
Creating customer intimacy	Can the network get close to its customer ?											
	Is the network creating one message to communicate to its customers?											
	Does the network understand the needs of its customers?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very un-desirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
	Can the network launch a product quickly ?											
Embedding sustainability	Does the network have procedures in place to preserve natural resources ?											
	Does the network act in a socially responsible manner?											
Others **												

**** Businesses should evaluate their own industry and add observable attributes that are likely to impact the attainment of collective benefit herein.**

5.7 CHAPTER SUMMARY

All things considered, this thesis presents the strategic management community with an evaluation framework that strategists could use when prioritising which affordances it should address first in creating collective benefit. The evaluation framework presented here corresponds with the operational definition of collective benefit presented in Chapter 4, namely:

[...] the shared prosperity afforded to a network of loosely configured businesses that has:

- a. digitalised;*
- b. exploited opportunities, neutralised threats and reduced costs, as part of a network;*
- c. gained the trust of the network and could create a flexible skillset, co-ordinate, co-learn, and co-innovate with the network; and*
- d. could create a whole product solution, based on customer intimacy;*
- e. while integrating social and environmental concerns into the operations and interactions of the network.*

The evaluation framework presented herein should be used by strategists to inform their decision making when they choose to jointly create value as part of a network. It can be considered as an implementation tool, which should make the attainment of collective benefit more likely.

5.8 RECOMMENDATIONS FOR FUTURE RESEARCH

While the evaluation framework as it is presented denotes the structure of the affordance niche, collective benefit, it is inherently complicated and complex. Future research should simplify the affordance niche by developing a model that includes only those attributes of collective benefit that could explain better performance in the networked environment. Moreover, the prominence of Trusting as an affordance, necessitates a closer investigation into what is exactly meant by the term and how strategists can go about creating the said 'trusting'.

Chapter 6 follows and concludes with a model of shared prosperity.

CHAPTER 6: A SMALL BUSINESS PERSPECTIVE ON THE IMPACT OF COLLECTIVE BENEFIT ON SHARED PROPERITY

This chapter builds on Chapters 4 and 5 and is presented in a manuscript format. The manuscript might be submitted to the Working Paper Repository of the University of Pretoria. Upon receiving feedback from the academic community, this manuscript will be reworked to an article and will be presented to the *International Journal of Management and Economics* for publication consideration.

Figure 6.1 indicates the place of Chapter 6 in relation to the research protocol presented in Section 1.1. The research objective addressed in Chapter 6 has been highlighted in red in Figure 6.1.

NOTE TO READER

Throughout the thesis the terms 'affordance niche', 'affordance' and 'observable attributes' have been used. Due to the nature of Chapter 6 and the targeted journal, the researcher have opted not to reference these terms.

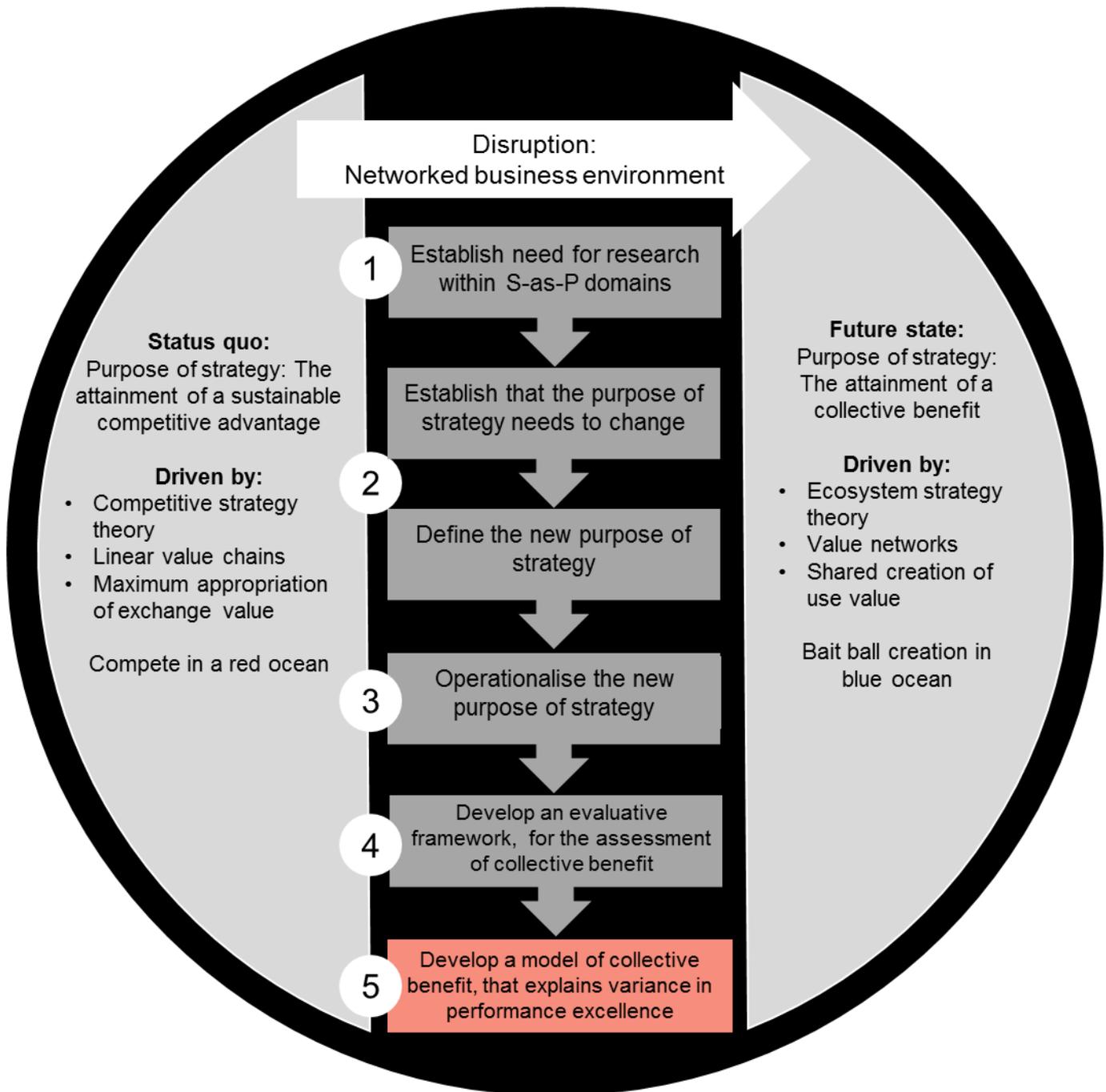


Figure 6.1: The research protocol for Chapter 6

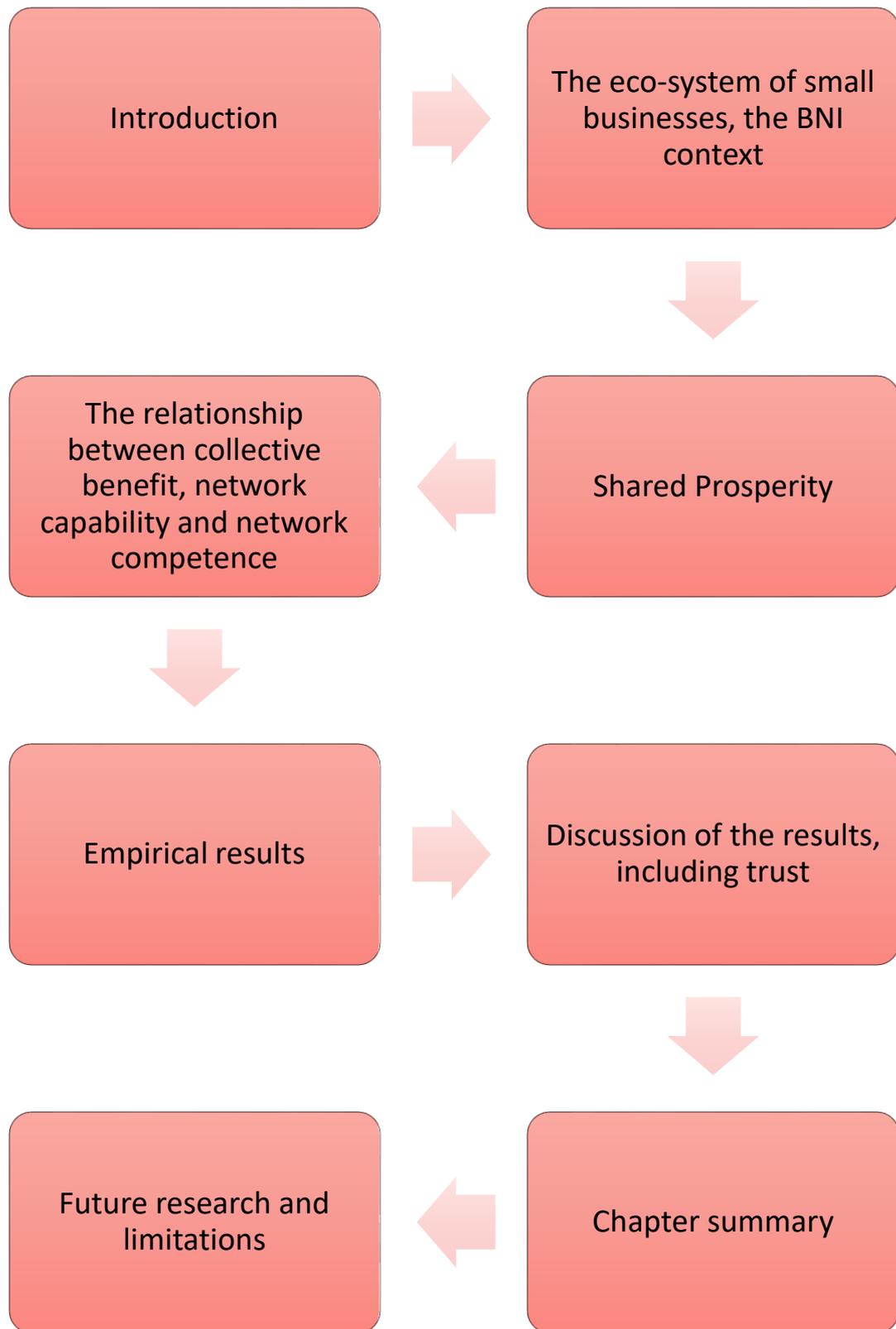


Figure 6.2: Breakdown of the components of Chapter 6

“When things interact, they change one another in unexpected and irreversible ways.”

Oss, 2017:Online

6.1 INTRODUCTION

Change is synonymous with the twenty-first century. This century has seen many of the infamous mysteries of life, such as the Bermuda Triangle, being solved (Ratner 2017:Online). Conversely, it has also ushered in a sequence of new mysteries to be solved. One such a ‘mystery’, inherent to the Fourth Industrial Revolution, is the rise and establishment of the networked economy. The networked economy is identifiable by an accelerated pace of change, growth in business scope and global integration, and is often driven by a platform.

The networked nature of the economy has increased the complexity, forced connectivity and has seen the demise of traditional value chains. These factors, in turn, have changed the drivers of profitability. There is agreement in the academic community that the traditional world view (including the view of competitive advantage as the main driver of business performance) needs to change in a networked economy (Fontannaz & Oosthuizen 2007:9). Moreover, this thesis has theorised that for businesses to show sustained performance growth in the networked environment, their strategy must include collective benefit as a driver of shared prosperity.

Much like the 75 aeroplanes and hundreds of ships that entered, but never exited the Bermuda Triangle, it has been observed that businesses that seem to be on course to achieving a competitive advantage, are disappearing (Ratner, 2017:Online). Over time, many scholars have endeavoured to explain this disappearance by offering other theories to explain competitive advantage. This is akin to the explanations offered for the Bermuda Triangle, which included options that were just not viable in the twenty-first century environment. The viability of a strategy focusing solely on competitive advantage was discussed in detail in Chapter 3.

Reportedly, it is hexagonal clouds, as depicted in Figure 6.3, that create air bombs that have been sinking ships and downing aeroplanes in the Bermuda Triangle. As a result, sailors and pilots can no longer blame the paranormal or electromagnetic interference for this demise, and scientists can now begin to investigate alternative theories (Ratner, 2017:Online). In this light, the previous chapters identified and

defined collective benefit as an alternative purpose of strategy in the networked environment. Hence, this manuscript now strives to provide a better understanding of the strategies businesses might employ to yield performance excellence in the networked economy.

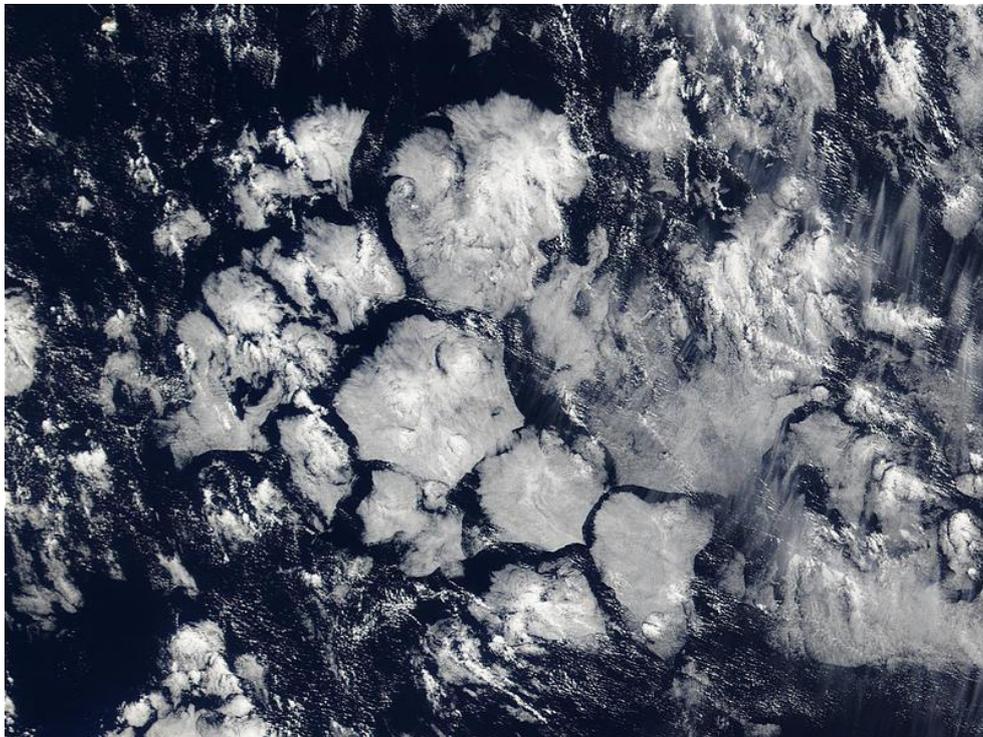


Figure 6.3: Hexagonal Clouds

Source: NASA, 2009:Online

The networked economy reflects an ecosystem of businesses that work together to create value; with the main goal of the value net (ecosystem) being to become better off (or to share in the prosperity of the network). This was illustrated by referring to a 'bait ball' in Section 4.4. Therein, the value net of a business was compared to various types of oceanic predators working together to create a bait ball of small fish, from which all the predators can harvest. The amount that the predators harvest is dependent on their individual predatory strategy. In any system there are inputs and outputs, and in this chapter, it has been the inputs observed in a networked environment that will yield a better-off value net (increased shared prosperity, the system output) (Acs, Stam & Audretsch., 2017:1).

In this chapter, we investigate the phenomena of an economic network and shared prosperity that are investigated within the Business Network International (BNI) context. Herein, the BNI context is used to establish which affordances, identified in

Chapter 5, contribute to businesses being 'better off' and to what extent the variance in the better-off variable is explained by these affordances.

6.2 THE ECOSYSTEM OF SMALL BUSINESSES, THE BNI CONTEXT

Academic literature differentiates between business ecosystems, small business ecosystems and entrepreneurial ecosystems. The development of the theory behind these ecosystems seems to stem from regional development literature, or clusters, as discussed in Section 3.2.3 (Acs *et al.*, 2017:1). Considering the most prominent definition of entrepreneurial ecosystems as “a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship within a particular territory” (Acs *et al.*, 2017:3), it is evident that the BNI is not an entrepreneurial ecosystem.

Firstly, because the facilitation of cooperation is not limited to entrepreneurs, the BNI also facilitates cooperation between non-entrepreneurs, and secondly, the BNI is not bound by the territorial restraint of the stipulated definition, since the output of the BNI is not only productive entrepreneurship, but also productive business (small, medium and large).

Most of the participants (in 64% of the cases) who completed in the questionnaire on which this study is based, indicated that they consider themselves to be entrepreneurs, the researchers have, however, not excluded other participants. Therefore, the researchers position this manuscript as an investigation into the shared prosperity of small businesses in the networked economy and not entrepreneurial businesses. The platform economy was discussed in Section 5.1, and the pioneers of this economy, Uber and TaskRabbit, were positioned as examples of businesses that have successfully navigated the networked economy. It is, however, important to note that these businesses use platforms to drive their performance and a small business ecosystem does not necessarily have a platform at its centre (Autio & Thomas, 2014:204).

The BNI, as an economic network, has no obvious leader or focal business; and can be considered a platform or facilitating body that enables networking, since it is concerned with the overall performance of the collective. These characteristics of the

BNI are like that of a cluster that drives regional development literature. The BNI, however, has a global reach, and hence positions the context of this manuscript within the strategy literature (BNI Global, 2017:Online; Acs *et al.*, 2017:3).

6.3 SHARED PROSPERITY

It was established in Section 3.10 that the drivers of competitive advantage that have long been used to explain performance differences across businesses, are no longer sufficient, and a detailed explanation was given as to why the theories of competitive advantage inadequately explain performance excellence in the networked economy. Collective benefit was proposed as an alternative driver of shared prosperity, and also an inclusive growth indicator, in the networked economy. This manuscript evaluates the effect of the construct, collective benefit on the shared prosperity.

In the networked environment, businesses who succeed (show performance excellence) can create a shared prosperity and then appropriate a portion of this prosperity. This places performance excellence at the centre of the investigation, given that the primary motivation for the creation of all ecosystems is performance excellence (Acs *et al.*, 2017:4). Therefore, shared prosperity is assumed to be an antecedent of performance excellence in the networked environment. It should further be noted that the outcome of creating a collective benefit is shared prosperity, and that this manuscript uses these terms interchangeably.

Shared prosperity is a construct included in the operational definition of collective benefit and refers to an increase in performance of the smallest members of the network (Chapter 3 discusses this variable in detail). The World Bank first proposed shared prosperity as a measure of inclusive growth (The World Bank, 2013:Online), and considering the similarities between an open economy and the networked environment, it has been included as the outcome of attaining a collective benefit. Collective benefit was defined in Chapter 5 as:

Collective benefit is the shared prosperity afforded to a network of loosely configured businesses that has:

- a. *digitalised;*
- b. *exploited opportunities, neutralised threats and reduced costs, as part of a network;*

- c. *gained the trust of the network and could create a flexible skillset, co-ordinate, co-learn, and co-innovate with the network; and*
- d. *could create a whole product solution, based on customer intimacy;*
- e. *while integrating social and environmental concerns into the operations and interactions of the network.*

In Section 3.15, the outcome of collective benefit is explicitly stated as shared prosperity, and not performance, as performance is dependent on the ability of a business to extract value from a value net. The explicit distinction between shared prosperity and performance is in line with the Sigalas *et al.* (2013:324) criterion that a stipulative definition must not contain any judgements about an business's own value, and should consider the term 'value' to be a synonym for the term 'performance'.

NOTE TO READER

Please note that Chapter 5 presents the proposed framework for the affordance niche, collective benefit, as that is what was asked of the participants to evaluate. In Chapter 6, shared prosperity, as the outcome of collective benefit, will be modelled. The Y-variable used here, namely, the 'better-off' variable (Section 6.9.2) is considered to be a proxy for the outcome of attempting to create a collective benefit.

6.4 THE RELATIONSHIP BETWEEN COLLECTIVE BENEFIT, NETWORK CAPABILITY AND NETWORK COMPETENCE

Papastamatelou *et al.* (2016:81) argue that the ability to draw the best (that is to maximise value appropriation) out of a network, depends on the network capability of an business. The researchers define network capability as the ability to initiate relationships with other businesses and benefit from them. In a sense, this is like the value continuum proposed in Chapter 3, where joint value-creation and value appropriation is positioned on opposing ends of a value continuum. The major difference, however, is that benefit in the Papastamatelou *et al.* (2016:81) framework refers to the individual business benefit that is appropriated, whilst the framework presented in Chapter 5 focuses on the value-creation end of the value continuum.

Papastamatelou *et al.* (2016:81) break the network capability of a business into three dimensions, namely, network characteristics, network operation and network

resources. Moreover, 1) network characteristics are evaluated against the strength of the network ties, relational capability and trust; 2) network operation depends on the initiation of business relationships, coordination and learning; and 3) network resources refers to the human capital inherent to the network, synergy-sensitive resources and information sharing. The collective benefit and network capability frameworks can be considered as complementary frameworks, each focusing on a different end of the value continuum.

6.5 ASSESSMENT OF VARIABLES

This section discusses the variables identified in the Papastamatelou *et al.* (2016) framework that overlap with the variables identified and included in the framework presented in Chapter 5, Section 5.5. A comparison of the overlaps is necessitated and serves to confirm the importance of the overlapping variables as drivers of both shared prosperity and performance.

6.5.1 Trusting

Trusting emerges as an important factor that drives both collective benefit and network capability. We have found and reported in Chapter 5 that there is little variance in the responses from participants, who have all indicated Trusting as an important factor for the creation of a collective benefit. As a result, Trusting was positioned a prerequisite for the creation of collective benefit. This is in line with the Papastamatelou *et al.* (2016:85) statement that Trusting between value net partners should yield increased performance. Papastamatelou *et al.* (2016:95) further show that Trusting does indeed significantly explain performance variance in China. However, it is proposed in this manuscript that without Trusting, no prosperity, shared or otherwise, can be created anywhere or in any business, and therefore no business can show performance excellence without Trusting.

6.5.2 Communication

The second variable that the Collective Benefit Framework, as well as the Papastamatelou *et al.* (2016:95) framework (hereinafter referred to both frameworks), indicate as important is communication, or information sharing. In the Collective Benefit Framework, these variables form part of the Camaraderie affordance. Ritter and Gemünden (2003a:693) have also identified Communication as able to influence

the network competence of businesses. Camaraderie as a variable, to some extent, also refers to the culture of a network, this culture is reflected as an important antecedent in creating a network competence (Ritter & Gemünden 2003b:747).

6.5.3 Network human capital resources

An interesting finding in the Papastamatelou *et al.* (2016:91) study, is the importance of 'network human capital resources'. This did not emerge as an affordance in the Collective Benefit Framework. However, upon analysis of the employee numbers stated by participants, most businesses show no employee growth. However, they still consider themselves to be better off, eluding to 'jobless-growth'. This could indicate that the participants would have agreed that 'network human capital resources' would contribute to the creation of collective benefit.

6.5.4 Inter-business Collaborating

The final variable that emerged as important in both frameworks is that of collaborating, or collectivism, as Papastamatelou *et al.* (2016:92) refer to it. Inter-business Collaborating was also identified by Ritter and Gemünden (2003b:749) as being important for business performance.

The Collective Benefit Framework reported in Chapter 5 is, however, limited, in that the impact of the collective benefit variables on shared prosperity has not been assessed. In the next section, the empirical results stemming from firstly, an exploratory, and subsequently a CFA, are reported on.

6.6 EMPIRICAL RESULTS

6.6.1 Data collection and sample

Purposeful networking is a requirement if a business is to obtain value from becoming part of a value net (Zott & Amit, 2009:206). The population requirement for the research was therefore businesses choosing to purposefully participate in an economic network. The BNI was identified as an example of an economic network that a business might select membership in.

The data were collected from 902 online questionnaires submitted during a seven-week period from 1 June 2017 to 21 July 2017. The participants received an email from their respective BNI national director, containing a link to the online questionnaire.

Of the 902 BNI members that responded, 820 chose to participate in the questionnaire after reading the informed consent form (Appendix B). In a later question, 669 of the participants indicated that the businesses they are reporting on are currently part of a business network. The data further revealed that only 15 of the responses came from large businesses. Large businesses are businesses with more than 249 permanent employees (Krishnan & Scullion, 2017:431). The responses from large businesses were excluded, as they were deemed non-conforming relative to the majority of the sample population. All incomplete responses were deleted, and the final data set contained 580 valid questionnaires. Considering that the BNI population is estimated at 220 000, and standard sampling guidelines suggest that a sample of 384 would yield a 5% margin of error at a 95% confidence level (Saunders *et al.*, 2012:219), the sample is considered adequate for the analysis in this chapter. It should, however, be noted, that the sample was not drawn randomly, and must therefore be considered one of convenience. The findings nonetheless offer significant insight from a theoretical perspective. The researchers accepted all valid responses that were obtained from the target group.

From the responses to a question, of which the answers were mutually exclusive, it was determined that the participants were mostly entrepreneurs (in 64% of the cases), top management (in 14% of the cases), or a member of the board of directors (in 9% of the cases). Traditionally, employees at these levels of management are involved in the developing the strategy business. If middle managers (as per the recommendation of Whittington, 2006:619) are included in our analysis, 90% of the participants in our sample are involved in the strategy of the businesses they are reporting on..

Our sample consists mainly of very small businesses (73%) with between and including 1 and 9 permanent employees, small businesses (17%) with between and including 10 and 49 permanent employees, and medium businesses (4%) with between 50 and 249 permanent employees. The remainder of the businesses reported nil employees (this was based on the 2017 number of full-time employees reported by the participants) (Krishnan & Scullion, 2017:431). A business does not need full-time employees to be regarded as an business. Moreover, businesses do not need to appoint employees in order to grow, nor to consider themselves being 'better off', this phenomena is termed 'jobless growth' (Sy, 2014:Online).

The participants were mostly (in 73% of the cases) over the age of 40. As such, these participants can be classified as Generation X (born 1965 to 1976) and Baby Boomers (born 1946 to 1964). Typically, both these generations have a distrust of modern technology, such as but not limited to, mobile devices, apps, robots and the internet (The Center for Generational Kinetics, 2017:Online). This aversion to modern technology is evident later (Section 6.6.6) in the responses received with regards to Digitalising.

6.6.2 Testing for survey non-response bias

Survey non-response bias was not tested for as no data on non-respondents was available (Whitehead, Grootuis & Blomquist, 1993). A second strategy, not included in the thesis was, however, recommended by Lohr, Riddles and Morganstein. The authors suggested that the responses by the first and last respondents should be compared to identify any significant differences (Lohr, Riddles & Morganstein, 2016). The first 50 and last 50 valid responses to the Better-off variable were subsequently compared and no significant differences were found (Figure 6.4 refers).

Better off * response_bias

Crosstab

Count		response_bias		Total
		First	Last	
Better off	Somewhat worse	1	0	1
	About the same	1	4	5
	Somewhat better	16	18	34
	Much better	32	28	60
Total		50	50	100

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.184 ^a	3	.364
Likelihood Ratio	3.698	3	.296
Linear-by-Linear Association	.605	1	.437
N of Valid Cases	100		

a. 4 cells (50,0%) have expected count less than 5. The minimum expected count is .50.

Figure 6.4: Better-off non-response bias test results

6.6.3 Operationalisation and measurement

The BNI requested that the researchers shorten the length of the questionnaire and expressed a concern that requesting financial data from its members may result in numerous incomplete questionnaires. Subsequently, financial data were requested in a separate section at the end of the questionnaire, and only 40 responses related to financial data were recorded. Researchers were then obliged to rely on a proxy of self-evaluated prosperity rather than financial data.

6.6.3.1 Measuring shared prosperity

Shared prosperity was measured using the 'better-off' variable. The 'better-off' variable is a variable constructed by asking participants if they considered the businesses they are reporting on to be 'better off' since joining the economic network. 'Better-off' is herein taken to indicate a more desirable financial position. The 'Better-off' variable was constructed by asking participants to rate their perception of shared prosperity on the following five-point Likert-type scale (Vagias 2006:Online). The actual question, as it appeared in the questionnaire is given below (the wording in brackets, were replaced by answers given to previous question):

To what extent is *(the business you are reporting on)* better off because it joined a business network, such as *(the network you are reporting on)*?

- 1 much worse
- 2 somewhat worse
- 3 about the same
- 4 somewhat better
- 5 much better

Because of cross-tabulating the 'better-off' variable (the result of which can be seen in Table 6.1) with the classification of businesses, based on the number of full-time employees in 2017, it has been noted that 248 of the 387 (64%) very small businesses, as well as 60 of the 86 businesses with no employees, consider themselves to be 'much better off'. It would seem that a smaller proportion of participants from 'larger'-sized businesses (in terms of permanent employees) regard themselves as 'better off', if compared to the proportion of participants from 'smaller'-sized businesses.

This could suggest that these businesses are sharing in the prosperity of the BNI. This is in line with the World Banks' definition of inclusive growth, and it is suggestive of the notion that the smallest 40% of the businesses reported on in this manuscript indicated that they are 'better off'.

The percentages given in Table 6.1 were calculated to show what percentage of medium-sized businesses reported that they are better off. It would appear that the smaller a business, the more likely they are to report that they are better off because of joining a network. The data, presented in Table 6.1 indicates that 86 (15%) of the participants indicated that they have no permanent employees. This is indicative of one man businesses.

Table 6.1: Classification based on size / Better off – Count – Cross-tabulation

		Participants indicating the businesses they are reporting as being 'better off'				Total
		Somewhat worse	About the same	Somewhat better	Much better	
Classification based on number of employees	Medium (50-259)	0	0	11	4 (27%)	15
	Small (10-49)	0	14	31	47 (51%)	92
	Very Small (1-9)	1	30	108	248 (64%)	387
	No employees	0	3	23	60 (69%)	86
Total		1	47	173	359	580

6.7 MULTIVARIATE ANALYSIS OF THE RELATIONSHIPS IN THE STUDY

The multivariate analysis that will be done in this section will focus on an assessment of the relationship between shared prosperity and the observable attributes of collective benefit.

The operational definition presented in Chapter 4, identified 25 variables or observable attributes that strategists deemed important to the creation of collective benefit.

It should be noted than in the analysis done in Chapter 5, the researchers did test for linearity and outliers, and no variables were excluded from this analysis based on the outcomes of those tests. This means that all variables showed some form of linear distribution and that no significant outliers were found. Moreover, it should be noted that the value of the Kaiser-Meyer Measure of Sampling Adequacy was equal to 0.848, well above the 0.6 threshold, and is therefore considered sufficient (Hair, Black, Babain & Anderson, 2010; Kline, 2011:563). The Bartlett Test of Sphericity was statistically significant at the 0.000 level, indicating sufficient correlations among the variables and sampling adequacy (Hair *et al.*, 2010:104; Williams, Onsmann & Brown, 2003:5). Sufficient correlations and sampling adequacy are required when a factor analysis is to be performed. A factor analysis simplifies the data and minuses the number of variables by identifying the underlying constructs.

Table 6.2 (later in this section) reports on the 25 variables and the descriptive statistics that are derived from an analysis in IBM SPSS. The purpose of the data analysis was to explain some of the variance in the shared prosperity variable, as it was anticipated that this variable would only partially explain the shared property achieved. Given that collective benefit is a tool used to unlock shared prosperity and keeping in mind its location on a continuum between which a business freely moves, it was highly unlikely that it could pin point all the factors that could possibly influence shared prosperity in multiple projects or cases.

Therefore, this analysis set out, given the context of the BNI, to establish which of these variables reveal high levels of correlation and what the best combination of the variables would be able to form a new construct measure for collective benefit. The data were analysed in a sequential manner as was suggested by Williams *et al.* (2003:1).

The multivariate analysis process followed in the development of a model that has a statistically significant, good fit is illustrated in Figure 6.5, and a brief discussion of each of the steps as illustrated in the figure will follow.

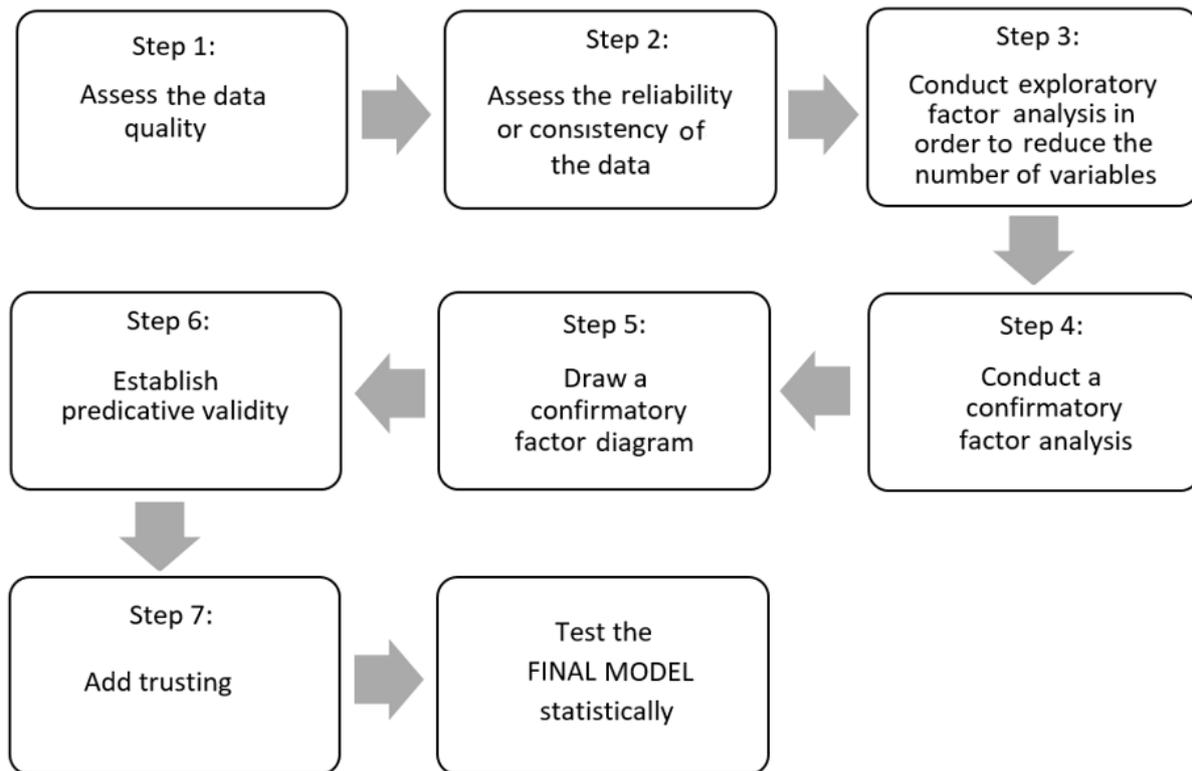


Figure 6.5: Multivariate analysis process

6.7.1 Step 1: Assessment of data quality

The variables were screened to ensure that there was enough variance (establishing the quality of measurement) to detect statistical correlations. To this end, the Kurtosis ratio was calculated. This is done by dividing the Kurtosis statistic with its standard deviation. This is an important step because the Kurtosis ratio is an indication of the distribution of the data, and the higher the Kurtosis ratio, the more leptokurtic (in other words, peaked) the distribution of the responses and the less variation there is in the responses.

Considering the data, the Kurtosis ratio threshold was set at 20 and all variables were excluded from the analysis when the threshold was exceeded. This led to the exclusion of the 'Trusting' variable, as it has an excessive kurtosis of 26.2, implying that the 'Trusting' data was leptokurtic. The other variables were assumed, based on the mesocratic nature of the data, to be normally distributed (Hair *et al.*, 2010:70). The Kurtosis ratios of all the variables are highlighted in green in Table 6.2 with the blue highlighting indicating the variables over the threshold.

Table 6.2: Descriptive statistics associated with the variables (n = 580)

Variables	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Digitalising	1	6	4.69	0.047	1.139	-0.954	0.101	0.655	0.203	3.2
Making use of chances	1	6	4.93	0.037	0.900	-0.956	0.101	1.498	0.203	7.4
Surviving bad times as part of a network	1	6	5.12	0.039	0.927	-1.173	0.101	1.395	0.203	6.9
Reducing costs as part of a network	1	6	4.32	0.053	1.271	-0.605	0.101	-0.170	0.203	0.8
Preservation of natural resources	1	6	4.42	0.056	1.360	-0.826	0.101	-0.094	0.203	0.5
Acting in a socially responsible manner	1	6	5.15	0.044	1.071	-1.639	0.101	2.979	0.203	14.7
Coordinating	2	6	5.09	0.029	0.707	-0.335	0.101	-0.133	0.203	0.7
Co-learning	2	6	4.91	0.036	0.877	-0.590	0.101	0.192	0.203	0.9
The ability of the network to innovate	1	6	4.94	0.037	0.901	-0.681	0.101	0.319	0.203	1.6
Creating a flexible relationship	1	6	4.92	0.036	0.870	-0.704	0.101	0.662	0.203	3.3

Variables	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Accessing businesses with different skills in different situations	1	6	5.18	0.034	0.817	-0.964	0.101	1.337	0.203	6.6
Joint planning	1	6	4.69	0.043	1.024	-0.825	0.101	0.922	0.203	4.5
Communicating	2	6	5.52	0.028	0.671	-1.486	0.101	2.862	0.203	14.1
Creating a sense of partnership and shared interest	2	6	5.39	0.031	0.753	-1.218	0.101	1.526	0.203	7.5
Developing a mature management team	1	6	5.07	0.044	1.061	-1.273	0.101	1.369	0.203	6.8
Trusting	4	6	5.87	0.015	0.356	-2.488	0.101	5.310	0.203	26.2
Defining of roles and responsibilities	1	6	5.34	0.034	0.813	-1.281	0.101	1.867	0.203	9.2
Developing shared goals	2	6	5.11	0.035	0.845	-0.869	0.101	0.749	0.203	3.7
Launching a product quickly	1	6	4.16	0.049	1.192	-0.573	0.101	0.047	0.203	0.2
Understanding the needs of their customer	1	6	5.32	0.033	0.790	-1.386	0.101	2.892	0.203	14.3

Variables	Minimum	Maximum	Mean		Std. Deviation	Skewness		Kurtosis		
	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error	Ratio
Creating one message to the customer	1	6	4.92	0.040	0.965	-0.849	0.101	0.537	0.203	2.7
Getting close to your customer as a network	1	6	4.86	0.043	1.031	-1.175	0.101	1.721	0.203	8.5
Creating a synergy in the network	1	6	5.17	0.035	0.838	-1.206	0.101	2.600	0.203	12.8
Creating constant membership	1	6	4.95	0.041	0.987	-0.901	0.101	0.748	0.203	3.7
Creating a whole product	1	6	4.55	0.045	1.076	-0.911	0.101	1.117	0.203	5.5

6.7.2 Step 2: Assessment of data reliability

The assessment of reliability was conducted on the 24 remaining variables by considering the degree to which the individual items correlated to the whole. The researchers assessed the internal consistency of the various construct measures by considering the “Corrected Item-Total Correlation (CITC)”. The CITC shows whether there is constancy in the behaviour of the variables, and variables that are found to be out-of-average are usually excluded from a factor analysis.

Table 6.3 contains the data pertaining to the reliability analysis. An overall alpha value of 0.906 is reported, suggesting high internal consistency reliability. In line with Hair *et al.* (2010:117) a threshold of 0.3 was used and the researcher considered removing variables from the analysis that had a CITC of less than 0.3.

The CITC values are highlighted in green in Table 6.3. The variable ‘Digitalising’ has a CITC of 0.217, but it was decided to retain this variable as it does not make a significant difference to the Cronbach’s alpha when deleted. (Hair *et al.*, 2010:117).

Table 6.3: Inter-item correlation table

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
Digitalising	114.01	162.903	0.217	0.120	0.909
The power of the network to make use of chances	113.76	159.141	0.464	0.314	0.903
The ability to survive bad times as part of a network	113.57	158.673	0.469	0.343	0.903
The power to reduce costs as part of a network	114.37	153.443	0.490	0.320	0.903
Preservation of natural resources	114.27	154.326	0.424	0.486	0.905
Socially responsible	113.54	156.387	0.484	0.502	0.903
The ability to coordinate	113.6	160.371	0.538	0.457	0.902
The ability to co-learn	113.78	155.627	0.645	0.564	0.899
The ability of the network to innovate	113.75	155.089	0.650	0.542	0.899
A flexible relationship	113.77	158.103	0.532	0.387	0.902
The power of the network to access businesses with different skills in different situations	113.52	158.875	0.532	0.386	0.902
Joint planning	114.01	152.047	0.689	0.609	0.898
The ability of the network to communicate	113.17	161.679	0.490	0.416	0.903

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's Alpha if item deleted
Sense of partnership and shared interest	113.3	159.938	0.525	0.417	0.902
A mature management team	113.62	155.137	0.538	0.450	0.901
Clear definition of roles and responsibilities	113.35	158.76	0.541	0.442	0.901
Shared goals	113.58	158.883	0.511	0.418	0.902
The power to launch a product quickly	114.53	152.516	0.562	0.413	0.901
Understanding the needs of their customer	113.37	159.378	0.526	0.383	0.902
The ability to create one message to the customer	113.78	155.908	0.567	0.481	0.901
Getting close to your customer as a network	113.83	154.677	0.576	0.465	0.900
The ability to create a synergy in the network	113.52	156.754	0.621	0.465	0.900
The members of the network staying constant	113.74	158.108	0.460	0.332	0.903
Whole product	114.14	156.735	0.468	0.279	0.903

Source: Researcher's own compilation

6.7.3 Step 3: Exploratory factor analysis

The research used a deductive approach to test which of the identified variables could best explain the variance in shared prosperity. An Exploratory Factor Analysis (EFA) allowed the researchers to reduce the number of variables to the smallest number that could explain the most variance in shared prosperity. This relates directly back to the deductive approach, as the factors remaining after the EFA, should be those that best explain the variance in shared prosperity. The extraction method used was a Principal Component Analysis (PCA). This is similar to the Sigalas *et al.* (2013:320) methodology which the research used as a guide in Chapters 3, 4 and 5. Whilst conducting the PCA, the orthogonal rotation of a Varimax rotation was used, as this allowed for a concise separation of the factors (Hair *et al.*, 2010:115).

The values used were obtained by administering a questionnaire that measured the perception of importance to the creation of collective benefit on a standard importance Likert-type scale with no neutral option, as recommended by Vagias (2006:Online). The scale, as used, is presented in Table 6.4.

Table 6.4: Standard importance Likert-type Scale

Level of Importance
1 – Not at all important
2 – Low importance
3 – Slightly important
4 – Moderately important
5 – Very important
6 – Extremely important

The final factors derived from the PCA were obtained by following a systematic, iterative process of elimination (Hair *et al.* 2010; Kline 2011:563). Variables were screened for low communalities, high cross-loadings and low loadings, and were removed from the PCA if the set threshold was not reached. The PCA was repeated between each step. The process of removal of variables is presented in Table 6.5, with the final rotation emerging after 6 iterations.

Table 6.5: PCA, variable removal process

Step	Description	Threshold (Hair <i>et al.</i> 2010:117, 124)	Items removed
1	Low communalities	Remove if communality is lower than 0.3	None
2	High cross loading	Remove if the difference between the loadings on two factors is smaller than 0.2	The power to reduce cost as part of a network Joint planning A mature management team Clear definition of roles and responsibilities
3	Low loadings	Remove if loading is smaller than 0.6	Digitalising The ability to create synergy
4			Getting close to your customers as a network
5			The power to launch a product quickly Understanding the needs of your customer
6			A flexible relationship The ability to create one message to the customer
Final factor structure obtained			

The final structure of the factors is presented in Table 6.6. Table 6.6, further shows that all the factors extracted adhere to the eigenvalue ‘greater than one’ rule of thumb (Williams *et al.*, 2003:6). This rule of thumb is commonly used and factors with an eigenvalue smaller than one are excluded as they are considered to have a negative reliability.

Table 6.6: Rotated component matrix

Items		Factor loadings					Communi- nality
Code	Description	1	2	3	4	5	
Q21.1 a	The ability to coordinate	0.820					0.716
Q21.2 a	The ability to co-learn	0.812					0.732
Q21.3 a	The ability of the network to innovate	0.714					0.819
Q21.7 a	The ability of the network to communicate		0.815				0.795
Q21.8 a	Sense of partnership and shared interest		0.735				0.745
Q21.5 a	The power to access businesses with different skills in situations		0.605				0.777
Q20.1	Preservation of natural resources			0.886			0.675
Q20.2	Socially responsible			0.843			0.497
Q22 8	The members of the network staying constant				0.809		0.712
Q22.2	Shared goals				0.659		0.642
Q23	Whole product				0.636		0.587
Q19 2	The ability to survive bad times as part of a network					0.813	0.700
Q19 1	The power of the network to make use of chances					0.802	0.544
Initial Eigenvalues		4.580	1.337	1.018	1.008	1.000	
Cumulative Variance explained (%)*		16.293	31.281	44.304	57.281	68.792	

*Note: From rotated sums of square loadings (converged in six iterations)

The PCA identified five combinations of variables, and the resulting factors are deemed to be the factors that statistically yield the best combination of variables. The PCA is a pure statistical technique that does not take researchers intuition or literature into account. The results of the PCA show strong evidence in support of construct validity considering that the Cumulative Variance Explained is 69% (Williams *et al.*, 2003:6).

6.7.4 Step 4: CFA

Due to a lack of financial data, the Sigalas *et al.* (2013:320) methodology was abandoned at this point, and the validity of the collective benefit measure was established by conducting a CFA. The CFA was used to test the factor structure that resulted from the PCA, thereby establishing face validity of the collective benefit measure construct.

The values obtained from the CFA were assessed against the various recommended thresholds, and it was established that the statistical model is supported and fits the data obtained (Kenny, 2015:Online). The model was subjected to various model-fit tests, the results of which have been tabled in Table 6.7. Based on all the 'goodness of fit' analyses done, it can be said that the five factors identified in the PCA, fit the data. These five factors, for this data set, therefore, constitute collective benefit and are named in Section 6.10.6 and discussed in Section 6.11.

Table 6.7: Model acceptability analysis

TEST	VALUE OBTAINED	THRESHOLD	DISCUSSION
CMIN (DF)	126 (55)		The CMin value refers to the Chi-square test of independence and is used to determine if a significant relationship exists between two variables. The Chi-square, or 'goodness of fit' statistic shows the probability of the observed model being due to chance. The DF value refers to the Degrees of Freedom value and is an indication of how many numbers in your analysis are independent
P-value	0.00	>0.05	The p-Value , indicates the probability that any deviation observed is due to chance. The obtained value of 0.00 indicates that it is not likely that any deviation is due to chance.
CMIN/DF	2.29	<3	CMIN is divided by CF is known as the Chi-squared test . When CF, given the p-Value of 0.000, divides CMin a value of 2.29 is obtained. For the Chi-squared test, a threshold of less than 3 is given, meaning that the statistical model derived is a good fit to the data and that there is a low likelihood that the resulting model is due to chance.
GFI	0.97	>0.90	Theoretically, the GFI (Goodness of Fit Indices) should range between 0 (indicating poor fit) and 1 (indicating good fit), and given the value of 0.97, it would appear that the model tested is a good fit to the data
AGFI	0.95	>0.80	The AGFI (Adjusted Goodness of Fit Index) also falls well within the parameters set for this index, however the current consensus is not to depend too highly on this measure to determine 'goodness of fit' as it is highly affected by sample size
TLI	0.95	>0.90	The CFI value (Comparative Fit Index) is an incremental measure of fit highly related to the TLI (Tucker Lewis Index) and both these indices are highly dependent on the average size of the correlations in the data. The CFI of 0.97, as well as the TLI of 0.95, indicate good fit
CFI	0.97	>0.90	

TEST	VALUE OBTAINED	THRESHOLD	DISCUSSION
RMSEA	0.05	<0.05	The RMSEA (Root mean square Error Approximation) value is an absolute measure of fit and one of the more popular measurers used to determine fit. The model presents a RMSEA of 0.05, indicating that the model is a good fit to the data. A value of 0.1 would have indicated excellent fit and a value of 0.8 mediocre fit
SRMR	0.04	<0.08	The SRMR (Standardised Root Mean Square Residual) value was calculated as 0.036, the threshold of which is <0.08, indicating that the model fits the data.

Source: Thresholds and explanations are based on the work of Kenny (2015: Online)

Over and above the above detailed model acceptability analysis, the following analysis were done to assess the reliability and the validity of the CFA.

Table 6.8: CFA reliability and validity

	CR	AVE	MSV	MaxR(H)	F_FOUR	F_ONE	F_TWO	F_THREE	F_FIVE
F_FOUR	0,784	0,649	0,206	0,840	0,805				
F_ONE	0,810	0,588	0,452	0,908	0,404	0,767			
F_TWO	0,702	0,441	0,452	0,925	0,454	0,672	0,664		
F_THREE	0,624	0,359	0,448	0,933	0,382	0,644	0,669	0,599	
F_FIVE	0,622	0,451	0,318	0,940	0,415	0,556	0,564	0,534	0,672

Table 6.8 indicates a number of validity and reliability concerns. The first that require clarity is that of the Composite Reliability (CR) of factors three (Whole Product) and five (Competing) that are below the threshold value of 0.7. CR refers to the overall reliability of a collection of variables and in SEM terms refers to the reliability of included such a group of variables as one factor in the structural equation.

Factor three (Whole product) has a CR of 0.624, if one considers the factor loadings of the variables, in Table 6.6. two of the three variables included have a much lower loading than the other one. This could indicate that the variables Shared Goals and Whole Product, could be exclude and might be a construct on its own. However, given the theory related to these variables it was decided to keep them grouped.

Factor five (Competing) has a CR of 0.622. However, upon further investigation into the factor loadings in Table 6.6, it was confirmed that both these variables load strongly on factor 5. Further, given that we have relied heavily on the methodological and theoretical contributions of Sigalas (2013), where these two variables are grouped as the construct “competing”, we have opted to continue doing so.

The low values obtained for Discriminant and Convergent Validity (AVE and MSV values) are a direct result of the low value obtained for Composite Reliability (CR).

6.7.5 Step 5: Draw a confirmatory factor diagram

The diagram resulting from the CFA is presented in Figure 6.6.

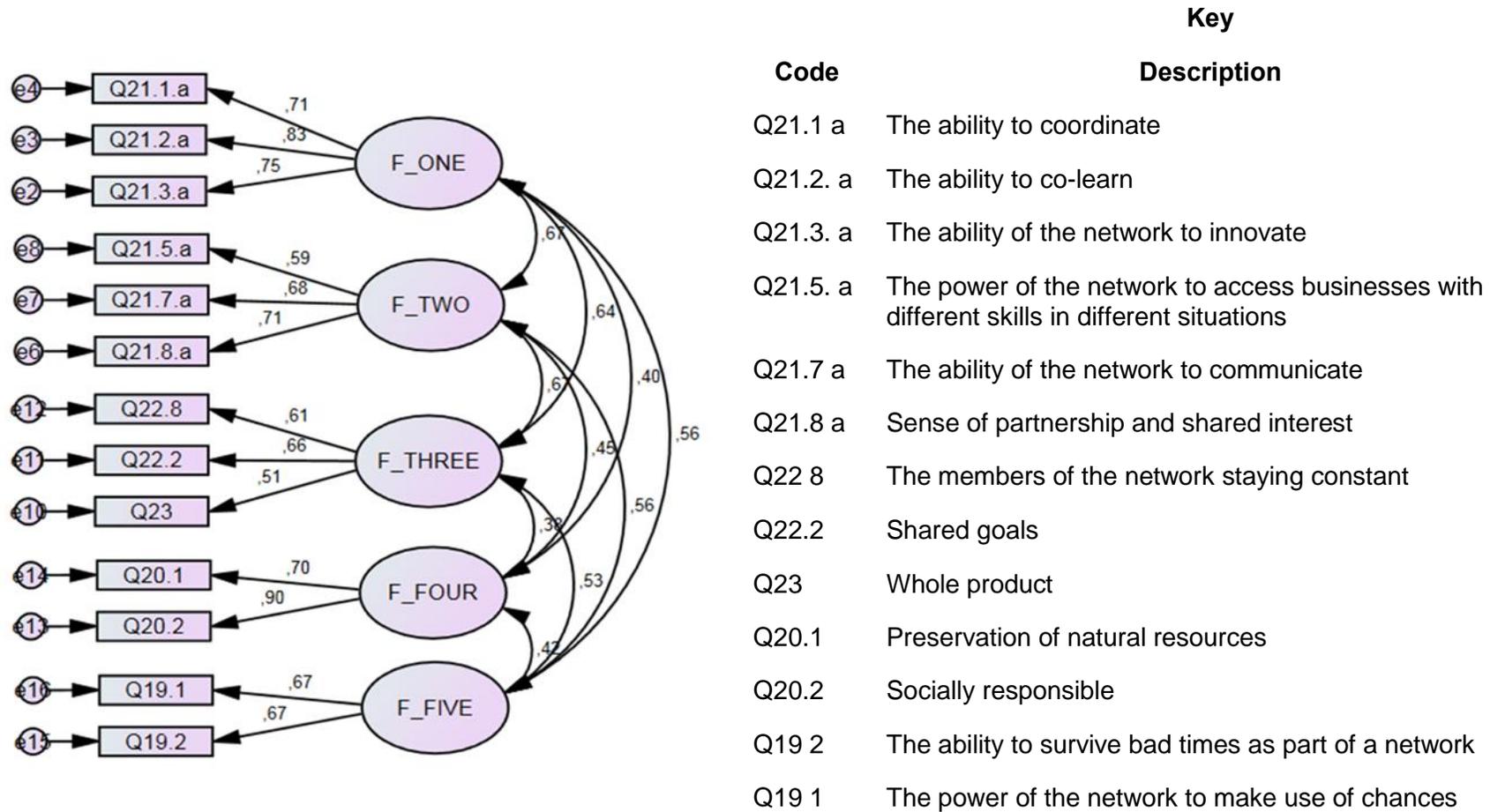


Figure 6.6: Confirmatory factor diagram

The CFA diagram indicates that the variables do indeed load on the respective factors, whilst the correlation across latent variables (cross-loading) is not excessively high, again indicating that the model is supported, thereby establishing face validity (Kline, 2011:572).

6.7.6 Step 6: Predictive validity

The relationship between collective benefit and shared prosperity was tested using an ordinary least square (OLS) regression model with the ‘better-off’ variable as the dependent variable and the factors resulting from the PCA (collective benefit) as the predictor variable. As can be seen from the model summary and the ANOVA summary presented in Table 6.8, the F-statistic of the regression model is significant, suggesting that the model fits the data well.

Table 6.9: Model summary – Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.299 ^a	0.089	0.081	0.623

a. Predictors: (Constant), FAC5_1 Competing REGR factor score 5 for analysis 1, FAC4_1 Sustainability embedding REGR factor score 4 for analysis 1, FAC3_1 Whole product REGR factor score 3 for analysis 1, FAC2_1 Camaraderie REGR factor score 2 for analysis 1, FAC1_1 Collaborating REGR factor score 1 for analysis 1

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.794	5	4.359	11.244	0.000^b
	Residual	222.517	574	0.388		
	Total	244.310	579			

a. Dependent Variable: Q16 Better off

b. Predictors:(Constant), FAC5_1 Competing REGR factor score 5 for analysis 1, FAC4_1 Sustainability embedding REGR factor score 4 for analysis 1, FAC3_1 Whole product REGR factor score 3 for analysis 1, FAC2_1 Camaraderie REGR factor score 2 for analysis 1, FAC1_1 Collaborating REGR factor score 1 for analysis 1

Table 6.8 (Cont.): Model summary – Regression

Coefficients						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	4.534	0.026		175.395	0.000
	FAC1_1 Collaborating	0.051	0.026	0.079	1.979	0.048
	FAC2_1 Camaraderie	0.104	0.026	0.160	4.010	0.000
	FAC3_1 Whole product	-0.048	0.026	-0.074	-1.865	0.063
	FAC4_1 Sustainability embedding	0.055	0.026	0.085	2.133	0.033
	FAC5_1 Competing	0.137	0.026	0.211	5.309	0.000

a. Dependent Variable:Q16 Better off

FAC1_1 refers to the factor Collaborating. From Table 6.8 – Coefficients, it can be seen that this factor is significant and has a positive impact on the variance associated with the better-off variable.

FAC2_1 refers to the factor Camaraderie. This table indicates that the effect of this factor is more significant than that of Collaborating and it also impacts on the variance associated with the ‘better-off’ variable.

Fact 4_1 refers to the factor Sustainability Embedding. The table indicates that Sustainability Embedding also has a statistically significant positive impact on the variance associated with the ‘better-off’ variable,

Fact 5_1, refers to the factor Competing. For this specific network, Competing has the highest T-value, meaning that it is the most significant of the variables. Competing further has a positive impact on the variance associated with the ‘better-off’ variable.

FAC3_1 refers to the factor whole product and this factor has a statistically significant negative impact on the variation in the ‘better-off’ variable. The whole product factor consists of the following variables: the members staying constant, shared goals and whole product.

Initially, researchers were puzzled by the statistical inclusion of the variable 'the member staying constant', as this variable was discarded in the research conducted in Chapter 5, and as a result, not included in the proposed framework. It would now appear that the exclusion of this variable was justified as it has a negative association with the variance in the 'better-off' variable (being grouped within the whole product factor).

The model is further able to explain 8.1% of the variance in the 'better-off' variable. While this adjusted R-square is low, it is not unexpected. This low value expectation is based on the following:

- The 'better-off' variable used is a self-reported estimation of being better off and it is possible that participants were biased by optimism inherent to social desirability;
- The model did not account for the influence of the Trusting variable. The researchers has addressed this in the Section 6.7.7 here after; and

The model did not account for the influence of Digitalising. It is possible, given the age profile of the participants, as discussed in Section 6.6.1, that there was a potential bias inherent to generational preferences. The researchers did rerun the regression with Digitalising included and it had no influence on the R² value. This could indicate that the participants really do not believe that there is a relationship between Digitalising and shared prosperity, and strategists must take head of this important finding: consider the age profile of the strategists in control of possible network partners before spending capital on Digitalising for a network. To spend capital on Digitalising if the age profile of the network is similar to this study (as detailed in Chapter 5) will not yield the anticipated dividends. Strategists must therefore approach this variable with caution, as it will only be advantageous for a value net in the absence of a demographic dividend. Demographic dividend refers to a change in the age structure of a network, where the older members outnumber the younger (Gribble & Bremner, 2012:Online). If this demographic dividend is present, Digitalising will not yield any advantage.

6.7.7 Step 7: Adding Trusting

Due to the importance of the Trusting variable, it was necessary to establish what the influence of the inclusion of the Trusting variable would be on the predictive

validity of the model, and the researchers proceeded to add the Trusting variable to the OLS regression model.

By adding trusting to the regression model, the R² value increased from 8.1% to 9.2% of variance explained. While a 0.9% increase might not seem significant when viewed in isolation, given that it represents a 14% increase in the variance explained, the researchers regarded this as a material increase. This indicates that even with an excessive Kurtosis Ratio, Trusting materially affects the statistical model and hence, it was decided to include Trusting in the final model.

The model summary, which includes Trusting, is presented in Table 6.9.

Table 6.10: Model summary – regression including Trusting

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.318a	0.101	0.092	0.619

a. Predictors:(Constant), Trusting, REGR factor score 3 for analysis 1, FAC5_1 Competing REGR factor score 5 for analysis 1, FAC4_1 Sustainability embedding REGR factor score 4 for analysis 1, FAC3_1 Whole product REGR factor score 3 for analysis 1, FAC2_1 Camaraderie REGR factor score 2 for analysis 1, FAC1_1 Collaborating REGR factor score 1 for analysis 1

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.683	6	4.114	10.733	0.000^b
	Residual	219.627	573	0.383		
	Total	244.310	579			

a. Dependent Variable: Better off

b. Predictors:(Constant), Trusting, REGR factor score 3 for analysis 1, FAC5_1 Competing REGR factor score 5 for analysis 1, FAC4_1 Sustainability embedding REGR factor score 4 for analysis 1, FAC3_1 Whole product REGR factor score 3 for analysis 1, FAC2_1 Camaraderie REGR factor score 2 for analysis 1, FAC1_1 Collaborating REGR factor score 1 for analysis 1

Table 6.9 (Cont.): Model summary – regression including Trusting

Coefficients ^a						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.304	0.449		7.362	0.000
	FAC1_1 Collaborating	0.043	0.026	0.066	1.645	0.101
	FAC2_1 Camaraderie	0.086	0.027	0.132	3.237	0.001
	FAC3_1 Whole product	-0.053	0.026	-0.081	-2.052	0.041
	FAC4_1 Sustainability embedding	0.046	0.026	0.072	1.793	0.074
	FAC5_1 Competing	0.127	0.026	0.196	4.892	0.000
	Trusting	0.210	0.076	0.115	2.746	0.006

a. Dependent Variable: Better off

Source: Researcher's own compilation

6.8 DISCUSSION OF THE RESULTS INCLUDING 'TRUSTING'

This manuscript set out to establish which affordances, identified in Chapter 5, contribute to businesses being 'better-off' and to what extent the variance in the better-off variable is explained by these affordances. A PCA analysis revealed the factors that most likely 'hang together' (Pallant, 2011:6), and the structure of the factors were confirmed with a CFA. The CFA showed that the resulting model is supported, and face validity was established.

The predictive validity of the resulting model was tested by conducting an OLS regression with 'better-off' as the dependent variable (as a proxy for shared prosperity), and it was determined, once Trusting was added as a factor, that the model explains 9.2% of the variance in the 'better-off' variable. When Trusting is added to the model, Collaborating (FAC1_1) becomes non-significant, suggesting that in the presence of Trusting, this network does not consider it important to spend any time on coordination, co-learning and innovation. The significance and t-values of Camaraderie (FAC2_1), Sustainability Embedding (FAC4_1) and Competing are also reduced in the presence of the Trusting variable. Furthermore, Trusting has the

same attenuating effect on the Whole product variable, amplifying its negative effect on the variance in the 'better-off' variable.

Given the age profile of this network, it is easy to understand the effect of the Trusting variable. The generations represented herein would typically do business on a handshake, if they feel they can trust someone. While the sample is not representative of the population, it does mimic a cross-section of a global network and strategists should take heed that, even within the modernisation of business, they must remember the basics of doing business. If Trusting exists, then Digitalising, Sustainability and Collaborating become less of a management imperative and there are significantly more marginal benefits to be generated from time/effort/money spent on Trusting initiatives than any other initiative in this network.

The model that has been found to, in this small business network context, explain the most shared prosperity variance as presented in Figure 6.7 on the next page.

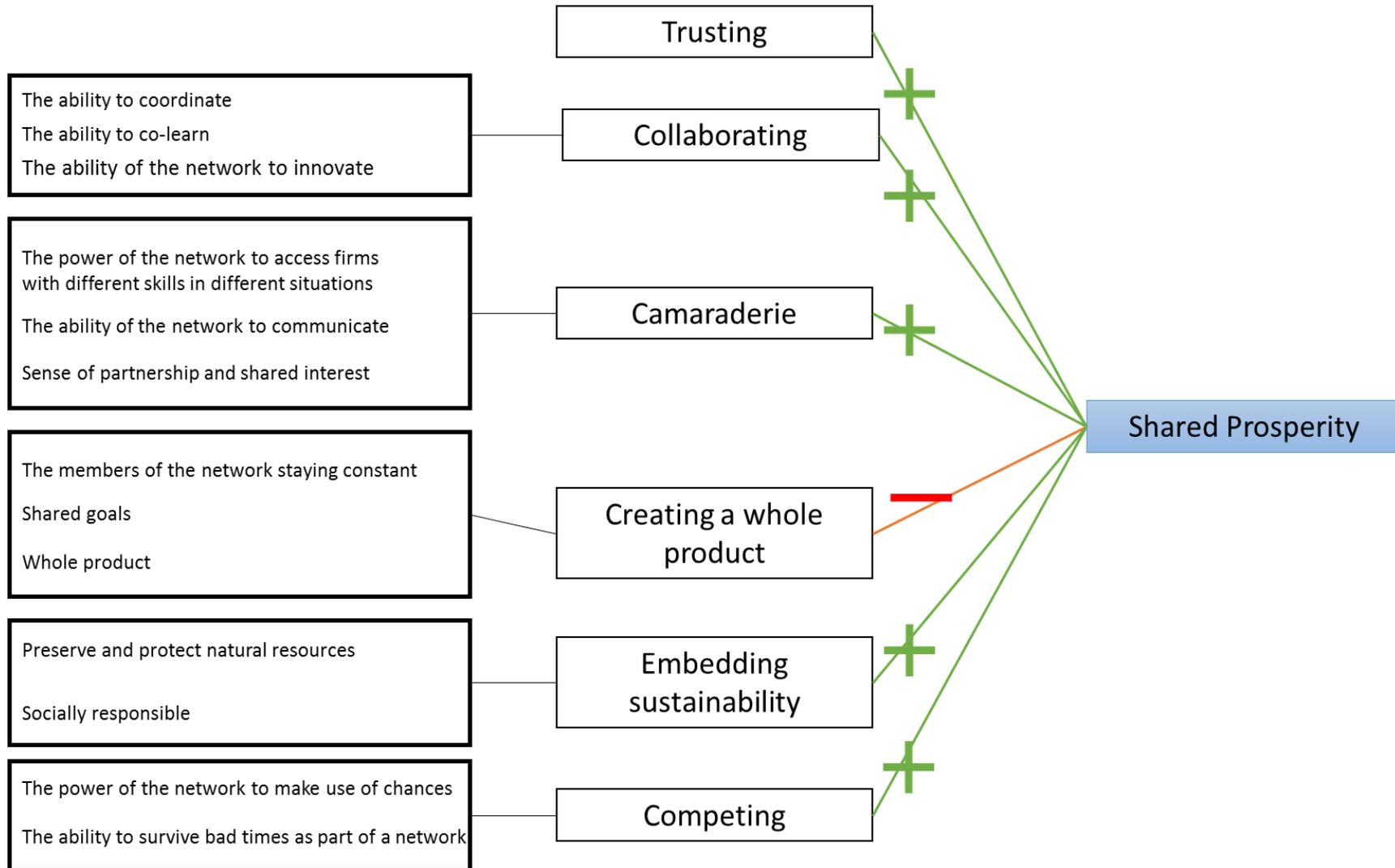


Figure 6.7: A model of shared prosperity

6.9 CHAPTER SUMMARY

This manuscript offers the following management implications for small businesses:

While it is important that members stay constant, as this increases the Trusting levels of the network, networks must approach this with caution as constancy may result in stagnation and a situation where the larger members extract more value/rents from the network, thereby diminishing the shared value created. Further, continuous renewal would increase the ability to innovate and co-learn, thereby increasing the collaborative efforts of a network, which in turn will have a positive effect on shared prosperity. It is also important that the businesses in the network retain their own identity, and while it is admirable to have shared goals, they must still retain their own ability to appropriate some of the value created as a network.

This manuscript contributes to academic literature by not only supporting the Papastamatelou *et al.* (2016:92) findings on the absolute importance of Trusting in a networked environment, but where those findings were specific to networks in China, the findings reported here, justify the importance of Trusting in a more generalised and broader global setting.

Considering that this manuscript regards shared prosperity as an essential antecedent for performance excellence in the networked environment, and given that the Camaraderie variable reported herein, includes the ability to communicate and share, this variable mimics the role of the information-sharing variable which is included in the Papastamatelou *et al.* (2016:92) analysis. Papastamatelou *et al.* (2016:90), found that information-sharing significantly influences the business performance of businesses participating in networks in China. Papastamatelou *et al.* (2016:91) further found that Coordination, like the Collaborating variable, explains a significant proportion of the variance in the value of business performance in businesses choosing to embrace the networked environment in Turkey. This manuscript, however, does indeed have a wider demographic profile with participants from the Americas, Europe, India, Australasia and Africa, thereby justifying the relevance of these findings in a more global setting.

To the best of the researchers' knowledge, the resulting model is the first contribution of its kind to Domain F of the Strategy-as-Practice research typology and has managed to link the micro-activities of strategy formulation, specifically the

purpose of strategy in the networked environment, to macro results (Stander & Pretorius, 2016:1)

6.10 FUTURE RESEARCH AND LIMITATIONS

Further investigation into 'jobless growth' should be considered in future research relating to collective benefit and network co-ordination. This need for additional research is confirmed by the Ritter and Gemünden (2003b:753) study into business antecedents that have a bearing on the network competence of businesses.

One of the limitations of the research on which this manuscript is based is its reliance on the 'better-off' variable to indicate performance. Although the researchers did request financial data from participants, only 40 of the initial participants (4% of the initial 902 responses) complied. The study therefore relies on a proxy of self-reported performance rather than financial data. It is possible that participants were biased by optimism inherent to social desirability. It is therefore necessary for studies based on official performance data to be conducted.

Another limitation of this manuscript is the age profile of the participants and the generational bias that might have skewed the results. It is therefore necessary to exercise control for a more age-representative participant profile in future research.

Chapter 7 follows to conclude the thesis.

CHAPTER 7: SUMMARY, CONCLUSION AND RECOMMENDATIONS

This thesis set out to illuminate the purpose of strategy in the twenty-first century. The research on which this thesis is based, created an understanding of collective benefit as the alternate purpose of strategy in the networked environment. This was achieved through a systematic, sequential, exploratory mixed-method research design. Chapter 7 presents a summary of the findings of the research and provides a conclusion to the thesis.

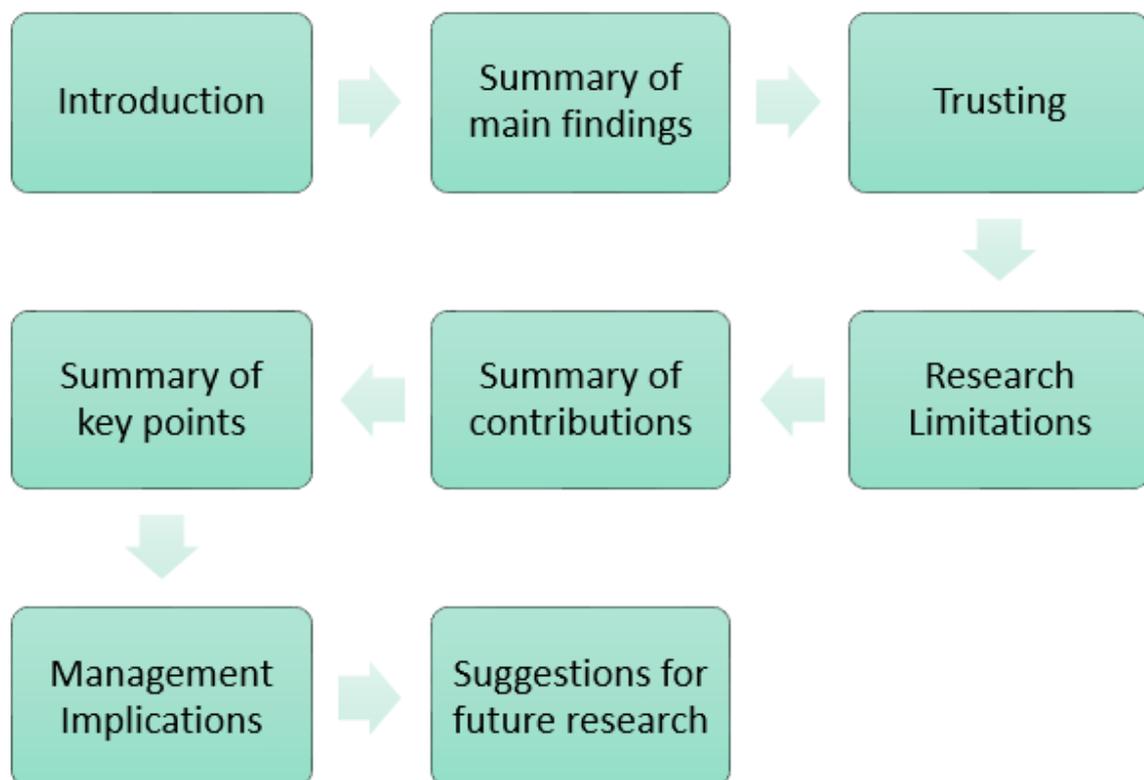


Figure 7.1: Flow of Chapter 7

“[...] Any fool can know. The point is to understand [...].”

— Albert Einstein

7.1 INTRODUCTION

Just as the alignment between the sun and full moon ushers in a spring tide (National Ocean Services, 2017:Online), thereby irrevocably changing the typography of a beach, so the network disruption has irrevocably changed the environment that businesses are trading in (Kumar *et al.*, 2015:469). The networked disruption has brought with it new rules for the old game of doing business and the traditional purpose of strategy have become obsolete. The networked nature of the environment has transformed the way strategists are doing strategy, and as this thesis has argued, has changed the purpose of a strategy.

Strategic management scholars have long considered competitive advantage as the purpose of strategy, and it is generally accepted in strategic management literature that competitive advantage yields superior performance (Zott & Amit, 2008:1). It has been observed that large businesses, such as Uber, often fail to indicate performance excellence, while their numerous well-reported challenges are widely reported. These challenges are associated with a strategy focusing on a competitive advantage in an environment that demands more.

The most important and prevalent change is a shift in the locus of value-creation. Traditional frameworks rely on competition as a driver of value-creation, while within the networked environment it is cooperation that has become central to the ability of businesses to create value. Easily illustrated by the analogy of the creation and disillusion of a bait ball in the ocean, the purpose of a strategy is related to the position of a business on a value continuum. When creating value, the purpose of a strategy must be the creation of collective benefit, while when appropriating value, the purpose again becomes competitive advantage.

The research on which this thesis is based set out to investigate the “doing” of strategy in the networked environment. Moreover, it explicitly made the purpose of strategy in the networked environment the unit of investigation. It has been argued that the purpose of strategy within the network environment is the one that best fits

that which the environment affords (Stańczyk-Hugiet, 2013:60), namely collective benefit.

This thesis addressed the applicability of competitive advantage as the only purpose of a strategy in the networked environment, and subsequently offers, through an evaluation framework, guidance on defining the specific purpose of a strategy in a specific industry, and the Model of Collective Benefit explicitly addresses the problem that this thesis set out to address, namely:

Businesses have limited guidance on how to create a collective benefit while simultaneously being able to appropriate the maximum exchange value.

While this is not the first study to investigate the implications of the networked environment on the strategy of the business, it is the first to expressly investigate the purpose of strategy within the realities of the twenty-first century. To this end, the primary research objective of the study was set as:

To illuminate the purpose of strategy within the networked environment.

Given the novelty of the research topic, the achievement of the primary research objective was dependent on implementing a pragmatic research process that allowed for the collection of both in-depth and broad data on the topic. The application of a pragmatic research design allowed for both method- and data triangulation, minimising the bias associated with any one method or data type. This enabled the thesis to get closer to the truth about collective benefit (Tran, 2016, 4).

Collective benefit as an alternative purpose of strategy in the networked environment, is an inherently complicated construct, and an investigation thereof required a systematic research design that allowed for the accumulation of practical knowledge – the results of which directly oppose popular strategic management thinking. Led by the S-as-P research guidelines, the research on which this thesis is based, was conducted by following a systematic methodology, similar to that used by Sigalas *et al.* (2013:321) when those authors developed a measure of competitive advantage. As such, the research was conducted in five separate, but sequential phases, each linked to one or more of the research objectives.

In the following section the summary of key findings of each phase is reported on separately.

7.2 SUMMARY OF KEY FINDINGS

7.2.1 Phase 1

Contemporary society requires of strategy theory to adapt, align and alter its 'DNA' to reflect the accumulation of knowledge that could be used in the 'doing of strategy'. An argument has been made that the strategy of a business, is its theory on how to gain a competitive advantage. S-as-P research, however, has moved away from the study of competitive advantage to shedding light on the practitioners, praxis and practice of strategy. The complexities of the twenty-first century indicated that the purpose of a strategy within the networked environment could not merely be the attainment of competitive advantage, and therefore, it was decided to apply an S-as-P lens to the research.

Phase 1, herein reported as Chapter 2, addresses Research Objective 1, namely, to establish a need for the research in S-as-P literature. Table 7.1 summarises the research objective and main findings of Phase 1.

Table 7.1: Phase 1 - Research objectives and main findings

Research objectives	Main Findings
<p>RO 1: To establish a need for the research in S-as-P literature</p>	<p>An updated version of the 2009 Jarzabkowski and Spee (2009:74) S-as-P typology matrix for the period 2008-2015, indicated that Domain D has been over-researched, while Domain C and Doman H have not received any research attention.</p>
<p>Comment: It was found that Domain F research, as this thesis is classified, indicates a decrease of 67% in the number of research outputs that have been produced. In the 2008 to 2015 period, only 1 research output was loaded onto the official S-as-P research bibliography, indicating a need for Domain F research. S-as-P research in Domain F refers to studies that examine aggregate actors (herein strategists) with the business and macro-level praxis (herein collective benefit) (Jarzabkowski & Spee, 2009:78)</p>	

A review of the S-as-P literature revealed that the widely used typology matrix adopted within S-as-P research appeared to be out of date and it became necessary to first analyse the S-as-P body of knowledge to identify where the research gaps remained.

7.2.2 Phase 2

Even though numerous strategic management scholars have investigated the impact of the networked environment on competitive advantage, to the best of the researchers' knowledge, none has investigated the applicability of the sources of competitive advantage to the networked environment. During Phase 2 of the research on which this thesis is based, this very issue was addressed. Phase 2 of the research is reported on in Chapter 3 of this thesis.

Table 7.2 summarises the research objective and main findings of Phase 2.

Table 7.2: Phase 2 - Research objectives and main findings

Research objectives	Main findings
<p>RO 2: to establish that collective benefit is the alternate purpose of strategy in a networked environment; and</p>	<p>A systematic analysis of competitive advantage literature confirmed that there are indeed inadequacies in the traditional theories relating to competitive advantage and their application to the networked environment. To ensure performance excellence, the purpose of strategy within the networked environment is coupled with its place on the value continuum. While creating value in a networked environment, the purpose of a strategy must be the creation of collective benefit. However, when value is appropriated in any environment, the purpose of a strategy must be the attainment of a competitive advantage.</p>
<p>RO 3: to offer a stipulative definition of collective benefit</p>	<p>The stipulative definition that was developed is: Collective benefit is the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment and is able to yield an increased efficiency of the whole, within a networked environment.</p>
<p>Comment: From here on forward, collective benefit was considered to be an alternative purpose of strategy, for businesses willingly choosing to jointly create value within the networked environment.</p>	

The research showed that existing competitive advantage theories inadequately explain performance excellence in the twenty-first century. Further, it became apparent that these theories did not fit the environmental realities businesses are faced with today. In light of these findings, it became necessary to provide strategists with an alternative purpose for strategy in the networked environment. To this end, interviews were conducted with 12 senior strategists, employed at different levels, at businesses in a variety of industries. The discussions with the strategists (hereinafter referred to as participants) led to the realisation that a strategy can create value through a network, while enabling the business to appropriate some of the use-value created that will yield performance excellence.

Further discussions with participants revealed that while the participants agreed that joint value-creation would reduce the risk of doing business in a networked environment; they argued that it was not the only way. Participants believe within the networked environment continued performance excellence is a function of your ability to know when to jointly create value, when to do so by yourself, and who to do it with.

A stipulative definition of collective benefit was meticulously crafted from literature by applying the Sigalas and Pekka Economou's (2013:75) criteria, namely:

- to incorporate all the latent characteristics of the concept; and
- not to contain any judgments about its own value or the business's performance.

Subsequently, the participants were presented with a stipulative definition of collective benefit and asked if they agreed with the definition. All 12 participants approved of the stipulative definition of collective benefit.

NOTE TO READER

From this point further, collective benefit, as the purpose of a strategy was considered to be a better reflection of the realities of the networked environment and was accepted as an alternative purpose to strategy.

7.2.3 Phase 3

Phase 3 of the research, reported herein as Chapter 4, involved the development of a comprehensive operational definition of collective benefit. Cognitive interviews were conducted with 12 senior strategists, employed at a diverse group of businesses in South Africa. During the interviews, participants were asked to discuss the observable attributes assigned to collective benefit and to rate the impact of these attributes on the ability of a business to create a collective benefit. This process enabled the thesis to gain a deep understanding of the concept, as well as to identify attributes that did not appear in literature. This led to Research Objective 4, to compose an operational definition of collective benefit, being achieved.

Table 7.3 summarises the research objective and main findings of Phase 3.

Table 7.3: Phase 3 - Research objectives and main findings

Research objectives	Main Findings
<p>RO 4: To compose an operational definition of collective benefit.</p>	<p>The operational definition proposed as a result of the research in Phase 3 is:</p> <p>Collective benefit is the shared prosperity afforded to a network of loosely configured businesses that has:</p> <ul style="list-style-type: none"> • digitalised; • exploited opportunities, neutralised threats and reduced costs, as part of a network; • gained the trust of the network and could create a flexible skillset, co-ordinate, co-learn, and co-innovate with the network; and • could create a whole product solution, based on customer intimacy; • while integrating social and environmental concerns into the operations and interactions of the network.
<p>Comment:</p> <p>The research on which this thesis is based is firmly rooted in Gibson’s theory of affordances. Therefore, the term ‘affordance niche’ is used to refer to a construct; ‘affordance’ to a concept and the term ‘observable attributes’ is used to describe</p>	

variables. Further, affordances are expressed as verbs, while an affordance niche and observable attributes are expressed as either verbs or nouns.

The operational definition has been visualised in Figure 7.2. This visualisation was presented as a proposed Framework of Collective Benefit in Figure 4.4 in Section 4.10, Chapter 4.

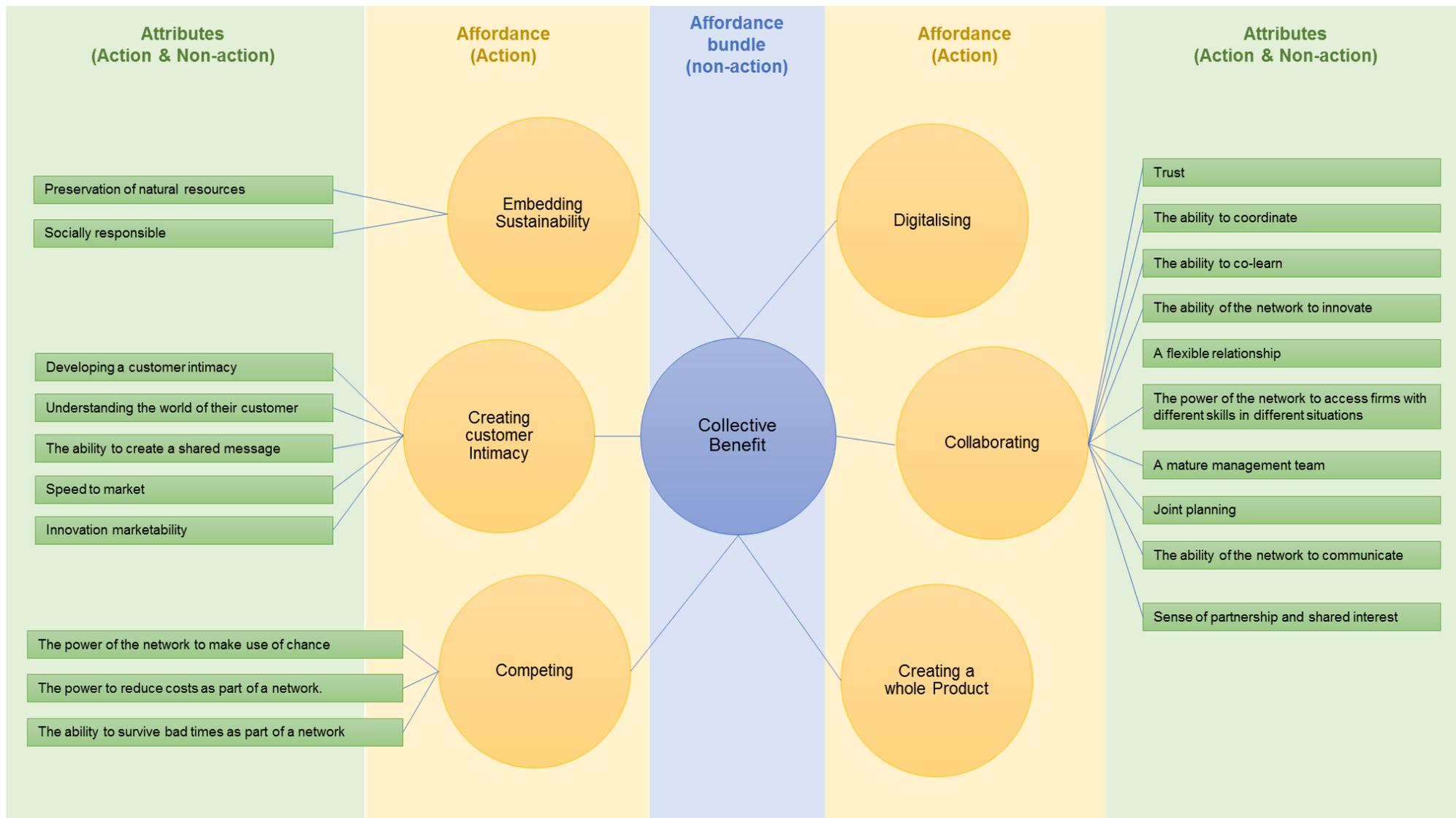


Figure 7.2: A visualisation of the proposed operational definition of collective benefit

7.2.4 Phase 4

The operational definition of collective benefit was used to create an online questionnaire that was distributed to BNI (Business Network international) members. Nine hundred and two (902) responses were received, of which 580 were considered valid, totalling 64% of the initial responses received. The sample rate is 1 in 380 and this is statistically adequate.

Phase 4 set out to develop an evaluation framework of collective benefit, research objective 5.

Table 7.4 summarises the research objective and main findings of Phase 4.

Table 7.4: Phase 4 - Research objectives and main findings

Research objectives	Main Findings
<p>RO 5: To create an evaluative framework that could be used to establish a collective benefit.</p>	<p>An evaluation framework was created using the mean values that each of the observable attributes obtained in the results of the questionnaire. The mean values were first used to create a collective benefit visualisation, which depicts the importance of trust. This visualisation was then given a practical application, namely, the evaluation framework.</p>
<p>Comment: The collective benefit affordance niche was first established, and the equation below has been associated with collective benefit.</p> $CB = \int \phi(\text{trust})(\Sigma \text{ camaraderie, competing, collaborating, creating customer intimacy, embedding sustainability, digitalising, creating a whole product, other action affordances}) + \varepsilon$	

The data obtained yielded the visualisation of collective benefit presented in Figure 7.3. The numbers in Figure 7.3 refer to the mean value (with a range of 1 to 6) that each of the observable attributes received. This visualisation was first presented as Figure 5.23 in Section 5.5, Chapter 5. The importance of the Trusting variable is evident in this visualisation, and a more detailed discussion follows in Section 7.3.

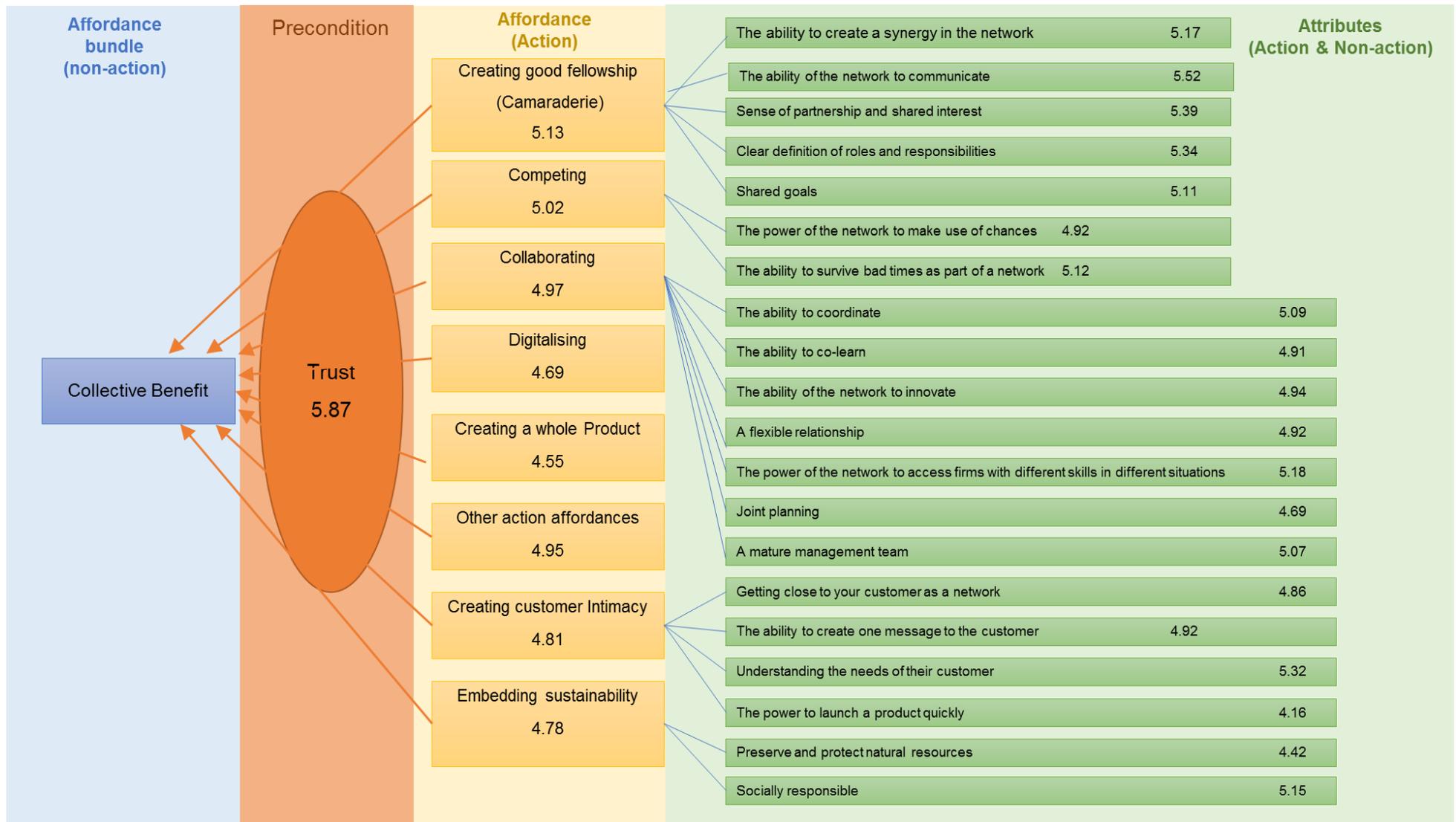


Figure 7.3: Mean value visualisation of the proposed collective benefit framework

It was this visualisation that was used to construct the evaluation framework presented here below.

7.2.4.1 Evaluation framework

The evaluation framework presented as Table 7.5, was first presented as Table 5.11 in Section 5.6, and is the result of an extensive research process, the details of which are provided in Section 5.3. The framework was developed with its practical utilisation in mind. When using this evaluation framework, strategists must first rate the degree to which the affordance exists in their business (Is the business currently doing this?), and then decide how desirable the affordance is, based on the specific business and industry needs (Does the business need to start doing this?). The Likert-type scales that are used were obtained from the list of standard responses developed by Vagias (2006:Online). The strategists must then subtract the score they obtained in 'awareness' from the 'desirability' score. The higher the value, the more immediate the action that needs to be taken to be to address this affordance (the more important it is for your business and or network to expressly address it).

To determine the level of **awareness** (am I aware that the business is doing this) managers must use the following scale (Vagias, 2006:Online):

- 1 – not at all aware
- 2 – Slightly aware
- 3 – Somewhat aware
- 4 – Moderately aware
- 5 – Extremely aware

The scale use to evaluate the level of **desirability** is the following (Vagias, 2006:Online):

- 1 – Very undesirable
- 2 – Undesirable
- 3 – Neutral
- 4 – Desirable
- 5 – Very desirable

Table 7.5: Evaluation framework for the attainment of collective benefit

Purpose:												
The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.												
Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very undesirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
Trusting	Do I trust the partners in my network? *											
	<i>* If trusting is absent, it is advisable that the participation in the network is re-evaluated.</i>											
Camaraderie (Creating good fellowship)	Is a synergy created in the network?											
	Is the network effectively communicating?											
	Is there a sense of partnership in the network?											
	Does the network have a shared interest?											
	Are the roles and responsibilities clearly defined in the network?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very un-desirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
	Do the network members have a shared goal ?											
Competing	Does the network make use of chances ?											
	Does the network collectively fend off treats ?											
Collaborating	Can the network coordinate ?											
	Can the network co-learn ?											
	Can the network innovate ?											
	Do members have a flexible relationship ?											
	Can the network access different skills sets in different situations?											
	Does the network plan jointly ?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very un-desirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
	Do the member businesses have mature management teams ?											
Digitalising	Does the network have a digital platform supporting its operations?											
Creating whole product	Is the network creating a whole product ?											
Creating customer intimacy	Can the network get close to its customer ?											
	Is the network creating one message to communicate to its customers?											
	Does the network understand the needs of its customers?											
	Can the network launch a product quickly ?											

Purpose:

The purpose of this evaluation is to determine if the current strategy of the business will be able to unlock the value inherent to collective benefit and which of the affordances require immediate action.

Affordance	Questions addressing the observable attributes associated with the affordances.	Level of desirability					Level of awareness					Importance rating
		1 Very un-desirable	2	3	4	5 Very desirable	1 Not at all aware	2	3	4	5 Extremely aware	Level of desirability minus level of awareness
Embedding sustainability	Does the network have procedures in place to preserve natural resources ?											
	Does the network act in a socially responsible manner?											
Others **												

** Businesses should evaluate their own industry and add observable attributes that are likely to impact the attainment of collective benefit herein.

7.2.5 Phase 5

A model was constructed to indicate the relationship between variables. This was an attempt to establish the relationships between the collective benefit variables (explanatory variables, x) that were identified by participants as important, and the shared prosperity (dependent variable, y) created. Phase 5 set out to develop a model of collective benefit, which was research objective 6.

Table 7.6 summarises the research objective and main findings of Phase 5.

Table 7.6: Phase 5 - Research objectives and main findings

Research objectives	Main findings
RO 5: To develop a model of collective benefit	The final OLS regression, which includes Trusting, yielded a R ² value of 0.092, suggesting that the model is able to explain 9.2% of the variance in the better off variable.
Comment: The better off variable was used as a proxy for shared prosperity. Shared prosperity is considered the outcome of creating a collective benefit; the two terms have been used interchangeably in this thesis. The Trusting variable was first removed, as it has an excessively high Kurtosis ratio, indicating minimal variance within the variable itself. Due to its importance it was included in a second OLS regression, and a result of the regression results, included in the final Model of Collective Benefit.	

Shared prosperity is the end result of a strategy aimed at creating a collective benefit, and as such, this thesis argued that shared prosperity is an antecedent for performance excellence in the networked environment. Shared prosperity was measured using the 'better-off' variable. The 'better-off' variable was constructed by asking participants if they considered themselves to be 'better-off' since joining the economic network.

It was first indicated that there was indeed a shared prosperity in our sample, because of cross-tabulating the 'better-off' variable with the classification of the business. Thereafter the model was developed. While a detailed decision of the process and results is not included here, the process is mentioned.

First the number of variables that were included was reduced by conducting a PCA. The PCA reduced the 25 variables into 5 factors. The structure of the factors (which of the variables 'hang together' (Pallant, 2011:6)) was tested by conducting a Confirmatory Factor Analysis, and a path diagram determined that the structure was adequate. The relationship between the factors and the 'better-off' variable was established using an OLS regression. The OLS regression yielded a R^2 value of 0.081, suggesting that the model is able to explain 8.1% of the variance in the 'better-off' variable.

The collective benefit model that has been found to, in a small business network context, explain the most shared prosperity variance, is presented in Figure 7.7. The model was first presented as Figure 6.6 in Section 6.8, Chapter 6.

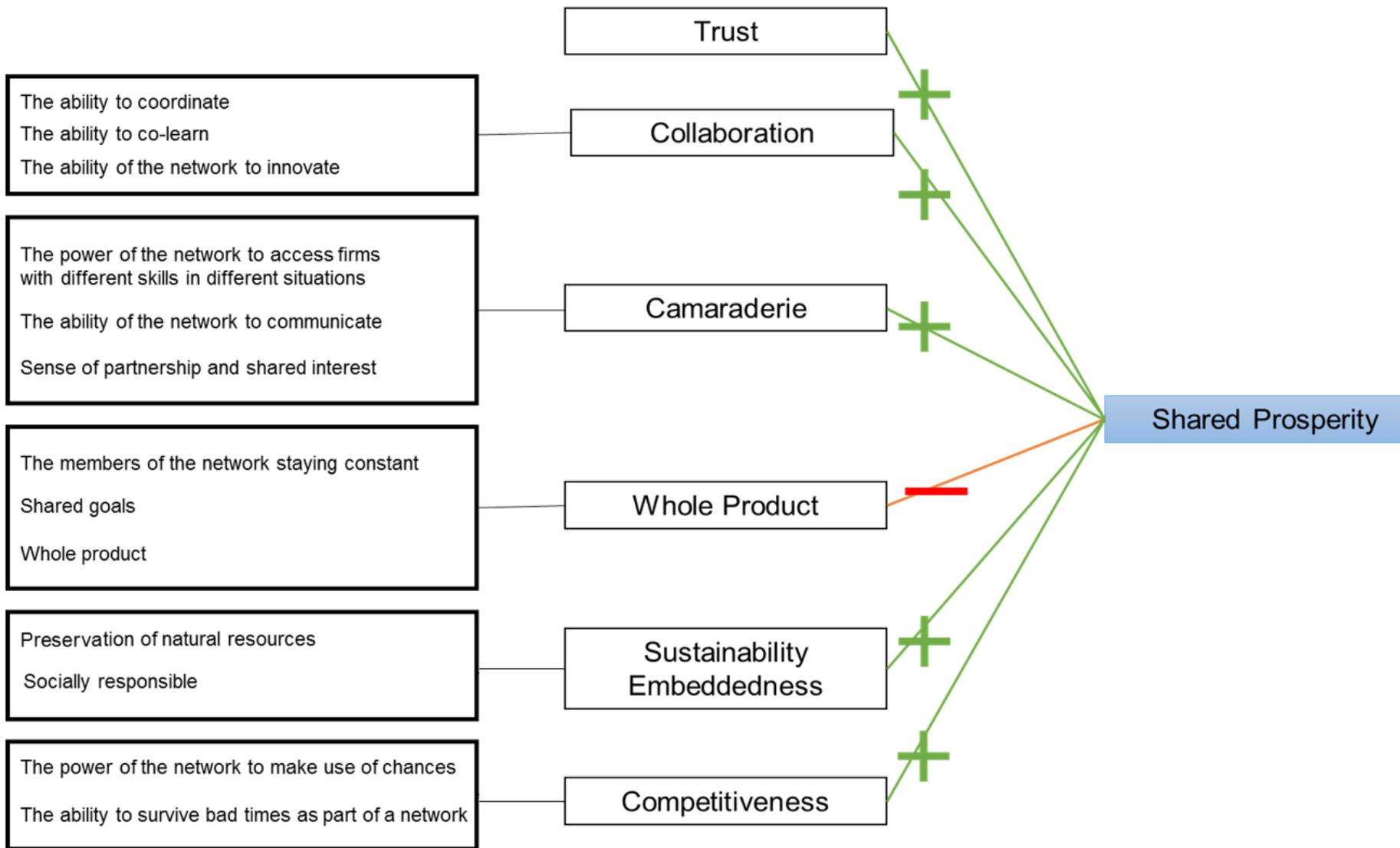


Figure 7.7: A model of shared prosperity – the outcome of creating a collective benefit

7.3 TRUSTING

The most prominent of all the variables in this thesis is Trusting, and every participant that participated in the research on which this thesis is based considered it essential to the creation of collective benefit. Due to almost all the participants considering it as important, it was difficult to measure. This resulted in the exclusion of Trusting in the PCA.

However, this thesis noted the importance of the Trusting variable, and therefore, conducted a second OLS Regression, and by adding Trusting to the regression model, the R^2 value increased to 9.2% of the variance explained, this was a 14% increase in the variance explained.

When Trusting was added to the model, Collaborating became non-significant, suggesting that in the presence of Trusting, this network does not consider it necessary to spend any time on coordination, co-learning and innovation. The significance and t-values of Camaraderie, Sustainability Embedding and Competing were also reduced in the presence of the Trusting variable. Furthermore, Trusting had the same downward effect on the whole product variable, amplifying its negative impact on the 'better-off' variable.

Given the age profile of this network, it is easy to understand the impact of the Trusting variable. The generations represented by our sample would typically do business on a handshake, if they feel they can trust you. While the sample is not representative of the population, it does mimic a cross-section of a global network, and strategists must take heed that even within the modernisation of business, they must return to the basics of doing business. If Trusting exists, then Digitalising, Sustainability and Collaborating become less of a management imperative, and there are significantly more marginal benefits to be generated from time/effort/money spent on Trusting initiatives than any other initiative in this network.

Due to the importance of Trusting to this specific study and its participants, it is necessary to briefly mention that Trusting is a well-debated feature of a collaborative environment. While some studies, such as the current study, indicate that it is of utmost importance, others argue that while trust is useful, meaningful, mutually beneficial cooperation can take place without it (Cook, Hardin & Levi, 2007:1). Some

authors even argue that a lack of trust, and to some extent, distrust, is beneficial to cooperation (Cook *et al.*, 2007:83). It has also been said that the “foundation of cooperation is not really trust, but the durability of the relationship” (Axelrod, 2006:5).

While trust is an important finding for this study, a detailed investigation and discussion falls outside the scope of this study.

7.4 RESEARCH LIMITATIONS

The first limitation encountered during this research process was related to the development of the questionnaire. The BNI was willing to assist with the distribution of the questionnaire, but also required inputs into the design thereof. While this contributed to the reliability of the data-collection instrument (Barry, Chaney, Stellefson & Chaney 2011:98), it also resulted in the questionnaire being divided into three sections, of which only the first was compulsory. The second section contained questions pertaining to financial data and the final section contained questions related to the demographic profile of the participants. This resulted in only 40 valid responses for the last two sections.

The second limitation, resulting from the limitation in the questionnaire design, was the reliance on non-financial data to establish shared prosperity. While it would have been ideal to calculate shared prosperity based on unbiased financial data, only 40 responses to the financial questions were obtained. This obliged the thesis to rely on a proxy of self-evaluated prosperity rather than financial data. Shared prosperity was measured using the ‘better-off’ variable. The ‘better-off’ variable was constructed by asking participants if they considered themselves to be ‘better off’ since joining the economic network.

The third limitation encountered was the age profile of the participants. While it is clear from literature that Digitalising is of the utmost importance to the creation of collective benefit, it could not statistically be included in the model. Even when added to the model at a later stage, it made no impact on the model whatsoever, indicating that the sample really did not regard Digitalising as a variable to be considered when creating collective benefit. This could be due to the majority (in 73.14% of the cases) of participants being older than 40, classifying them as Generation X (born 1965 to 1976) and Baby Boomers (born 1946 to 1964). Baby Boomers are typically regarded as the generation who are the most averse to

technology in the workplace today (Boomer & Wiley, 2017: Online; The Centre for Gender Kinetics, 2017), therefore, this outcome was to be expected.

While these limitations were experienced and it is important to mention them, it must be noted that they only serve as delimitations of the study and do not negatively impact the results obtained.

7.5 SUMMARY OF CONTRIBUTIONS

Lavie (2006:640) investigated the business, relational and partner-specific factors that contribute to the capacity of alliances to appropriate rents. This thesis expounds on Lavie's (2006) work on the Relational View, by conducting an explicit investigation into what the purpose of a strategy must be for the networked environment to afford the business relational rent.

Moreover, the research, on which this thesis is based, has contributed to academic literature by supporting the findings of Papastamatelou *et al.* (2016:92) on the absolute importance of Trusting in a networked environment. However, where those findings were specific to network in China, the findings reported herein, justify the importance of Trusting in a more generalised and broader global setting.

The research, on which this thesis is based, regards shared prosperity as an essential antecedent for performance excellence in the networked environment. In addition, if considered that the Camaraderie variable (as is reported herein) includes the ability to communicate and share, this variable mimics the information-sharing variable as included in the Papastamatelou *et al.* (2016:92) analysis. Therefore, it can be deduced that when creating collective benefit, strategists should focus on how to establish such camaraderie.

Papastamatelou *et al.* (2016:90) found that information-sharing significantly influenced the business performance of businesses participating in networks in China. In addition, they found that Coordination, like the Collaborating variable, explained a significant proportion of the variance in the value of the business performance of businesses choosing to embrace the networked environment in Turkey. This study, does indeed have a wider demographic profile, with participants from the Americas, Europe, India, Australasia and Africa, thereby justifying these finding in a more global setting.

To the best of the researchers' knowledge, the definitions, framework and model have made the first contributions of their kind to Domain F of the Strategy-as-Practice research typology. In addition, the study has managed to link the micro-activities of strategy formulation, and the purpose of strategy in the networked environment, to macro results (Stander & Pretorius, 2016:8).

Moreover, to the best of the researchers' knowledge, the research on which this thesis is based is the first to explicitly propose an alternative purpose (opposed to competitive advantage) of strategy which is more suitable to the environmental realities of the twenty-first century.

7.6 SUMMARY OF KEY POINTS

- Strategy is something that a business does.
- Strategy research should problemise performance and enable investigation into meso- and macro-level praxis.
- The legacy purpose of strategy is the attainment of competitive advantage.
- The environmental realities of the twenty-first century have resulted in a network disruption that has, among others, resulted in ecosystem-based production and consumption cycles.
- The change in the environment and the perception thereof by an business, has afforded the business a bundle of affordances (affordance niche), that is different to the competitive advantage affordance niche traditionally attributed to the environment-business exchange.
- Characterised by complexity, temporality and diversity, strategies in the networked environment are required to be both low-cost and differentiation.
- Social complexity, which as a determinant of imperfect imitability, become highly improbable when industry boundaries are blurred.
- The shared fate of industries and businesses, has led to causal ambiguity.
- Reportedly only one to two per cent of new knowledge is successfully converted into income-yielding products and services.
- Strategic fit is replaced by the notion of embedding.

- The estimated alliance failure rate of 37-50% indicates that there is a problem in the way businesses are doing collaborative strategy.
- Competitive advantage as the sole purpose of strategy, has become a strategic liability.
- Within a networked environment, joint value-creation and competitive advantage should be put on opposing ends of a value continuum, between which businesses move, depending at which stage of the value continuum they find themselves.
- Collective benefit is an alternative purpose for strategy, better suited to the environmental realities of the networked environment.
- Collective benefit and the value continuum are best illustrated by the analogy of the creation and dissolution of a bait ball.
- Collective benefit is the shared prosperity afforded to a group of collaborating businesses that has been brought into alignment and is able to yield an increased efficiency of the whole, within a networked environment.
- Shared prosperity is an antecedent for performance excellence in the networked environment.
- Practicing strategists must consider incorporating the observable attributes of collective benefit into the doing of strategy, through the use of the evaluation framework provided.
- Within the constraints of our sample:
 - Trusting appears to be of absolute importance for the creation of collective benefit;
 - Collaborating, Camaraderie, Sustainability Embedding and Competing are positively correlated with the creation of shared prosperity;
 - Whole product is negatively correlated with the creation of shared prosperity.

7.7 MANAGEMENT IMPLICATIONS

The results of research on which this thesis is based offer the following management implications for small businesses:

When formulating a strategy aimed at the creation of collective benefit, managers must note that it is important that members stay constant within a set product or project, as this increases the trust levels within the network. However, and where the value net produces a whole product, the value net must approach constant membership with caution. The cautionary is mainly due to the stagnation that may result from such constancy, as well as the manifestation of a situation where the larger members extract more value/rents from the network, thereby diminishing the shared value created. Furthermore, continuous renewal would increase the ability to innovate and co-learn, thereby increasing the collaborative efforts of a network, which in turn will have a positive effect on shared prosperity. It is also important that the businesses in the network retain their own identity, and while having shared goals is admirable, they should still retain their own ability to appropriate some of the value create as a network.

Consider the age profile of the strategist in control of possible network partners, before spending capital on digitalising for a network. Spending capital on digitalising, if the age profile of the network is like that of the participants in the research on which this thesis is based, will not yield the anticipated dividends.

If trust can be established in the network, the need to spend resources on coordination, co-learning and innovation (Collaborating Initiatives) becomes less important.

Strategists must take heed that even within the modernisation of business, they must remember the basics of doing business. If trust exists, then digitalising, sustainability and collaborating become less of a management imperative, and there are significantly more marginal benefits to be generated from time/effort/money spent on trust initiatives than any other initiative in this network.

7.8 SUGGESTIONS FOR FUTURE RESEARCH

Further investigation should be done into 'jobless growth' in future research relating to collective benefit and network coordination. This need for additional research is confirmed by the Ritter and Gemünden (2003b:753) study into business antecedents that have an impact on the network competence of businesses.

One of the limitations of research on which this thesis is based, is its reliance on the 'better-off' variable to indicate performance. It is therefore necessary that future studies should be based on official performance data. It is further recommended to invoke both Network and Institutional theory as a theory based for a similar study, as it might yield interesting insights. The influence of partner-selection strategies and network structure on collective benefit should be included in future research. Finally, it is recommended that the study be replicated on participants with a more representative age profile.

7.9 CONCLUSION

It has been said that competitive advantage is a theoretical concept applicable only to the theory of strategy, however, the participants to this study do not agree. The respondents have argued that competitive advantage is an inextricable part of business. This study highlighted the importance of competitive advantage theory throughout strategic management literature and emphasised the fact that competitive advantage has traditionally been considered the purpose of strategy.

This thesis investigated business strategy in the networked environment. More specifically, it investigated what purpose was afforded to the strategy of a business by the networked environment. It was found that within the networked environment, competitive advantage as the purpose of strategy, could become a strategic liability to the business pursuing it, and collective benefit was proposed as a viable alternative. The researcher then proceeded to develop both a stipulative and operational definition of collective benefit. These definitions were subsequently used to develop an evaluation framework that practicing strategists could use to guide their strategic decision-making within the networked environment. The thesis concluded by positing a Model of Collective benefit that is able to explain a portion of the variance in the shared prosperity experience by SMMEs choosing to become part of an economic network.

Economic networks, while they are complex, are the future of business, and numerous opportunities and challenges lie uncovered within this new way of doing business. In light of the numerous economic crises that have been experienced in the twenty-first century, it has become critical to examine and redefine the purpose of strategy within economic networks.

Collective benefit, as the alternative purpose of strategy that was proposed and developed in this thesis, serves as a promising starting point for further research into the influence and integration of economic networks based on the principles of management.

“Everything we touch, say and do will soon be connected... [so should your strategy].”

Sharma, 2015: Online

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APPENDIX A: ETHICAL CLEARANCE CERTIFICATE



Faculty of Economic and Management Sciences

RESEARCH ETHICS COMMITTEE

Tel: +27 12 420 3395

E-mail: ronel.rensburg@up.ac.za

7 June 2016

Strictly confidential

Prof M Pretorius
Department of Business Management

Dear Professor Pretorius

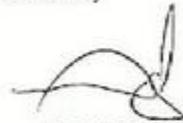
Project: Investigating business strategy in a networked environment
Researcher: K Stander
Student No: 99010799
Promoter: Prof M Pretorius
Co-promoter: -
Department: Business Management

We refer to our letter dated 25 May 2016 granting conditional ethics clearance for the above candidate.

I have pleasure in informing you that the Dean's permission has been obtained to involve the proposed students in the research.

The Committee requests that you convey this approval to the researcher.

Sincerely



pp PROF RS RENSBURG
CHAIR: COMMITTEE FOR RESEARCH ETHICS

cc: Prof AF Grobler
Student Administration

APPENDIX B: INFORMED CONSENT FORM



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and
Management Sciences
24 August 2016

Letter of Introduction and Informed Consent

Department of Business Management

Investigating business strategy within the networked environment.

Research conducted by:

Mrs. Karen Stander

Student number: 99010799

Cell Number: 0798942574

Dear Participant

You are invited to participate in phase 1 of an academic research study conducted by Karen Stander, doctoral student from the Department of Business Management at the University of Pretoria.

The overall purpose of the study is to develop a best practice frame work for the creation of collective benefit. To do so the study has been defined into different phases. Phase 1 involves developing an operational definition of the construct "collective benefit" as well as positioning it as an alternate purpose of strategy within a networked environment.

To facilitate the interview, we have developed a stipulative definition from literature, and have predefined dimensions (observable characteristics) of collective benefit. During the course of the interview you will be asked to rate the dimensions of Collective Benefit once you have identified them.

Attached hereto please find the interview protocol. The interview protocol is intended to guide the interview, but questions will be probed inductively, meaning you will be asked to clarify or elaborate statements that you make.

To ensure the credibility of the research, I will need to conduct twelve interviews. The final list of dimensions will change as the interview progresses. I hereby ask your consent to send the final list of dimensions to you, via email, for a final rating.

Please note the following:

- You hereby consent to participate in an anonymous semi-structured interview that will be recorded on a voice recorder. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.
- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the **interview questions** as completely and honestly as possible. This should not take more than **60 minutes** of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my study leader, Prof Marius Pretorius (marius.pretorius@up.ac.za) if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

Participant's signature

Date

APPENDIX C: INTERVIEW PROTOCOL

Participant Number					
Age group	>20- 29	30-39	40-49	50-59	60 +
Gender	Male		Female		
Race					
Type of organisation					
Tenure within current organisation	Tenure at previous organisation				
Level of responsibility					
Geographic location					
Highest qualification level					

The purpose of this interview is not to understand the competitive advantage of the organisation you work for, but rather to develop an understanding of how you perceive competitive advantage.

Please read Card 01 and tell me what does competitive advantage mean to you?

What does competitive advantage look like in the organisation you work for? Can you pinpoint competitive advantage in your organisation?

Please read Card 02. Do you agree that the twenty-first century has changed the way organisations do business? Please elaborate.

In your opinion is competitive advantage still relevant in the twenty-first century?

What change in the environment has had the most impact on the way you do strategy?

Do you think this change will impact how organisations pursue competitive advantage?

Please read Card 03. Have you come across the concept the “**networked environment**”? If so, what implications do you think it will have for organisational strategy?

If not, consider the following description of the networked environment which may help you form an opinion about the concept of the "networked environment". Moore, (1993:76) illustrated the networked environment best by considering three well-known brands, Apple Inc., Motorola and Sony. Apple Inc. produces the iPhone, Motorola the Moto X and Sony the Xperia Z5; all three are smart phones positioned in the same market (rivals). However, Motorola is reportedly the sole supplier of advanced chips to Apple Computers (CNet, 2002) and Sony is said to supply some of camera components of the iPhone 6 (Reuthers, 2014).

Considering that the purpose of business strategy is the creation of a competitive advantage, do you think that the **purpose of business strategy should change** for organisations operating on a networked environment? If so, how and why?

Would you describe the business model of your organisation as networked?

Please read Card 04. If we assume that in a networked environment, the purpose of strategy is not competitive advantage but the creation of a collective benefit, the following definition can be proposed:

P1: Collective benefit is the **shared prosperity** afforded to a group of collaborating organisations that have been brought into alignment, and it is able to yield increased efficiency to the whole, within a networked environment.

Do you think collective benefit, as the purpose of business strategy, is a viable alternative to competitive advantage?

Do you think that the proposed definition of Collective Benefit is **accurate**? Please elaborate.

What do you understand collaboration to mean?

Please read Card 5. Do you agree with the predefined dimensions of collective benefit?

Should any dimensions be added to collective benefit?

The following list of dimensions has been constructed using the predefined dimensions as well as the dimension(s) that you have added. The questionnaire is twofold, it firstly determines whether or not a dimension is indeed considered as such and secondly, you are requested to rate the impact of the dimension on collective benefit. Impact refers to the degree to which the inclusion or exclusion of the dimension will influence the Collective Benefit of a network.

What in your opinion are the differences between competitive advantage and collective benefit?

Do you think Collective Benefit is part of competing or that competing is part of collective benefit?

Would you be able to refer me to another person that can be regarded as a senior strategist? (Snowball sampling).

What changes would you make to the interview? Is there anything I should avoid doing?

End of protocol

**APPENDIX D:
RAW DATA TABLE**

Raw data were translated, knowing that numerous nuances get lost due to the translation, it was endeavoured to keep as closely as possible to the language and culture when translating.

Raw data		Participant
Number	Extract	Number
Q1	So when it comes to competitive advantage and what I've seen over time is that because of information parity, everything can be copied and it can be copied very quickly. If you think that you have a competitive advantage in some sort of piece of software or some piece of whatever you come up with, you might be first to mark it but it's going to be copied very, very quickly.	9
Q2	Ek wil amper sê ons moet dit tweeledig sien, want vir ons in Suid Afrika het baie dinge verander. Ons grense het oopgegaan. In die area wat ons speel is ons nou, ons sien onself nie in projekbestuur as Suid Afrikaanse burgers nie. Ons sien onself as internasionale burgers. So dit het vir ons verander, maar die toegang tot inligting, daar's amper 'n overload van information deesdae wat...	4
Q3	When I was talking of that I was actually talking about the bloody stock exchanges, I was just thinking of that how you know guys they're building a new stock exchange hub somewhere in Palo Alto in California somewhere where they are there because they're going to get the information like 0.03 seconds quicker than the next big New York or wherever it is and they're going to have it there because they're going to have it that much quicker time to react to the information...	11
Q4	So in terme van die besigheid waarin ons is, 'n capability gap. So ek hoor wat jy sê. Maar in terme om te probeer imitate dit wat ons doen, is definitief nie 'n copy, paste solution nie. So dit is nou-al geprobeer gewees en dis nie iets wat vinnig oorbrug word nie. Okei, ja. Mense soos Elon Musk kom nader	2
Q5	Okei, wat jy nou sê is dit, "Time to market is nou baie korter." Wat die ou nogal sê, as jy hierdie skill set – byvoorbeeld, Microsoft is 'n baie goeie voorbeeld, waar Netscape die Search ding eerste gedoen, en dan... Hy sê en wat jy doen, as iemand jou disrupt – en Netscape het vir Microsoft disrupt – dan moet jy gou as moontlik, jy moet jou unieke goed doen, maar jy moet gou opvang	1

Raw data		Participant
Number	Extract	Number
Q6	Nee, daar's groot impak. So, kom ons kyk nou 21st century en kom ons kyk na een van die burning issues in die wêreld tans – sustainability en efficiency. Dis definitief iets wat ons aktief van bewus is, en aktief ons produk verandering verander want die algemene populasie gaan begin demand meer en meer en meer soos ons vorentoe gaan, as 'n voorbeeld.	2
Q7	Ek moet sê, dis nogal interessant die. Ek het vandag opgelees oor maatskappye wat saamwerk om 'n beter produk vorendag te bring en ja, dit is iets wat definitief besig is om te gebeur en al hoe meer en meer prominent te raak.	3
Q8	Speed of business. If you ask me a major distinction is the speed of business. Speed of decision making, irrespective of with the information at your disposal when you need to make a decision – a speedy decision.	6
Q9	...as dit nie al het nie, en jy het dit basies onwetend verduidelik met die inside out outside in, die wêreld van paradokse is besig om te verdwyn, dis nie meer dit of dit nie, die of word nou deur 'n en vervang, so alle paradokse waar hulle gesê het korttermyn versus langtermyn, profit maximisation wealth max- of max wealth, dis nie meer of nie, dit is and, en jy kan 'n bietjie met Wilhelm hieroor gesels, hy, van sy goed is gebaseer daarop dat paradokse is aan die verdwyn, vanweë hierdie geïntegreerdheid en nou kom jy met jou, jy weet, jou cumulative benefits, die netwerking, collaborating, ensovoorts, alles kom nou na vore en dan verdwyn hierdie goed wat, dis die een teenoor die ander...	10
Q10	jy kan nie net meer een, jy kan nie net sê ek kyk inside out en ek kommer nie rêrig wat hierdie deel sê nie, ek, as dit goed genoeg is gaan ek iets verkoop nie, daar is 'n wisselwerking tussen jou kliënt hierso en jou firma daar, maar dit is nie waar dit stop nie, dieselfde wisselwerking kom nou met verskaffers, byvoorbeeld ook wat daar kom, en jou verskaffers kan noodwendig ook jou kliënt se behoeftes dalk verstaan, so vir my, in my opinie, is die grootste verandering is dat dit is nie meer net... ...een van die twee nie...	10
Q11	Dit kom nou baie naby, maar kom ek sê vir jou dat ons bly fokus op individual mobility, so vir die individu, nie vir die massas nie. So nie taxis nie, nie groep ry-skemas nie. En dan vir, dit bly 'n bestuurs-ervaring – 'n individuele ervaring.	2

Raw data		Participant
Number	Extract	Number
Q12	Ja, ek moet sê, daar's 'n paar goeters wat 'n mens na vinger toe kan wys wat 'n mens kan bestempel as kompeterende voordele. Dis om in detail in te gaan daarsô is	3
Q13	Ondervraer: Okei, so jy kon die mededingende voordeel nie, noodwendig wat dit is nie, maar sou jy dit kon pinpoint in die organisasie vir wie jy werk? Participant: Ja. In ons organisasie is dit 'n kombinasie van spoed en effectiveness. Al wat ons skills development doen is dit in terme van, praat jy so van 'n gap	4
Q14	Ek kan jou 'n voorbeeld gee, dis nie 'n geheim nie. Baie lae overheads. My kantoor is by my huis. Ek is die enigste werknemer in Suid Afrika en ons is baie agile met ons tipe diens wat ons lewer	5
Q15	Miskien jou konsep in die begin bietjie verduidelik sodat die idee agter dit. Waar kom dit vandaan sodat 'n mens 'n conceptual idee het van wat jy sê, dan is dit makliker om in die single elements in te gaan	2
Q16	Ek sou gesê het dit sou goed gewees het as mens die inligting, of meer inligting vooraf sou gekry het. Ek voel dit sou baie meer waardevol kon gewees het en meer inligting meer kon gedeel het as ek dit vooraf gehad het, want in die dokument wat vooraf gestuur is is die konsep basies deurgegee, maar nie in soveel detail dat mens rêrig daarvoor kon dink nie	3
Q17	Have that size writing, makes it easier. Remember that if you're speaking to people like me that haven't been embedded within the academic it's difficult for us to read. It's been a long time since I did post grad had to read all this stuff and all these papers all the theses of people that came before me you. So you lost me here, so you must understand obviously you're an academic, you're thinking like an academic but if you're speaking to people like me that are having to, we're people who operate at a certain intellect but in a completely different manner so this is, it's almost, I'm not saying it's Grieks to me, but for me that's busy, to now work through that, it's easier in layman's terms and if I see a lot of this stuff is going to be like quotes from previous papers and other things, it can be difficult to read and to follow, yes I like if you're going to do, you know talk people through single things at a time, almost make bigger bullet points shorter for people like myself who aren't, who are coming in cold to this, it makes it easier if you can bullet point stuff.	11

Raw data		Participant
Number	Extract	Number
Q18	Absoluut en op die ou end sal jy vind die resultaat daarvan, en baie ander goeters dra by daartoe natuurlik, maar dit beteken dat 'n hoë persentasie van ons klieënte is tien of twaalf jaar of langer met ons en ons is in staat om besigheid by hulle te groei en in nuwe areas te innoveer ensovoorts	6
Q19	End dan, die derde een is dat - en ek is nogal regtig oortuig van McGrath se transient competing - met ander woorde dit is nie 'n eenmalige storie nie, dis 'n voortdurende proses van hernuwing. Met ander woorde opeenvolgende, noem dit maar kleiner mededingende voordele wat deel van 'n proses uitmaak om te sorg dat die onderneming mededinging lei so nou, wat baie interessant is wat jy voorheen gesê het, jy het die ou proses van statiese competitive... en McGrath se siening is dinamies	10
Q20	No you can't stay you got to change if you, you die if you don't change. If you don't the market's changing so quickly now with the cycle for... you know, your business cycle is shorter, your volatility much higher so you know on the day to day business strategy is having to be able on such a quicker timeline that it's, what was a competitive advantage for these, think of Nokia who went from tyres to cellphone and then died out. You know, it's... there've been so many of these stories I think and then we see them a lot more businesses coming up and falling down because they haven't managed to keep a competitive advantage.	11
Q21	I've seen it happen, when all of the information parity, the internet, the disintermediation is done is its core strategy to become fluid. Which means that strategy isn't an event now, it's a journey, it's something that changes on an ongoing basis, the direction that you think you're going on today, in three to six months time might have changed course by a couple of degrees because of the speed of information and the speed of change	9
Q22	Ek sou sê competitive advantage is meer net op 'n enkele firma van toepassing en daai Collective Benefit is op jou hele netwerk van toepassing. Want soos hierdie tender wat ons nou gewen het met Tshwane. As ons alleen getender het sou ons dit nie gemaak het nie. Ons het nie al daai skills wat hulle gevra het nie en met die kombinasie van skills was ons toe die beste gewees. Ons prys was goed en ons het daai functional afgetick jy weet. Ons het al die skills gehad wat hulle... Ons het beter gescor op die totale ding, want daar jy score op prys, BEE, en op funksionele kennis	1
Q23	Ek sou sê dis 'n collaborating totdat 'n probleem oplossing. So kom ons sê 'n probleem stelling. Ons sien dat hierdie geleentheid in die mark begin skuif, of plaasvind en ons wil vinniger daarby uitkom. So om dan afsonderlik jou probleem	2

Raw data		Participant
Number	Extract	Number
	te probeer oplos, ek dink dan dis 'n beginpunt, maar dan om daai afsonderlike spanne bymekaar te sit en te sien waar het hulle mekaar se gaps aangevul om die probleem optelos	
Q24	<p>Participant: Collaboratings, ja. Collaboratings gaan plaasvind, maar ek dink jy gaan nie 'n noodwendige shared platform hê nie. In my persoonlike opinie, wat ons sien is dat jy tegnologië gaan deel.</p> <p>Ondervraer: Okei, so dis meer 'n tegnologie... Okei, so jy dink daar gaan nog 'n groot mate van competing wees?</p> <p>Participant: Ja.</p> <p>Ondervraer: Okei, nie 'n shared platform nie.</p> <p>Participant: Ons is nog nie by 'n no-name startrack era nie</p> <p>Ondervraer: Okei, dink jy ons gaan daar kom eendag?</p> <p>Participant: Eventually ja, dink ek dis waarheen ons gaan.</p>	2
Q25	<p>“Capability gap” okay, ja. “Both the capability gap and and difference must endure over time”. Dis baie filosofies, so in beginsel ja, as ek meer in my besigheid gaan kyk ons is heeltemal bewus daarvan dat die idee om huidig voertuie te aanhou verkoop soos jy dit verkoop gaan verander. Daar’s ander rolspelers wat gaan deel vorm van hierdie hele affêre en dit vorm deel van die groter strategie, so kom ons praat oor Uber as 'n idee, of Citi Driving as 'n idee, of vehicle sharing as 'n idee ensovoorts, so dis 'n spasie waar daar ander rolspelers is. Maar ons is steeds van die opinie dat die produk wat ons verkoop, nie noodwendig vinnig deur iemand anders verkoop kan word nie, omdat dit op 'n premium</p>	2

Raw data		Participant
Number	Extract	Number
	vlak bemark word of ge-target is, en dit nie Jan Alleman gaan wees wat dit bestuur nie, so dit bly een ding wat kom ons sê van die 'difference' as jy wil.	
Q26	Ek dink eerstens vir ons lê dit in 'n kombinasie van 'n klomp goed, en nie net een of twee spesifieke goedjies nie. In ons wêreld beteken mededingende voordeel ook waarde toevoeging – baie sterk. As ek ons moet vergelyk met maatskappye wat met ons kompeteer, dan is die rede waarom ons glo ons is baie beter as ander is omdat ons baie waarde toevoeg. Waarde toevoeging beteken noodwendig dat jy jou markte en die wêreld waarin jy funksioneer se besigheid moet verstaan sodat jy kan tegnologië of tegnieke kan aanbied wat hulle lewens vergemaklik. In die wêreld waarin ons leef is 'n definitiewe mededingende voordeel die feit dat ons vinnig kan innoveer. Nie net innoveer nie, maar vinnig innoveer. 'n Belangrike aspek wat daarmee saamgaan is dat ons baie gelukkig is met goeie seleksie van geleenthede. Daar is baie goed waar jy kan innoveer en plannetjies maak en party van dit gaan flop en party nie. Ons is baie gelukkig dat met 'n baie hoë persentasie van die goed waar ons innoveer, het ons raak gevat en het dit gewerk en in baie gevalle waar ons iets besluit het ons gaan los, was dit 'n goeie besluit om dit te los want op die ou end sou dit nie great gewerk het nie. So 'n seleksie van geleenthede dink ek is belangrik. Okei, maar ek wil terugkom na kompeteerend toe of kompeteerendheid toe – hierdie gaan vir jou baie geyk klink, maar in ons wêreld is dit sleutel belangrik, en dit is bitter, bitter sterk klieënt verhoudings. Dis 'n groot eienskap in ons wêreld en rêrig ons eenkant sit van baie ander maatskappye. Soos ek sê, dit klink geyk en stupid, maar rêrig.	6
Q27	<p>Participant: Ek moet sê, dis nogal interessant die. Ek het vandag opgelees oor maatskappye wat saamwerk om 'n beter produk vorendag te bring en ja, dit is iets wat definitief besig is om te gebeur en al hoe meer en meer prominent te raak.</p> <p>Ondervraer: Okei, en daar by julle, is dit iets wat julle al begin toepas het, of..?</p> <p>Participant: Ja, dit is my vermoëdelikheid. Dit is presies iets wat ek doen, so dit is 90% van my werk. Vir interessantheid, in die nuwe Weg, van al die boeke wat daarsô is, lys hulle daarsô bakkies wat saamge... of maatskappye wat saamwerk om 'n nuwe produk te werk, soos Mercedez en Nissan / Fiat, of Nissan / Renault wat saamwerk.</p>	3

Raw data**Participant****Number Extract****Number**

Ondervraer: Okei. Mercedez. Ek sou nooit gedink het hulle sal by bakkies uitkom nie.

Participant: Isuzu en... Wie was dit nog gewees? Isuzu en nog 'n maatskappy wat saamwerk het die nuwe Fiat wat nou onlangs beken gestel is, hulle en Mitshubisi werk saam. So dis alles basies dieselfde produk, net op 'n ander manier wat hulle dit aanbied vir die klieënt.

Ondervraer: Okei, ek sal bietjie gaan die Weg koop.

Participant: Nog ene is Ford en Mazda wat in ons eie mark nogal prominent is. Dis dieselde onderstel, kom basies uit dieselfde fabriek uit. Dit word net in 'n ander manier bemark en ander klieënt geteiken vir dit.

Q28 Participant: Weet jy, in my vorige maatskappy het ek. Die ouens het ons inteendeel beskuldig van 'n incestuous relationship. Jy kan dit maar uitfilter seker. VCX was ons grootste klieënt. So ons het vir hulle 'n satelliet aardstasie gebou in Midrand, en op daai selfde aard stasie het ons dienste aan hulle verskaf, so ons het hulle klieënte daar gelaai, maar ons het ook by hulle weer dienste gekoop om ons klieënte van daai selde aard stasie af te bedien. So in die een situasie was hulle ons klieënt, in die ander situasie het ons hulle betaal omdat ons van hulle infrastruktuur gebruik gemaak het, so hulle was weer ons klieënt. So, op die einde van die dag was dit vir my belangrik, was dit vir my – kom ons noem hom die rekenmeester vir VCX – was dit vir my belangrik dat hulle meer verkoop, want hoe meer hulle verkoop en suksesvol is, hoe meer koop hulle by my.

Ondervraer: Ja. Nee, ek hoor jou.

Raw data		Participant
Number	Extract	Number
	Participant: So ek het partykeer namens hulle gaan verkoop, net om seker te maak daar is besigheid wat inkom sodat die platform kan groei. So ja, daai was baie, baie inmekaar gewees.	
Q29	Ek dink die doel van strategie is maar wat jy jou produk op die mark kan kry. Geen organisasie kan alles van stap 1 af vervaardig en kompetender wees nie. So motor fabrikate wat hulle bou – Mercedez bou 'n kar, hy koop sy ratkas by X,Y en Z. BMW doen presies dieselde. Ek dink daar's ouens wat ratkaste vervaardig in Duitsland wat vir BMW, Mercedez en vir Audi ratkaste bou en nou word daai ratkas word goedkoper en op die einde van die dag is jou produk goedkoper. Ou moet net versigtig wees dat jy nie so afhanklik raak van jou verskaffer dat jy [onduidelik 28:05] want dan dink ek verloor jy die voordeel van 'n kompeterende prys.	12
Q30	Maar in terme van ons kernproduk, is daar sekere goed wat jy nie... Hulle moet my help om my IT reg te kry en dit vinnig uit te kry en daai tipe van goed. Maar ek kan nie deel met [onduidelik 09:24] in terme van 'n produk nie.	12
Q31	Where it's not the core competency of the organisation would drive that partnership. So where another organisation that might be viewed as a competitor has a particular core competency and you have something to offer that is a core competency to that other organisation, both of those core competencies each company needs and that's what drives those kinds of partnerships in my mind	9
Q32	and then besides the core competency it is the inability, so let's say we needed to do something okay, and we don't have a core competency in doing it, but we find that somebody that might be a competitor in certain products has that core competency, because of the speed of change our ability to develop that core competency would take too long and then the fuelling of that partnership becomes even more important. So I would think the same thing happens with Apple, Sony, Motorola and even Samsung where camera parts, for Apple to develop the engineering capability to manufacture a camera would take too long, you'd never get this phone with the camera in it so they'd have to partner with a competitor in order to get the camera and then the whole package becomes their competitive advantage	9
Q33	Nee weet jy, ek dink netwerking is ongelooflik belangrik en weereens dit is 'n hengse breë konsep, in dié sin as jy meer van besigheid praat, en ek wil nou terugkom na jou voorbeeld van Sony, en sê Apple, is, die hele konsep, van, ek, nou wil ek terug-, comparative advantage, met ander woorde. fokus op dié goed waarmee jy goed is en kontrakteer die ander goed uit waarmee jy nie goed is nie, of koop in van Sony af, omdat hulle kamera beter is en jy wil nie hulpbronne	10

Raw data		Participant
Number	Extract	Number
	mors om jou eie kamera te ontwikkel nie, want Sony het reeds ene wat goed genoeg is so hoekom gebruik jy hom nie? Met nader woorde, die uitkonrtaktering, outsourcing bly by jou core capability is ongelooflik belangrik, maar die, jy't dit baie goed illustreer, om die beste produk daar te kry, moet jy netwerking doen in terme van onderdele, komponente ensovoorts kry wat absoluut jou prosesse en produkte pas, maar wat jy nie van vooraf hoef te ontwikkel nie, ek dink dis die een, dis die een, maar dis eintlik jou voorbeeld, dis nie myne nie, so ek dink jy het dit, jy't dit baie goed raak gevat...	
Q34	Ja, so hulle versprei hulle risiko oor die algemeen beter. Die samewerking gedeelte kom terug na die vorige voorbeeld van die motor vervaardigers wat saamwerk. Deesdae is dit so duur om enigiets van scratch af te ontwikkel. Jy kan baie vinniger mark toe gaan deur saam met iemand anderste werk wat spesialiseer in 'n spesifieke produk as jy 'n item kan identifiseer wat gesien word as 'n expert produk is dit makliker om na so 'n persoon toe te gaan en met hulle te probeer partner as wat jy iets van vooraf probeer ontwikkel en deur al daai skoolgelde te moet gaan vir 'n spesifieke komponent binne in 'n ander produk. Natuurlik is die probleem altyd daar van dat jy kan met die ouens begin kompeteer op 'n stadium, maar hulle het die IP nogsteeds in hulle.	3
Q35	Dink jy dit gaan afhang, as jy Collective Benefit amper op 'n glyskaal moet sit, want daai doelwit waarvan ons nou-nou gepraat het – ek sal bietjie dink oor hoe om dit te noem - wat Collective Benefit amper of 'n glyskaal gaan wees afhangende van wat jou doel is om so 'n netwerk te engage.	3
	Participant: Sê net weer.	
	Ondervraer: Ons het nou-nou gepraat toe sê jy die doelwit van die relationship en wie dit dryf. Ek wonder of mens dan Collective Benefit op 'n glyskaal gaan sit, as daar dan, sê maar een groot company is wat dit dryf, dan gaan jou Collective Benefit minder word as wat jy klomp kleintjie het. Of dink jy ek dink verkeerd?	
	Participant: Ek dink natuurlik weer 'n groot maatskappy in die middel voeg 'n klomp waarde toe vir 'n klein outjie ook want dit is 'n sustainable source of income. In moeilike tye gaan daardie groot maatskappy steeds aan die gang bly wat	

Raw data		Participant
Number	Extract	Number
	daardie ouens ook deur die moeilike tye gaan help. So dit gaan oor risiko verminder hoe versprei jy jou risiko meer, want jy kompeteer aan die een kant, maar jy't darem 'n onvoorsiene of 'n inkomste waaroor jy nie hoef, of iets waarop jy kan bargain as ek dit so kan stel.	
Q36	<p>“Collective benefit is the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment and it is able to yield and increase the efficiency for the whole within the networked environment”. Sho! Ek kan nie fout vind hiermee nie. Ek vind dit geweldig waar. “Collective benefit is the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment...” Miskien as ons praat van “brought into alignment” moet ons net sê, “brought into alignment” vir 'n spesifieke aspek. Kom ek gee vir jou 'n spesifieke voorbeeld: Ek is ge-align met Old Mutual vir die kolleksie gedeelte van sy besigheid. Hy't 'n honderd en tien ander goed in sy besigheid wat niks met my uit te waai nie en wat ek nie verstaan nie. Maar wanneer dit gaan dat hy moet premies invorder, en wanneer dit gaan oor spesifieke strategiese voordele wat ek vir hom aanbied, dan is ons baie, baie sterk ge-align met mekaar. So daai alignment beteken nie noodwendig dat daai twee maatskappye stem oor alles saam nie. Maar dit beteken daar's 'n raak vlak waar hulle definitief goed ge-align is. So ek hou baie van jou definisie, “...able to yield and increase the efficiency for the whole within the networked environment”.</p>	6
Q37	<p>Want wat... as jy... kyk, soos Consul Glass, hulle't nou hierdie... op 'n stadium besluit kom ons sit nou hierdie masjiene in, en hulle maak daai bottels... dis nie soos ons as die breek verby is dan breek jy op en dan is daar 'n nuwe projek dan kom jy weer bymekaar. Jy's vas vir vyf of ses jaar dan moet jy afbetaal. In ander besighede sou jy embedded wees, maar wat hierdie, It's Not Luck ding wat daai... kyk, hierdie ou se naam is Goldratt. The theory of constraints Hy, maar net soos fontuin sirkel, enige system het 'n constraint en die capacity van die constraint is van jou system is die capacity van die constraint. Hy't byvoorbeeld so 'n dingetjie waar hy nou hierdie masjiene in 'n ry. Hierdie een kan vyf maak 'n uur, daai kan tien maak en daai kan twintig maak. Nou, die algemene system is, daai masjien is nie besig nie. Maak hierdie een twintig en dan bou hier tien op in 'n uur, en dan hierdie een kan net vyf vat, en dan bou daar vyf op 'n queue. Hy sê, nee, hy moet run buffer. Hy sê as jy op 'n march is dan die vinnige ouens stap ver vooruit en die stadige ouens kom hier agter. Hy sê wat jy moet doen, jy moet omdraai en die stadige outjies voor sit want daar kom altyd gaps in. Die vinnige outjies kan opvang. Hy sê wat hier gebeur, die drum is hierdie lae kapasiteit, en dan die rope is jy subordinate al daai masjiene aan daardie. Jy sit net vyf deur hierso, vyf deur hier, en dan bou jy, dis baie duur om voorraad op die vloer te laat le in hope. En dan moet hierdie ou maar ietsie anders doen, hy werk 'n derde van die dag, hierdie ou werk</p>	1

Raw data		Participant
Number	Extract	Number
	'n helfte van die dag en die ou werk voldag. En dan moet jy 'n spare hier hê, want, maar jy moet jou quality control voor hierdie ding dan doen. Jy wil nie iets deursit daar wat dan weggegooi gaan word nie.	
Q38	Okay, I hear what you say. I differ from the World Bank on the argument that if you're using the gini-coefficient to measure prosperity, what are you saying to me about the multiplier? The income multiplier and the employment multiplier. Because what's happening in the gini-coefficient, it's taking a total population of which half the population might be unemployed but also illiterate. For you to go on the World Bank methodology application of development for Africa, they've been unsuccessful, almost the whole of Africa, except Southern Africa in increasing the gini-coefficient by putting agricultural products there of tea manufacturing or maize or whatever, because it doesn't address the illiteracy of the people. My argument is, if you look at the multiplier of the automotive sector in Tshwane, there's 10 000 people employed in Nissan, Ford and BMW inside the gates, and there's 50 000 people employed outside the gate supporting the automotive industry making glass and making rubber and making tyres and IT components. And that 50 000 people are inside the BMW plant there's very few illiterate people, so you need the BMW plant here and the Ford and Nissan plant, and they use the 50 000 people outside the gates that's employed using a much lower level of literacy levels and technology skills and all of that add value to the gini-coefficient of the households. So my argument is, the shared prosperity should be handled very carefully if you talk about the gini-coefficient, because in my mind performance, if you want to use the gini-coefficient of economic performance, it's a different model.	7
Q39	Participant: Dis, ek dink dis die voorbeeld wat ek jou gegee het van [onduidelik 24:30]. Elke ou was verantwoordelik vir sy eie wins, maar saam was ons nou weer beter gewees as die ouens wat dit op hulle eie probeer doen het. Ondervraer: So dis nou waar daai ou – julle het saam die waarde geskep en die wins create, as jy jou kostes astronomies hoog is, is daar niks wat daai ou daaraan kan doen nie, maar saam kompeteer julle beter as 'n derde party wat buite staan. Participant: Ja. Dis soos die model wat ons gehad het	5
Q40	So 'n Collective Benefit moet 'n win-win situasie wees	4

Raw data		Participant
Number	Extract	Number
Q41	Ja, look I think certainly I'm persuaded to shift somewhat to say, even within our very traditional sector you could have, we spoke about the ABC and XYZ using their infrastructure and using some of their staff and their staff benefitting in terms of skills and so on. So yes, you do get a shared prosperity for the group of collaborating organisations, similarly, your example of Apple and Sony working together. I see that happening in that... and this is an assumption, it's not fact.	8
Q42	"The Collective Benefit is the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment and is able to yield an increased efficiency for the whole within the networked environment". Yes but only in that little bit because if you think about the other parts.	9
Q43	Ja. Dis soos die model wat ons gehad het	5
Q44	Sho! Ek kan nie fout vind hiermee nie. Ek vind dit geweldig waar	6
Q45	Ja, dis nuut en die interessant.	3
Q46	Okay, let me read this. I do agree with your statement at the top, that the purpose of strategy is not competitive advantage. A fundamental purpose is competitive advantage, but the creation of collective benefit, I agree with that. The fundamental strategy was competitive advantage, but now it's Collective Benefit due to the changing world IT environment. Collective benefit is the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment, and is able to yield increasing efficiency for the whole. I agree. In essence I agree	7
Q47	Soos jy verduidelik het moet ek sê, hierdie definisie beskryf die nogal goed. Collective benefit, the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment and it is able to use... Okei, as ek hierdie definisie lees, is daar nie 'n verdere doel hiermee nie?	10
Q48	But they still have phones out there that compete, I don't really think they compete but... Okay so if you look at that collective benefit, the definition of it, do you think it's accurate or not?	11
	Participant: No, absolutely.	

Raw data		Participant
Number	Extract	Number
Q49	Die Digitalising ek dink weereens 'n 10 000 foot view van dit. Collective benefit, key entry point is nie noodwendig Digitalising . Dis iets wat die kan vergemaklik op die einde van die dag, maar as mens 'n klein maatskappytjie het is dit nie nodig om spesifiek te invest in spesifieke digitale platforms om 'n netwerk te enable nie. Ek dink dit kan op 'n ander manier ook gedoen word. Natuurlik sal dit help, maar as 'n mens dit op 'n klein skaal doen is dit nie noodwendig nodig nie. 'n Simpel voorbeeld is, as jy Bothaville Ingenieurswerke besit en jy't 'n ooreenkoms met 'n vervaadiger wat spesialiseer in 'n spesifieke staal konstruksie oorkant die pad, jy't nie nodig vir enige digitale tegnologie nie om met daardie ou te engage nie. So jy kan letterlik oorkant die pad stap en sê vir hom, "Gee vir my twee rame, of..."	3
Q50	So digitisation of Digitalising . Soos ek gesê het, vir my is dit eintlik – dit word eintlik aanvaar as daar. So dit is krities en sonder dit is daar niks nie	6
Q51	"Incorporating a digital platform into a network enables the network to extract a greater Collective Benefit in a shorter period of time." I always think that's a given	8
Q52	Maar kyk, dan het jy hiersô competing – sonder enige twyfel. Ek het netnou gesê ons is bevooreg dat ons vinnig kan innoveer en kompeteer met meer waarde en beter dienste, sonder enige twyfel. Ek twyfel nie daaroor nie	6
Q53	Embedding in ingenieurswese is nie so – maar jy's ook maar met jou rekenaar pakkete. Ons het nou so hierdie pakkete wat ons oorsee gekoop het om verkeersmodelle mee te doen. Maar jy's nou ook maar locked in vir 'n tydperk, maar daar's 'n user group ding en jy kry dan updates. Maar jy's ook maar bietjie locked in op 'n manier	1
Q54	Sadly is ek nog steeds van die opinie dat die algemene persoon se individual need for greed is nog baie groot. Dis my opinie. Dit speel 'n rol, maar nie 'n massiewe rol nie. In Afrika is dit anderste as meeste lande. So ek sou sê dat ons tribalism in Afrika – Suid Afrika eerder as Afrika – het 'n baie groot invloed	2
Q55	Unilever is nou een van hulle wat – dis 'n non-negotiable.	5
Q56	Maar kom ek verduidelik vir jou hoe ek dit sien. Vir my is embedding krities in ons wêreld. Dit beteken dat ek met 'n groot maatskappy soos Hollard byvoorbeeld, moet ek baie naby aan sy enjinkamer wees letterlik en myself daar inwurm	6

Raw data		Participant
Number	Extract	Number
	sodat ek bitter goeie dienste vir hom kan lewer en sy goeters lekker glad loop en hy nie eers weet van allerhande tegniese intervensies op 'n tegnologie vlak nie. So embedding is vir my baie waar as jy so kyk na embedding.	
Q57	omdat jy mededingende voordele het, laat dit jou toe om sekere ander goeters ook te doen. Soos ons het nou byvoorbeeld 'n projek wat ons biblioteke skenk vir onderbevooregte skole. Ons skenk, oor 'n periode van 5 jaar gaan ons 50 biblioteke skenk aan minderbevooregte skole deur die land en ek dink ons kompeterende voordeel maak dit vir ons makliker om dit te doen, want jy moet weer teruggaan en jy moet besluit. Jy kan nie net eenkant besigheid doen nie. As jy dit nie doen nie, iets vir die gemeenskap en dis waar hierdie CSI, jy't al gehoor van CSI – corporate, social, investment - inkom. As jy nie corporate social investment gaan doen nie gaan jy sukkel	12
Q58	Collaborating het ons oor gepraat. Dis mos 'n no-brainer vir ons. Vir ons is collaborating 'n sleutel komponent van collective benefit.	6
Q59	ek sou sê, wat competitive advantage is, dis 'n spektrum van dis 'n skills ding en prosesse wat jy het, maar dit is ook creating customer intimacy wat jy daai customer moet verstaan. Want altyd in ingenieurswese sê hulle dis 'n ou wat eers by die klieënt gewerk het, verstaan die klieënt se behoeftes baie beter. En die ander ding is 'n bemarkings ding dat jy weet watter mark segment is dit beter om te pursue. Maar jy moet jou ook self – wat hy daar sê – jy moet jou ook self protect. So jy moet eintlik jou klieënt so ingelock hê, dat hy nie eintlik met ander ouens wil praat nie. Wat ons in die Pietersmaritzburg kantoor waar ons gewerk het, het ouens die klieente, hulle het eintlik hulle budgets vir hulle opgestel. Hulle het, Sondagaan/Saterdagand kry 'n oproep en sê, doen vir my 'n presentation vir Maandag. So hy is eintlik, die klieënt is totaal afhanklik van die ou.	1
Q60	Ons is juis betrokke in so 'n netwerk in waar byvoorbeeld een van die partners doen asset management. So hulle't 'n wereldklas asset management en maintenance management stelsel wat hulle dan verkoop. Maar die skills weer in die omgewing waar hulle in verkoop is so swak dat hulle weer op ons leverage want hulle managements, of dit nou assets of maintenance is, kan nie advantage van gevat word as die skills levels in die organisasies nie van so 'n aard is dat hulle kan advantage vat nie. Dan kom ons weer in dan tel ons die skills dan...	4
Q61	Trust is 'n groot ding in die netwerk. Kan hierdie een van mature management team amper van die skaal afsit	4

Raw data		Participant
Number	Extract	Number
Q62	<p>Maar soos ook hierdie whole product ding. Jy moet ander goeters aanhaak. As jy 'n produk het moet jy die software aanhaak. Jy moet eintlik die system integrate soos wat jy nou het met die kameras, wat jy alle verskillende sources vat, jy sit dit bymekaar, jy doen die software en jy doen die bemarking en jy lock jou soos die musiek ouens in, jy weet. Dis eintlik 'n multi-pronged approach. Dis nie net, baie ouens praat van competitive advantage dat jy prosesse het of tegnologie moet hê. Dis nie goed genoeg nie, jy moet meer ander goeters hê. Bemarking, customer intimacy, suppliers ...</p> <p>Dis een ding, en dan die ander ding is, dis hierdie whole product ding wat ek vir jou wat daai diagrampie wat ek vir jou gewys het. Die hulp product is die foon, dis die software, dis die allerhande ouens wat verskillende komponente gee, dis die ander ouens wat dit aanmekaar sit vir jou. En dan is dit jou bemarkingsding, die hulp product. As jy daai ding gou-gou vasgemaak het soos daai musiek dingetjie van Apple, hulle het klaar al die plate companies ingelock het in hulle iStore of iets. Kyk, hulle het ge-innoveer, Samsung het ge-copy</p>	1
Q63	<p>“The Collective Benefit is the shared prosperity afforded to a group of collaborating organisations that have been brought into alignment and is able to yield an increased efficiency for the whole within the networked environment”. Yes but only in that little bit because if you think about the other parts. So Sony's got a phone, Apple's got a phone, so Sony might make the best camera in the world, Apple's realised that, Apple can't make the best camera in the world, they don't have the competency to do that so the go to Sony “will you provide us with cameras?” Apple makes the best software in the world okay, has Apple given their software to Sony? No, Sony's gone and got their software from Google because they run Android, right. So that little kind of Google leg is missing so the putting together of that whole product then creates that competitive advantage for that particular business, so that collective benefit's there but it only exists here, what these people do with it is then going to be their win or their lose. So the camera's a good example in my mind, if you think about it Apple's really done a good job in identifying what's not their core competency and going out to go and buy it or find it, even although Sony's a competitor. If I was Sony I'd be knocking on Apple's door, “Can you provide us with software?” which Apple will never do because they've closed their software off to create closed environment so that they can use that as their competitive advantage over time and nobody else gets their software. So I would agree with that but it only exists inside.</p>	9
Q64	En dit doen jy deur daai heeltyd te innovate en almal vir hulle 'n whole product te gee	6

Raw data		Participant
Number	Extract	Number
Q65	Dis hoekom ek sê, jou competitive advantage is wat dit is, maar om dit sustainable te maak het jy nodig om meer te doen as net te fokus op dit wat jou core competitive edge is as sulks want Kentucky se resep, as 'n voorbeeld, is 'n competitive edge wat hulle het, maar dit is nie noodwendig die totaliteit van hulle competitive advantage nie, want ek meen, as jy gaan kyk, hulle branding is sterk. Hulle accessibility is sterk. Jy weet, waar jy ry sien jy 'n KFC, en dan goeters soos byvoorbeeld 'n drive-thru, jy weet waar jy kan gaan en vinnig ingaan. Ek meen, al daai is deel van die dienslewering wat hulle het wat hulle sustainable maak. Dis hoekom ek ook sê, die feit dat jy 'n competitive edge is, beteken nie dat dit jou nommer 1 in die mark gaan maak nie	4
Q66	Okay, so getting back to the question, what do you think would you think would underpin superior performance if it's not necessarily competitive advantage?	8
	Participant: I think the ability, how you package that collaborating and how you then put it out in the market. A market plays a huge role in that	
Q67	Ek het 'n kompeterende voordeel, ek het 'n one stop service. En hulle weet hulle gaan tyd vat om die begrafnis kantore te vestig. Daarom moet hulle met my kom praat, tot hulle voordeel, maar ek sal mos nou dwaas wees. Avbob sal nou mos dwaas wees om met hulle ingaan en dis wat ek hier sê, jy kan hierdie goeters doen om prosperity te share, up to a point. Up to a point. Met sekere goed soos non-core services en goed soos taal [?] functions, accountants en rekenmeesters en IT ouens. Share wat jy kan share. Maak gebruik van die pool wat jy kan gebruik, maar sekere goed kan jy nie share nie, want Assupol gaan tog nie my polis verkoop nie. Ek gaan tog nie hulle polis koop, en dis wat ek sê, sekere goed up to a point om jou voordeel beter te maak. En ek ding sekere markte is makliker as ander markte. Met motor vervaardigers is dit makliker. Met selfoon vervaardigers is dit makliker. Met versekeraars en banke is dit baie moeiliker. Wat dink jy as jy... kom ons gaan na die banke toe vandag, wat dink jy gaan Absa en Standard bank share?	12
Q68	Okay.	11
	Participant: So I'll come back to the initial assertion that I made that competitive advantage is and continues to remain as relevant as ever because without it you're obsolete, if you can't offer something better than your competitor you're	

Raw data		Participant
Number	Extract	Number
	going to be take over by the competitor who'll be quicker to change than you and it's going to eat you up, you'll never be able to get into that web of brotherhood.	
	Interviewer: Okay and if you're in that web, what drives the web?	
Q69	Interviewer: Competitive advantage, what is it? Is it a concept you work for?	11
	Participant: Ja of course, a hundred percent. We've got competitive advantages that have allowed us to get to the level that we've got to for the past 34 years. We've developed systems, we've got a tacit understanding of exactly what is going on in our markets at any one time, which other guys don't have that understanding so certainly competitive advantage is something that we've realised where we had a niche competitive advantage and focused in on exploiting I suppose that area, within that niche in which we were able to carve competitive advantage in. Just think of Coke, they've got a competitive advantage they've got over you know just by sharing market dollars, we certainly don't have that. But if you say of course competitive advantage is something we see every day of our lives, every time we get to choose between Colgate and Aquafresh that's competitive advantage because they somehow exploiting something that's enabled them to be on everyone's shelves. So yes it's pervasive even if you don't notice it because it's the usual norm as we see life, you know you get so conditioned in life. What is your say, what is your faculty?	
	Interviewer: Business Management.	
Q70	Participant: I added speed. Ja, sometimes you go and you collaborate with people, you partner with people and, classic example is big well established companies and their ability to change with small entrepreneurial companies, that collaboration falls apart when it comes to being able to get to market quickly with something. Do you want me...?	9

Raw data		Participant
Number	Extract	Number
	Interviewer: Just tick.	
	Participant: to reduce the speed to market within the network, I'd say that that's pretty high as well. Are you happy with that?	
Q71	Participant: Okei, nee, ek kan dit sien. Daar's definitief omgewing. Kom ek gee vir jou 'n verdere voorbeeld. In ons wêreld, so ek sit met 'n groot versekering maatskappy is my wêreld om sy premies so goed as moontlik in te vorder. Maar as hy in die lae inkomste markte verkoop beteken dit hy't 'n agent wat rondhardloop en hy gaan taxi ranks toe en hy gaan na mense se werkplekke toe en hy [onduidelik 12:16] om te verkoop en dit digitisation van daai verkoops punt is sonder enige twyfel 'n belangrike mededingende knelpunt. Party ouens op hierdie stadium is op die voerpunt daarvan, en jy kan die vrugte sien wat hulle pluk, ander ouens sê nog altyd, ag, dis 'n baie moeilike mark om te outomatiseer, hy gaan dit nie doen nie, en ek dink in daai opsig is jou stelling baie waar. Maar kyk, dan het jy hiersô competitivens – sonder enige twyfel. Ek het netnou gesê ons is bevooreg dat ons vinnig kan innoveer en kompeteer met meer waarde en beter dienste, sonder enige twyfel. Ek twyfel nie daaroor nie. Collaboration het ons oor gepraat. Dis mos 'n no-brainer vir ons. Vir ons is collaboration 'n sleutel komponent van collective benefit. Dan's jou enigste vraag, wat nog wat nie hier is nie.	6
	Ondervraer: Ja.	
	Participant: Ek weet nie hoe jy dit sou sien nie, maar ek dink tog wat vir ons 'n kompeterende voordeel gee is die feit dat ek my klieënt se wêreld verstaan en ken, en dit stel my in staat om te innoveer en om vir hom oplossings te bring waarvan hy gaan hou. So miskien kan jy dit "mark kennis" noem, of miskien kan jy dit "know your customer" of ietsie soos dit. Maar dit dra definitief tog by, want dit stel my in staat om te innoveer. As ek dit nie geweet het nie, het ek nie geweet hoe om te innoveer nie, so in ons wêreld maak dit tog 'n verskil.	
Q72	Participant: Weet jy, ek is dalk nie heeltemal gekwalifiseer om vir jou die beste inligting hier te gee nie, maar ek gaan probeer.	5

Raw data**Participant****Number Extract****Number**

Ondervraer: Dit gaan nie oor... weet jy, dit gaan oor jou persepsie daarvan en ek weet dit is so bietjie oorweldigend, maar as jy sou al kyk jy nie na daai vier goed nie, as jy nou 'n Collective Benefit moet create soos wat jy sou wou gedoen het daarsô, nê, watse goed sou jy sê moet in plek wees om laat almal kan daaruit voordeel trek?

Participant: Ek stem saam met wat jy hierin het. Die gedeelte wat ek half mis, is amper meer op die soft level. Die gesamentlike boodskap – dit is weer industrie spesifiek – as jy na hierdie kyk uit 'n motor vervaardigings omgewing uit, is dit perfek, jy't dan nie die swart gedeelte nodig nie. Wanneer jy meer die – kom ons sê prime partner – wil enable om besigheid te gaan doen, baie keer moet hy sy lysie van tight partners as ek dit so kan, collaboration partners, moet hy ook lys en hierdie ouens moet dit endorse sodat die potensiële kliënt kan besluit, okei, jy's sterk genoeg om dit rêrig te doen wat jy sê, want jy het hierdie ouens saamgesnoer.

APPENDIX E: CODEBOOK

CODEBOOK			
Code Number	Code Name	Code description	Beskrywing van kode
C01	Demographics	All demographic information	
C01A	Demographics	Age group	
C01B	Demographics	Gender	
C01C	Demographics	Race	
C01D	Demographics	Type of organisation	
C01E	Demographics	Tenure within current organisation	
C01F	Demographics	Level of responsibility	
C01G	Demographics	Geographic location	
C01H	Demographics	Highest qualification level	
RQ	How do senior strategists define or experience competitive advantage?		
RQ	Do senior strategists experience competitive advantage as the cause of superior performance?		
RQ	Can you pinpoint the competitive advantage of your organisation?		
C02	Competitive advantage	All references to what competitive advantage is	Alle verwysings na wat mededingende/kompeterende voordeel is
C02A	Competitive advantage	Perceived difference	'n Persepsie dat daar n verskil is
C02B	Competitive advantage	Capability gap	n Gaping in die vermoë van die organisasies

CODEBOOK			
Code Number	Code Name	Code description	Beskrywing van kode
C02C	Competitive advantage	Endure over time/ short term/ long term	Blywend/ kort termyn/ lang termyn
C02D	Competitive advantage	Minds of customers	Gedagtes van jou kliënte
C02E	Competitive advantage	Cause superior performance	Oorsaak van beter prestasie
C02F	Competitive advantage	Can they identify competitive advantage - yes/no	Kan jy die mededingende voordeel definieer - ja/nee
C02G	Competitive advantage	What is the competitive advantage	Wat is die mededingende voordeel
RQ	Do senior strategists experience a change in way business is conducted in the twenty-first century?		
RQ	What do senior strategists believe drives this change?		
RQ	Do senior strategists feel that competitive advantage is still relevant?		
RQ	How do senior strategists think the 21st century will impact the doing of strategy?		
C03	21st century	21st century	21ste eeu
C03A	21st century	Is a change experienced?	Word n verandering waargeneem?
C03B	21st century	Identification of the change driver	Identifikasie van die oorsaak van die verandering
C03C	21st century	Relevance of competitive advantage	is mededingende voordeel relevant?
C03D	21st century	The impact on the doing of strategy	die invloed op die doen van strategie

CODEBOOK			
Code Number	Code Name	Code description	Beskrywing van kode
C03E	21st century	Collaborating / coalitions	samewerking
RQ	Do senior strategists identify with the term the networked environment?		
RQ	Is the business model of their organisation networked?		
RQ	Do senior strategists believe that/how the networked environment will impact their organisation?		
RQ	Can senior strategists describe how the networked environment will impact their organisation?		
C04	Networked organisation	Networked organisation	Genetwerkde organisasie
C04A	Networked organisation	familiar with the term	Bewus van die term
C04B	Networked organisation	experience of the networked environment	hoe die genetwerkde omgewing beleef word
C04C	Networked organisation	impact of the networked environment	invloed/impak van die genetwerkde omgewing
RQ	Is Collective Benefit an alternative to competitive advantage?		
RQ	Is the definition of Collective Benefit accurate?		
C05	Collective benefit	Collective Benefit	Gesamentlike voordeel
C05A	Collective benefit	Competitive advantage alternative	Alternatief tot mededingende voordeel
C05B	Collective benefit	definition of collective benefit	definisie van mededingende voordeel

CODEBOOK			
Code Number	Code Name	Code description	Beskrywing van kode
C05C	Collective benefit	Addition to definition of collective benefit	byvoeging tot die definisie van gesamentlike voordeel
RQ	Do you agree with the predefined dimensions of collective benefit?		
C06	Predefined dimensions	Predefined dimensions	Vooraf opgestelde dimensies
C06A	Predefined dimensions	Digitalising	Digitalisasie
C06B	Predefined dimensions	Competition	Mededinging/kompetisie
C06C	Predefined dimensions	Collaborating	Samewerking
C06D	Predefined dimensions	Embedding	Ingebed
RQ	What dimensions do senior managers believe must be added to collective benefit?		
C07	Additional dimensions	Additional dimensions	Addisionele dimensies
RQ	How do senior managers perceive the relationship between Collective Benefit and competitive advantage?		

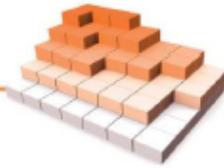
CODEBOOK			
Code Number	Code Name	Code description	Beskrywing van kode
C08	Relationship	Relationship between competitive advantage and collective benefit	Die verwantskap tussen gesamentlike voordeel en mededingende voordeel.

APPENDIX F:
EMAIL CORRESPONDENCE WITH DR MISNER



RE Questionnaire on
the networked enviro

APPENDIX G: DECLARATION OF PROFESSIONAL EDIT



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Independent Skills Development Facilitator

Dear Mrs Stander

This letter is to record that I have completed a language edit of your thesis entitled "Investigating business strategy in the networked environment"

The edit that I carried out included the following:

- Spelling
- Grammar
- Vocabulary
- Punctuation
- Pronoun matches
- Word usage
- Sentence structure
- Correct acronyms (matching your supplied list)
- Formatting
- Captions and labels for figures and tables
- Spot checking of ten in-text references
- Generation of Table of Contents, Lists of Figures and Tables

The edit that I carried out excluded the following:

- Content
- Correctness or truth of information (unless obvious)
- Correctness/spelling of specific technical terms and words (unless obvious)
- Correctness/spelling of unfamiliar names and proper nouns (unless obvious)
- Correctness of specific formulae or symbols, or illustrations.

Yours sincerely

Retha Burger

11 February 2018