SCALING THE VALUE CREATION CAPACITY OF NON-PROFIT ORGANISATIONS THROUGH AN EVOLVING PARTNERING PORTFOLIO: LEARNING FROM A CASE IN PRACTICE

by

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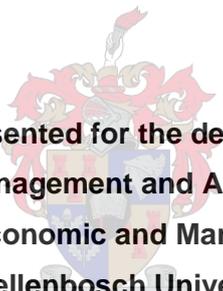
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DECLARATION: PLAGIARISM

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ABSTRACT

This study is anchored in a theoretical domain that explores the potential of partnering as a strategy and process to improve the value creation capacity and sustainability of non-profit organisations. While partnering is not new to non-profit organisations, they mostly lack the resources, capacity and experience to scale their partnerships for long-term value creation in their own and their beneficiaries' interest. These obstacles to partnering are well-known and frequently covered in literature, especially in relation to dyadic business–non-profit organisation partnership arrangements. What is lacking, however, is attention to partnering from a complex and multi-partner portfolio perspective, on one hand, and strategic advancement of such a portfolio to more mature levels of value creation, on the other.

Learn to Earn, a South African non-profit organisation focusing on skills development and employment, was identified as an entity with multiple longstanding partnering arrangements involving entities from different sectors. As such, the non-profit organisation presented a unique opportunity for conducting an in-depth case study. Not only did the engagement with Learn to Earn produce insights into the dynamism involved in the development of a partnering portfolio, but it also emphasised the necessity of a strategic business model approach for scaling the value creation capacity of the partnering ecosystem as a whole.

With the evidence collected from the research, three business model patterns, which had the potential to result in distinct resource configurations, namely philanthropic, transactional and synergistic, respectively creating value 'for', 'from', or 'with' its social mission, were identified. Of the various patterns, and despite being the most complex to manage, the synergistic pattern, where value is created 'with' the mission, was found to be best suited to potentially unlock strategically important resources and capacity from individuals and organisations representing different sectors of society. The value that accrues from the alliance of the three main partner types in the portfolio can assist to scale the capacity and enhance the social value contribution of a non-profit organisation, and that of its partners; and may also extend to third parties beyond its ecosystem. The business model canvas further facilitates strategic management of the dynamics and tensions inherent in creating value, and building and evolving a diverse portfolio of partners as a key asset to supplement and complement the existing resource base of a non-profit organisation.

This empirical study contributes both theoretical and practical knowledge from the perspective of a non-profit organisation. The study concludes by suggesting that the evidence-based insights and the real-life examples described in this case can provide beneficial information for the evaluation of

existing social change partnering practices and for the design of new solutions for non-profit organisations to ensure long-term sustainability through partnering.

Keywords

business model, capacity development, ecosystem, NPOs, partnership portfolio, same- and cross-sector collaboration, social entrepreneurship, value creation

OPSOMMING

Hierdie studie is geanker in 'n teoretiese domein wat die potensiaal van samewerking as 'n strategie en proses ondersoek om die waardeskeppingskapasiteit en volhoubaarheid van organisasies sonder winsbejag (OSWs) te verbeter. Hoewel 'n vennootskap vir OSWs niks nuut is nie, het hulle meestal nie die hulpbronne, die vermoë en die ervaring om hulle vennootskappe vir langtermyn waardeskepping in hul eie en hul begunstigdes se belang te laat gedy nie. Hierdie struikelblokke in die weg van samewerking is welbekend en word dikwels in literatuur behandel, veral met betrekking tot ooreenkomste vir onderlinge samewerking tussen sake-ondernemings en OSWs. Wat egter ontbreek, is die aandag enersyds aan 'n komplekse en multi-vennoot-portefeulje-perspektief en andersyds die strategiese vooruitgang van so 'n portefeulje tot meer volwasse vlakke van waardeskepping.

Learn to Earn, 'n Suid-Afrikaanse organisasie sonder winsbejag, wat op vaardigheidsontwikkeling en indiensneming fokus, is geïdentifiseer as 'n entiteit met veelvuldige jarelange vennootskapsreëlings wat verskillende sektore betrek. As sodanig bied dié organisasie sonder winsbejag 'n unieke geleentheid om 'n in-diepte gevallestudie uit te voer. Nie net het die betrokkenheid met *Learn to Earn* insigte gebied in die dinamika wat by die ontwikkeling van 'n samewerkingsportefeulje betrokke is nie, maar dit het ook die noodsaaklikheid van 'n strategiese sakemodelbenadering benadruk om die waardeskeppingsvermoë van die ekostelsel-vennoot in sy geheel te laat gedy.

Met die inligting wat die navorsing opgelewer het, is drie sakemodelpatrone geïdentifiseer met die potensiaal om verskillende hulpbronkonfigurasies te lewer, naamlik filantropies, transaksioneel en sinergisties, wat onderskeidelik waarde 'vir,' 'van' of 'met' elk se onderlinge sosiale missie skep. Van die vermelde patrone, en ondanks die feit dat dit die mees komplekse is om te bestuur, blyk dit dat die sinergistiese patroon, waar waarde 'met' die missie geskep word, die geskikste is om moontlik strategies belangrike hulpbronne en kapasiteit te ontsluit van individue en organisasies wat verskillende sektore van die samelewing verteenwoordig. Die waarde wat uit die alliansie van die drie belangrikste vennootstipes in die portefeulje verkry word, kan help om die kapasiteit te laat gedy en die maatskaplike waardebydrae van 'n OSW en dié se vennote te verhoog – dit kan ook uitbrei na derde partye buite sy ekostelsel. Die sakemodelraamwerk vergemaklik vervolgens strategiese bestuur van die dinamika en spanning inherent aan die skep van waarde, en die opbou en ontwikkeling van 'n diverse portefeulje van vennote as 'n belangrike bate om die bestaande hulpbronbasis van 'n OSW te ondersteun en aan te vul.

Hierdie empiriese studie lewer sowel teoretiese as praktiese kennis, beskou uit die perspektief van 'n OSW. Die studie word afgesluit deur voor te stel dat bewysgebaseerde insigte en die lewenswerklike voorbeelde wat hier gemeld word, voordelige inligting kan bied vir die evaluering van bestaande praktyke vir maatskaplike verandering en vir die skep van nuwe oplossings vir OSWs om langtermyn volhoubaarheid deur vennootskappe te verseker.

Sleutelwoorde

sakemodel, kapasiteitsontwikkeling, ekostelsel, OSWs, vennootskap-portefeulje, soortgelyke en kruis-sektor samewerking, sosiale entrepreneurskap, waardeskepping

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To my family and friends with whom I explored ideas, walked, talked, and shared nature, and to those who gave me the space to be me, I value your love and friendship. To my mother, Margaret Newman, for your lifelong support. To Rae, my granddaughter, who kept me smiling during the last stretch, I wish you a life filled with happiness and an abundance of joy.

Finally, to my daughters, Raquel and Candice, for your unconditional love, endless encouragement and support, and your belief that I could do this: I dedicate this thesis to inspire you to continue your interest in having a positive impact on the lives of others.

PERSONAL MOTIVATION FOR CONDUCTING THIS STUDY

As a leadership and performance coach interested in development, I as the author of this study have experienced working with non-profit organisations (NPOs) in South Africa, ranging from some very professional and successful NPOs to many lacking the capacity – including leadership and management capacity – and resources to sustain themselves.

My concern was that, because of an obsession with continually seeking new funding sources in the short term, these NPOs could be missing potential opportunities to tap into a much broader resource base when engaging with key stakeholders in different sectors in the longer term. But what the collaborative benefits could be and how to optimise partnering was not evident. NPOs have to invest in reinventing themselves by adopting new approaches and strategies, failing which they will struggle to survive and be relevant, as they will certainly not be able to contribute to solving the intractable societal challenges we face, nor will they have a 'voice' in dealing with development issues.

My interest, as a practitioner, was therefore to gain a more in-depth understanding of how partnering is leveraged, so as to provide insights that could potentially be used by leaders, fellow practitioners and decision makers wishing to become vibrant catalysts for social change in South Africa, and even beyond its borders.

DECLARATION: LANGUAGE EDITING

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Dear Sir/Madam

Declaration of language editing

I, Julie Streicher, hereby declare that I have personally read through the dissertation of Desiree Daniels and have edited or pointed out language errors in Chapters 1 to 4.

Professional editor, Elaine Persona, of 4 Ridgedale Villas, Ouhout Avenue, Randpark Ridge, Johannesburg edited Chapter 5, 6, and the abstract. She is a full member of the Professional Editors' Guild.

Yours sincerely

5 July 2020

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ABBREVIATIONS

B-BBEE   Broad-based Black Economic Empowerment

CSI   corporate social investment

CVC   collaborative value creation framework

ECDPM   European Centre for Development Policy Management

LtE   Learn to Earn

NGDO   non-governmental development organisation

NPO   non-profit organisation (also known as a not-for-profit organisation)

SDG   Sustainable Development Goal

tfgP   The Feel Good Project

UCT   University of Cape Town

USAID   United States Agency for International Development

CHAPTER 1: INTRODUCTION

1.1   INTRODUCTION

This study examines how not-for-profit organisations (NPOs) can, while remaining sustainable, upscale their delivery capacity by engaging in strategically chosen partnering arrangements. The core concepts defining this study can be clarified as follows:

- Value creation in this case should be seen in the context of how a not-for-profit organisation positions itself to partner with various stakeholders in order to achieve its social mission, while also creating benefits for the partners involved (Austin & Seitanidi, 2012a).

- Scaling the capacity puts emphasis on an organisation's ability to effectively expand its reach and influence. This is informed by Grant and Crutchfield's (2007) study on creating high-impact NPOs.

- The terms partnering and an evolving portfolio should be seen as more than merely having different partnering arrangements that make up a partnering portfolio, but as more of a dynamic process of strategically selecting and engaging a range of partners in working towards creating enhanced levels of value on an ongoing basis. This is largely aligned with the study of Austin (2000) on cross-sector collaboration.

- Lastly, the learning from a case in practice implies a single case study method. This specific choice is discussed and motivated later in this chapter.

Chapter 1 serves to orient the study by positioning it in the relevant non-profit organisation (NPO), partnering and value creation bodies of knowledge, and to develop and motivate key decisions to take the research forward. The particular aim is to explore and analyse the knowledge gap that emerged from studying the literature, and how this provides purpose to this study. This chapter also elaborates on the real-life research case which forms the basis of this study. Preliminary evidence on the case is presented to justify it as a source of new insights to clarify uncertainties pointed out as a gap in knowledge. This is followed by a synoptic view of, and argument for, the research design, and concludes with an introduction to the remaining chapters of this dissertation.

1.2   THEORETICAL BACKGROUND AND RATIONALE FOR THE STUDY

1.2.1   Overview

The NPO sector is an indispensable role player in addressing societal issues. Despite this, the viability and contribution of many NPOs are at risk largely owing to their resource dependent nature. This study is therefore an investigation into how NPOs may use partnering as a vehicle for maximising their social and public value contribution. While this may sound self-evident, there seem

to be several reasons why this is not the case in practice. Consequently, this section, offers an overview of the role and challenges of the NPO sector in addressing societal change, and briefly discusses the complex nature of partnering and how it delivers social value. Furthermore, this section identifies the specific knowledge gap addressed by this study.

1.2.2 The value of the non-profit organisation sector

Since the 1980s there was a significant rise in NPOs at both an international and local level, when NPOs became important vehicles for addressing societal needs (Salamon, 1996). This was also the time when there was a growth in NPO research involving different disciplines (Anheier, 2005). NPOs then became a major social and economic force (Anheier, 2005), but also a political force (Fowler, 2010). Socially, NPOs became involved in filling gaps where government failed (Salamon, 1996) by attending to civil society needs around, for example, education, welfare and healthcare. In economic terms, NPOs continue to provide employment to large numbers of people (Fowler, 2010; Salamon & Anheier, 1996). They also play an important role in influencing policies and practices, including those of government and other donors (Fowler, 1997). Relations between NPOs and other sectors were however often inimical (Anheier, 2005). With the global economic crisis, and changing political, social, environmental and technological trends, there have been growing levels of poverty, unemployment and displacement, which has led to an increase in the need for NPOs globally (Ronalds, 2010a). Together with these developments, the unique role of the NPO sector in responding to complex and dynamic societal issues has been acknowledged (Gray & Stites, 2013; Ronalds, 2010b; Selsky & Parker, 2010; Smith, 2012) and so has this sector's role in global value creation (Teegen, Doh, & Vachani, 2004).

1.2.3 Challenges faced by non-profit organisations

Despite the key role they play in society, NPOs are prone to failure (Anheier, 2005; Selsky & Parker, 2010), which is largely ascribed to their not-for-profit and voluntary nature (Salamon, 1996). Unlike the business sector that is based on generating profit for its shareholders, NPOs do not distribute profits to their owners and directors (Salamon, 1996), and unlike government that derives taxes from the public, NPOs depend on funding from external sources as the mostly poor and marginalised individuals they serve are unlikely to afford to pay for the full cost of services (Moore, 2000).

NPOs are set up voluntarily and rely heavily on the services of volunteers who do not always have the necessary expertise, or their time commitments are unpredictable and inconsistent, which leaves NPOs vulnerable (Anheier, 2005). Since no organisation can exist or be sustained without resources (De Vita & Fleming, 2001; Fowler, 2010; Moore, 2000) the dependence of the NPO sector on mobilising both tangible and intangible resources such as skills, expertise and capacity from external sources, which is likely to be erratic, puts NPOs at a disadvantage. Such conditions cause

uncertainty, make NPOs vulnerable, and put their survival and continued existence at risk (Fowler & Malunga, 2010, pp. 1-2).

Financial viability continues to be the biggest challenge faced by NPOs (USAID, 2013). With shifts in international aid, including a greater shift to relief programmes than to development (USAID, 2013), funding priorities have changed. Examples include donors funding projects rather than core operating costs (Fowler, 2010), donors setting collaboration as a precondition for funding (Anheier, 2005; Mendel, 2013), and donors requesting greater levels of professionalism (Suarez, 2010), all of which exacerbates the situation for NPOs and puts their sustainability at risk.

One of the strategies used to reduce donor dependence and build financial sustainability is to diversify funding streams (Edwards, 2010; Wilsker & Young, 2010). As a result, NPOs tend to be involved in a continuum of income-generating activities ranging from traditional, donor-linked funding activities to earning their own income through entrepreneurial engagements (Weerawardena, McDonald, & Mort, 2010). As part of social entrepreneurial activities, some NPOs also generate income from, for example, donations, membership fees and legacies (Doherty, Haugh, & Lyon, 2014). A diversified financial portfolio for NPOs can therefore typically include charitable gifts, grants from government and foundations, and earned income and investments (Wilsker & Young, 2010).

Some NPOs have even set up endowments to generate untied funds. However, most of this funding is of a charitable nature rather than funding for impactful development purposes (Fowler, 2010). As such, fundraising activities tend to involve relationships that are shallow (Mendel, 2013) and short-lived, implying that it requires a continuous search for new funding sources that involve an investment in resources to engage and manage a potentially large portfolio of partnering arrangements (Austin, 2000). An NPO's impact and sustainability is, however, not solely dependent on having large financial budgets (Grant & Crutchfield, 2007), nor are portfolios limited to partners who only make financial contributions (Austin, 2003).

1.2.4   Non-profit organisation sustainability

Sustainability involves the interplay between resources, organisational regeneration, and impact (Fowler, 2010). A study on 12 high-impact NPOs in the United States found that, while having an impact on social change and scaling efforts starts with strengthening internal management capabilities and service delivery, it is what takes place when NPOs go beyond their organisation to engage stakeholders from all sectors that makes the real difference (Grant & Crutchfield, 2007). This ties in with a later empirical study on NPO sustainability in Australia that found that, even though organisational sustainability required a focus on both a strategic and operational level, NPOs are predominantly focused on fundraising and operational efficiencies rather than strategic direction (Weerawardena et al., 2010). This more internal operational focus may be attributed to NPOs lacking

not only a sustainable funding base, but also an organisational and managerial capacity to deliver on their social change mandates (Anheier, 2005; Swilling & Russel, 2002; USAID, 2013).

The lack of resources and capacity, as described above, can therefore have serious consequences on the effectiveness and impact of NPOs – which in the past has either led to the demise of smaller NPOs or to their strategic importance being overlooked by donors (Charities Aid Foundation [CAF] Southern Africa, 2012). If the mobilisation of all sectors of society is one of the strategies that can improve impact and deliver value to beneficiaries (Grant & Crutchfield, 2007), the question then is how NPOs can mobilise these sectors in order to improve value creation and sustain themselves. An investigation of partnering may offer helpful perspectives on this question.

1.2.5   Partnering as a strategy

Partnering, also referred to – among other things – as collaboration or forming of alliances, became increasingly prominent during the 1980s and 1990s (Geddes, 2008) at about the same time that the number of NPOs increased, as mentioned earlier. Organisations partner for various reasons. According to the resource dependence theory (Pfeffer & Salancik, 1978), a firm will seek to limit uncertainty by securing resources from other external entities, and partnering is a way of doing so. The theory has since found application in the NPO sector literature to explain the motives for collaboration and to offer NPO leaders options for structuring partnering arrangements from formal mergers to less formal joint ventures, and more informal strategic alliances, to maximise value creation (Malatesta & Smith, 2014). NPOs are therefore familiar with working in same-sector arrangements, especially where stronger NPOs from the northern hemisphere (representing developed countries donating aid) fund and provide technical support to build and strengthen the capacity of NPOs in the southern hemisphere (representing developing countries receiving aid) (Fowler, 1997, 2010).

More recently, cross-sector partnering has gained prominence in the NPO sector. This trend is in response to the dynamic and multifaceted global systemic challenges that threaten the sustainability of social and economic systems (Keast, Mandell, Brown, & Woolcock, 2004; Rondinelli & London, 2003; Swilling, 2011), resulting, for example, in increased levels of poverty and displacement, where the involvement of all sectors is required to develop innovative social change interventions (e.g. Drucker, 2002; Senge, Hamilton, & Kania, 2015). Scholars studying the public sector (Benington & Moore, 2011; Bryson, Crosby, & Stone, 2015), and others who study cross-sector engagement mainly involving business–NPO partnerships (Austin & Seitanidi, 2012a; Selsky & Parker, 2010), argue that the main reason for cross-sectoral partnering should be to create sustainable social or public value that could not otherwise be created by a single sector alone.

Partnering for social change has thus become a global trend with the 21st century being referred to as the 'age of accelerated interdependence' (Austin, 2000, p. 69). The large number of partnership interventions aimed at addressing the United Nations' 17 Sustainable Development Goals (SDGs) (United Nations, 2015), which were launched in 2015, is an indication of this. While NPOs may play a key role in addressing many of these goals, Goal 17 specifically calls for all sectors of society to collaborate in order to "[s]trengthen the means of implementation and revitalize the global partnership for sustainable development" (United Nations, 2015, p. 11) by the target date which is 2030. This particular goal also involves strengthening "the way that data is used to address the world's sustainable development efforts" (United Nations, 2015, p. 11).

Each sector is seen as having distinctive resources and competencies that can be used to create societal value (Murphy, Arenas, & Batista, 2015; Teegen et al., 2004). Many NPOs have, for instance, gained a unique advantage by building social capital (Fowler, 1997; Moore, 2000; Smith, 2012) through directly engaging and serving communities, during which time they gain greater levels of public trust, technical expertise and experience of working in underserved communities, which further distinguishes them from other sectors (Teegen et al., 2004). When NPOs partner with government, the latter can gain from social innovation and policy ideas, while the business sector can co-create innovative systems that tap market forces for the benefit of society. Even individual donors and volunteers can increase their social value return by supporting high-impact NPOs (Grant & Crutchfield, 2007). Further benefits that can be gained from NPOs are, for instance, brand reputation, legitimacy, access to market intelligence, and improved community relations (Anheier, 2005; Austin & Seitanidi, 2012a; Austin & Seitanidi, 2012b).

In return, NPOs can gain not only financially, but also can increase their delivery capacity through partnering with different sectors in order to access useful non-financial benefits and other complementary goods and services such as network access, technical skills, volunteering time and support (Mendel, 2013). So, despite historical inimical relationships between business and civil society (Hamann & Boulogne, 2008) and between government and NPOs (Anheier, 2005), partnering across sectors holds the potential for positive change at an organisational and societal level (Seitanidi, Koufopoulos, & Palmer, 2010).

Austin (2000) found that some partnering relationships have the potential to offer more value than others since they involve much more than giving and receiving money. These relationships, however, require the deployment of more expensive resources. Austin's (2000) in-depth case study, which involved interviewing a total of 15 key decision makers of long-term dyadic business–NPO alliances which were regarded by respondents as strategic, led to the collaboration continuum as a conceptual framework. This framework distinguishes between three progressive relationship types or stages, namely philanthropic, transactional and integrative.

This collaboration continuum has since been referenced by authors such as Selsky and Parker (2010), and Seitanidi and Crane (2009), while it has found application in works by other authors. For instance, Schiller and Almog-Bar (2013) used the original continuum to examine the benefits gained and the difficulties experienced in a partnership between a pharmaceutical company and an NPO. The collaboration continuum evolved into a more comprehensive framework called the *collaboration value creation* (CVC) framework by Austin and Seitanidi (2012a, 2014). As part of this broader framework, through analysing further published work around collaboration, a fourth stage, called the *transformational* stage was added to the collaboration continuum. In addition, while the first framework included seven dimensions describing the nature of the relationship, this was extended by a further 15 to make up the 22 dimensions in the more comprehensive continuum (Austin & Seitanidi, 2014, p. 125), as reflected in Figure 1.1 below.
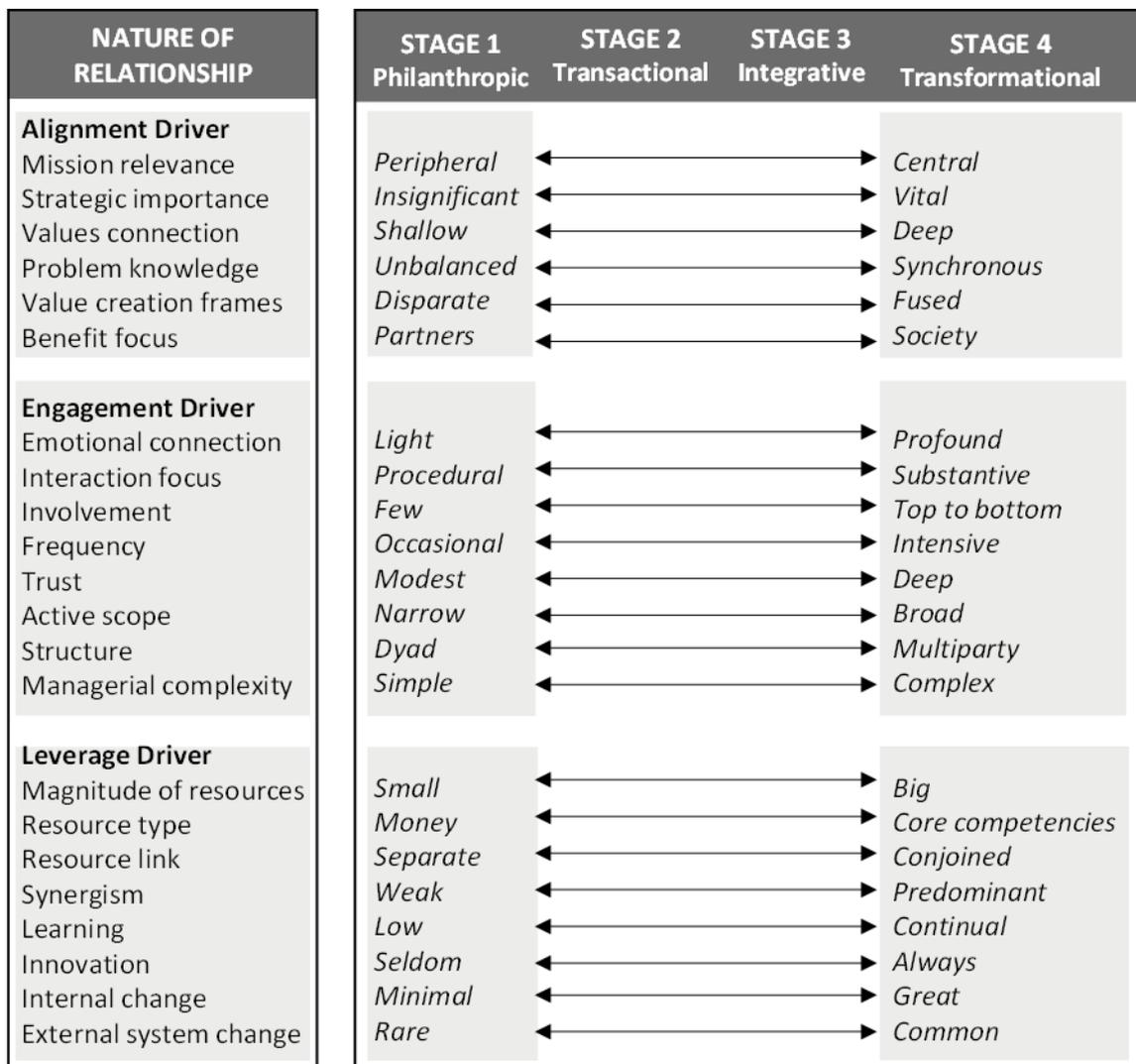
Figure 1.1: Collaboration continuum value drivers
Source: Austin and Seitanidi, 2014, p. 125.

This framework allows for categorising and characterising the different types of business–NPO relationships. With this framework, it is recognised that partnerships are multifaceted and dynamic, and that they can pass through different stages as relationships evolve. These stages range from philanthropic relationships on the left to the more complex ones on the right: thus, sequentially philanthropic, transactional, integrative and transformational. While the stages are not seen as distinct, and also transitioning is not spontaneous, partnerships can transition along the continuum depending on the decisions and actions taken by the partnering entities involved.

What a framework like this suggests is that more value can be delivered at the higher end of the continuum, i.e. towards the integrative and transformational stages, but these relationships are increasingly complex to manage. The complexity of partnering, and the seeming difficulty of transitioning, receives attention in the literature. Themes related to these difficulties are addressed in the next section.

1.2.6　The complex nature of more advanced partnering

Partnering is viewed as inherently complex (Cropper, Ebers, Huxham, & Smith Ring, 2008; Hamann, Pienaar, Boulogne, & Kranz, 2011; Rein & Stott, 2009), partly owing to the varying expectations of partners and different institutional logics or value frames (Le Ber & Branzei, 2010b) that have to be managed between those involved.

The complexity debate finds support in literature that reports a tendency of NPOs to rely mostly on the less advanced levels of partnerships. Schiller and Almog-Bar (2013) observe that an NPO can have a portfolio with hundreds of philanthropic relationships and fewer transactional ones with the business sector. This aligns with an earlier view of Austin (2000) that NPOs may have many different relationships with businesses; however, many of these may be usefully retained at a lower level, while only a few may be targeted for transitioning to the more complex integrative stage where more strategic value can be generated. The predominance of the lower level, philanthropic type of partnerships was later also found by Rondinelli and London (2003), who likewise studied business–NPO alliances and collaborations but from a business perspective. In their study, which included interviewing managers from major multinational corporations, as well as NPOs involved in intensive cross-sector alliances, they identified three progressive levels of collaboration. They however found that managers were mostly familiar with what they referred to as "arm's-length relationships" involving marketing affiliations and corporate philanthropy, while little information was available on the more intensive collaborations.

Collaboration experience is an important prerequisite for effective partnering (Gray & Stites, 2013; Murphy et al., 2015; Seitanidi et al., 2010). The extent of experience that leaders have of partnering influences their ability to transition partnerships to levels where they can generate more strategic

value through optimising partner resources and limiting overdependence on particular partners (Austin, 2003). Since value creation is regarded as an evolving process (Austin & Seitanidi, 2012a), it seems evident that a lack of experience in engaging in and managing more complex arrangements could compromise an NPO's ability to identify new, as well as to transition existing, partnerships in their portfolio. On the other hand, Austin (2000) found that by studying and adapting models of other successful collaborations organisations were able rapidly to transition their own partnerships, instead of taking years to advance them. This implies that, in the absence of experience, information on successful models could allow organisations to fast-track their partnerships to be of more strategic value much sooner. Therefore, without the relevant experience and examples, NPOs may fail to engage effectively in relationships with key stakeholders and take responsibility for the relationship process (Seitanidi & Ryan, 2007), thus foregoing the opportunity of reducing their vulnerability (Herman & Renz, 2008) and being a partner of choice.

Besides the importance of previous experience, not much literature could be found to point the way towards more advanced levels of partnering for social purposes specifically from the perspective of NPOs. Bryson et al. (2015) made the point that, because of the systemic nature of partnering and each partnership being unique, a single model or theory to achieve partnering success would be unlikely. From another angle, Seitanidi and Crane (2009) emphasise the unstructured nature of partnering relationships and that managers involved with business–NPO collaboration typically lack the ability and experience to manage these more complex arrangements.

Various factors need to be considered for partnering to achieve good outcomes. The importance of environmental influences on organisations (Hannan & Freeman, 1977; Pfeffer & Salancik, 1978) have more recently once again been pointed out by Bryson et al. (2015), who for instance, also emphasise the key role of leadership in managing the process, structure, and various other components involved with partnering. Herman and Renz (2008) point to the necessity of effective stakeholder engagement, while Austin (2000) sees the alignment of strategy, vision and values as a key driver of partnering success.

Further evidence regarding the complexity of partnering emanates from a comparative case study by Hamann et al. (2011), who explored the leadership factors that contribute to partnering success or failure of formal and informal cross-sector partnerships in South Africa. The key factors in their model are all interconnected and largely revolve around partnering microprocesses such as gaining commitment to the initiative, having a clear purpose and a conducive culture, and building trust. The authors illustrate how these factors interact with each other in either a mutually reinforcing or constraining manner. While the model does not specifically focus on how to transition partnering relationships to optimise value creation, it does emphasise the systemic nature of partnering and the role and capacity required of leaders to deal with the complexity of partnering. Once again, most of

the studies dealing with the creation of societal change solutions, including the work of Hamann et al. (2011), pertain to cross-sector collaboration. This leaves questions regarding how to manage, and how value creation would play out in an NPO's diverse partnering portfolio that can potentially include both same- and cross-sector arrangements.

1.2.7   Opportunities for further research

Based on the background literature presented so far, it seems evident that there is a lack of knowledge and understanding about ways of progressively transitioning partnering relationships towards the more complex stages where higher levels of strategic value can be achieved. More specifically, Austin and Seitanidi (2012a) highlight the need to further understand the key enablers that facilitate the evolution towards the more complex dyadic cross-sectoral arrangements on the continuum. Linked to this is a call for an in-depth case study of cross-sectoral partnerships that focus on a selected issue, such as poverty, to examine how different ways of thinking influence the manner in which partnering projects emerge and evolve (Selsky & Parker, 2010). Austin and Seitanidi (2012b) also emphasise the need to explore more systematically how value is co-created, and what types of value are associated with each of the collaboration stages. In order to address these gaps by specifically capturing the systemic nature and inherent dynamics associated with longer term, more advanced partnering processes, scholars like Austin (2000) and Bryson et al. (2015) suggest taking an in-depth and retrospective, or longitudinal, view.

It also seems that most of the research around social change partnering and value creation specifically looked at separate dyadic business–NPO arrangements from a cross-sector collaboration vantage point (e.g. Austin, 2000; Austin & Seitanidi, 2012a, 2014; Rondinelli & London, 2003; Seitanidi et al., 2010), while others focused on cross-sectoral public–private partnerships (e.g. Bryson et al., 2015; Mendel & Brudney, 2014). In contrast, while Austin (2000) advocates for a better understanding of both same- and cross-sector partnering arrangements, Austin and Seitanidi (2012a, 2014) suggest that their findings on dyadic business–NPO collaborations may be applicable to partnering configurations with entities from other sectors despite the differences that exist with these partnerships. In the light of an NPO's partnering portfolio most likely involving both same- and cross-sector arrangements, this assumption may be worth investigating further. As such, it seems that further empirical evidence is required on how different social change partnering configurations, as part of an entity's portfolio, can create and capture value, since this can influence the makeup of the partnering portfolio, the benefits that ensue, as well as how they are managed to improve their delivery capacity, their societal contribution, and their sustainability as an organisation.

1.3   RESEARCH PROBLEM

While NPOs are likely to have large portfolios of partnering arrangements that require management, many NPOs continue to pursue shallow partnerships that mostly deliver ad hoc and short-term financial benefits, which leave them vulnerable and also limit their ability of co-creating innovative solutions with all sectors of society to address societal challenges. The complexity of partnering is well reported in literature. Likewise, it is recognised that many NPOs generally lack the organisational capacity and partnering experience to transition partnerships to the more advanced stages where they can unlock complementary resources, upscale their organisational capacity, and enhance their societal impact. Furthermore, the situation is compounded by a paucity of literature to guide NPO leaders who may lack the experience to transition shallow, charitable partnerships to higher levels. Without the necessary experience and guidance on how to evolve partnerships, NPOs are likely to be unaware of the potential value that can ensue. Their ability to make a societal impact is at stake, which can affect whether they survive or are able to sustain and scale their efforts.

Based on the aforementioned lack of clarity, a study was envisioned which would be an inquiry into the process of how to transition and manage complex partnering arrangements for social change in order to scale the value creation capacity from an NPO perspective. Furthermore, the approach foreseen was to study real-life cases of NPOs with diverse portfolios that include both same- and cross-sector partnering arrangements. In this way, a better understanding could be gained of how and what value is created and captured as a result of these portfolios – as opposed to separate dyadic relationships.

Pursuing a study aim such as this presupposes access to data in specific cases that have demonstrated progress toward advanced forms of sustainable partnering arrangements. Furthermore, the nature of available research cases has an influence on the type of research questions that can sensibly be formulated. In the next section, the availability of such data, and the research choices that were made are argued, based on a pre-investigation into possible cases to study. This is followed by the research question and the rest of the research design.

1.4   INTRODUCING A SPECIFIC CASE AS A FEASIBLE OPPORTUNITY TO STUDY

The initial plan was to conduct a multiple case study to explore the partnerships which participants perceived as being the most significant in their organisation. While exploring different NPOs as possible sites for conducting the study, a promising case for this purpose was found in Learn to Earn (hereafter referred to as LtE), a South African NPO with a large and evolving portfolio of partnering arrangements focused on skills development and job creation for unemployed people from disadvantaged communities. According to Siggelkow (2007), a single case study can illustrate potential causal relationships as well as provide concrete examples, which makes LtE suitable as a

real-life practical case from which strategic insights could be gained. In addition, choosing LtE was premised on the following five significant factors.

Firstly, LtE, which was set up in 1989, had at the time of starting the study, a growing portfolio that involves partnering arrangements with all sectors of society – namely business, government, NPOs and other civil society entities, including individuals. In 2015, LtE named over 145 entities for their financial and non-financial resource contributions (Learn to Earn (LtE), 2015). These arrangements seemed to span the full spectrum of partnership types and stages, reflecting Austin and Seitanidi's (2012a) collaboration continuum. This presented the opportunity to explore the process of partnering but also the different types of value, and how value is created and captured through separate arrangements but also via a portfolio of partnering arrangements.

Secondly, the portfolio contained current, established partnering arrangements at the upper end of the collaboration continuum. In fact, when this study commenced, LtE had a strategic partnership with a large national retailer which started out with LtE receiving a charitable donation in 1999, but which over the years transitioned into a joint venture which could be classified as a transformational partnership, the highest and most complex form of partnership according to Austin and Seitanidi (2012a). This joint venture project was started with a large capital investment of R500 000. Besides the funding, this particular partnership also contributed a range of other tangible and intangible resources and capacity, such as retail warehousing and retail expertise. The person involved with initiating this particular partnership was still actively involved. In addition, LtE replicated its model and scaled its geographic reach through forming a number of intensive partnerships with NPOs in other locations across the country, and with a small business in a neighbouring state. These different franchise-like arrangements in LtE's portfolio presented the opportunity for the researcher to select and examine the evolution of these more advanced and managerially complex partnering configurations.

Thirdly, LtE's income for 2015 was R15.8 million which was generated through different income streams, of which 13% was brought in through income-generating social entrepreneurial type activities (LtE, 2015). Due to LtE's range of services and programmes for its beneficiaries, there are varied opportunities for partners to become involved in different ways, including providing job placements. Because LtE's programmes, the subsequent resource mix, and its legal structure had changed since it started out as a traditional, charitable NPO to now being a hybrid NPO generating a portion of its own income, it allows for exploring the potential of value cross-over at a programmatic (meso) level, and potentially also its influence beyond the organisation, at an individual (micro) and community (macro) level.

Fourthly, LtE's current executive director, who took over the reins from the founder member in 1995, was also still actively involved at the time of the study. This allowed the researcher to explore the evolution of selected partnerships within its portfolio and, more significantly, provided an opportunity for the researcher to gain a retrospective view of LtE's partnering practices – similar to gaining insight into organisational change processes over time, as suggested by Bansal and Corley (2011). In addition, having direct access to the individual representatives involved with partnering – i.e. both LtE staff and partners – made it possible for the researcher to explore value creation not only at a macro and meso level, but also at a micro (individual) level, which was an underresearched area, as pointed out by Austin and Seitanidi (2012b).

Finally, LtE received at least one national award, the Impumelelo Project Award (Impumelelo 2006) acknowledging its contribution to job creation in South Africa. This public recognition could be seen as lending credibility to LtE as a successful case from which strategic lessons could be learned (Brinkerhoff & Dressler, 2003).

1.5   RESEARCH QUESTION

The overarching research question, based on the problem articulated in Section 1.3, is the following: *How can NPOs use partnering to scale their value creation capacity?* With the literature suggesting a dearth of studies of advanced partnering arrangements (refer to Section 1.2.7), and thereby pointing towards the necessity of case-based research, Learn to Earn was identified as a good case in view of which the research question could be thoroughly investigated. Apart from being situated at the hub of multiple partnering arrangements, the partnering portfolio itself consists of relationships at different stages of maturity and contains entities from different societal sectors. Furthermore, from an organisational sustainability perspective, the organisation provides enough of a track record and learning path, for research to gain dependable data.

Promising to be a case that may throw light on partnering as a mechanism for scaling the value creation capacity of an NPO, the research engagement with Learn to Earn, was further guided by the following secondary questions:

- What are the motivations for partnering?
- How do different types of relationships in a partnering portfolio evolve?
- What types and levels of value are created and captured through partnering?
- What are the strategic mindset and leadership qualities that facilitate value creation over time?

1.6   INTENDED CONTRIBUTION OF THIS STUDY

This exploratory study aims to provide perspectives on the partnering process and value creation from the experiences of key role players involved in an advanced and complex portfolio of partnerships linked to a practical case, on the basis of which theoretical insights and strategic

guidelines can be offered to NPO leaders and decision makers involved in similar social purpose contexts. Such insights may enable them to reflect on, review, and design their own partnering strategies, practices, and processes with a view to improving their organisational capacity for service delivery, their social value contribution, and their becoming influential and sought-after social change partners. In that way, further empirical evidence, from an NPO perspective, can contribute to building on existing theories and frameworks around NPOs, partnering and value creation.

1.7   RESEARCH DESIGN OVERVIEW

The question may well be asked whether the study of a single case will be sufficient for answering the question at the heart of this research. LtE, as will become evident as this dissertation unfolds, is more than just a single case. LtE is multidimensional and engaged in several context-driven partnering and value creation processes representing a variety of arrangements, and making up a complex, diverse and dynamic partnering portfolio. Because of this complexity, LtE was seen as a potentially rich example to build on existing theory (Eisenhardt & Graebner, 2007), especially with its embedded case examples that add depth to the study objective (Yin, 1994), as well as its potential to provide concrete examples and insights into causal relationships (Siggelkow, 2007). Besides this, the study follows the type of approach previously used by other researchers who, for instance, used case studies to uncover partnering microprocesses (Seitanidi & Crane, 2009), and explore what drives high-impact NPOs (Grant & Crutchfield, 2007).

Various data sources were included in the study design. Primarily, in-depth interviews were conducted with both LtE staff who had experience in partnering, and selected partner representatives who were directly involved with the purposely selected longstanding and more advanced partnering arrangements at LtE. Observation of meetings with partners and various site visits formed part of the primary data. Furthermore, a special research report (Musaya & Minnitt, 2016) was specifically produced on LtE's partnerships prior to the main fieldwork period which took place between January and August 2017. A range of archival data and organisational documents were also collected to provide additional insights, especially to gain a retrospective view on the long-term partnerships within LtE's portfolio.

1.8   STRUCTURE OF THIS DISSERTATION

The rest of this dissertation consists of the following chapters:

Chapter 2: Literature review

The literature review chapter is used to contextualise the study and elaborate on existing literature and empirical research pertaining to the use of partnering as a vehicle used by NPOs for creating social value. The three research domains of particular concern are NPOs, partnering, and value

creation, since these were directly relevant for answering the core research question. Insights gleaned from the literature review were used to inform the research methodology employed in this study.

Chapter 3: Research methodology

This chapter is used to elaborate on the use of LtE as the hub organisation with numerous embedded cases representing different partnering arrangements, to gain an in-depth understanding of the dynamic partnering process, the variety of arrangements, and the value generated through a partnering portfolio. The different data collection sources and techniques, as well as the analysis process which was followed, are outlined.

Chapters 4: Findings on value creation from a partnering system perspective

In this chapter more detail is provided on the case at the time of the study and different frameworks are used to capture the dynamic and systemic nature of the partnering system. The analogy of a social ecosystem is introduced to explore the interplay between different relationships, while the collaborative value creation framework, and the strategic triangle, are used as lenses to provide a richer context for the illustrative case. In this chapter, details are also provided on how one of LtE's longstanding partnerships transitioned. However, once set out, the full picture was still not adequately captured so as to answer the research question. This led to further analyses that are discussed in the next chapter.

Chapters 5: Findings on value creation from a business model perspective

In Chapter 5, the business model concept, with its inherent focus on value creation, is introduced to further explore the multidimensionality and the dynamic process of partnering with the view to reconcile the two dimensions of the research question, i.e. sustainable value creation *and* partnering as strategy.

Chapter 6: Discussion, conclusion and recommendations

In the final chapter, the findings are discussed in relation to the main and secondary research questions. Before drawing various conclusions, the theoretical contribution is outlined and insights are provided for the benefit of practice. Lastly, in view of the limitations of the study, recommendations are offered for further research.

1.9   CONCLUSION

Based on the background presented, it is evident that NPOs can be impactful while scaling and sustaining their societal contribution. However, most partnering involves short-term and ad hoc arrangements that create uncertainty and put the viability of NPOs at risk. A lack of partnering

experience, together with a knowledge gap pertaining to how to transition partnerships into more complex arrangements where they have the potential to unlock strategic value, places many NPOs at a further disadvantage in terms of their role as social change partners. Useful insights can be gained by exploring how LtE – with its large, diverse and evolving partnering portfolio that includes complex partnering arrangements – goes about partnering to enhance its societal contribution and sustain itself. These insights are aimed to provide guidance to leaders and decision makers involved with social change, thereby allowing them to reflect on, review, and design partnering arrangements so as to enhance and scale their impact. The literature review in the next chapter focuses on NPOs, partnering, and value creation, in order to contextualise the study and further inform the research methodology.

CHAPTER 2: LITERATURE REVIEW

2.1   INTRODUCTION

Since the focus of this study is on partnering from an NPO view point, this chapter is used to unpack the theoretical perspectives that are central to answering the research question, about how NPOs use partnering to scale their value creation capacity. From a literature review perspective, the research question requires a theoretical investigation of what not-for-profit organisations, partnering and value creation are essentially about. This review deals with distinctions in these concepts and how they fit interdependently together.

As an indication of the issues discussed in the literature review, the key theoretical themes are grouped as follows: 1) the role and nature of NPOs as a way to contextualise NPOs, as well as what contributes to their sustainability; and 2) partnering for societal change as a tool for building capacity. The latter includes the different types of partnering, the stakeholders involved, and the implication of stakeholder motivations on value creation, together with the success factors to ensure effective partnering outcomes. Finally, two frameworks related to value creation are discussed. The chapter concludes with the implications of the literature review for the study by pointing to the knowledge gaps, and highlighting key insights to guide the research design process which follows in Chapter 3.

2.2   NON-PROFIT ORGANISATIONS IN CONTEXT

In order to contextualise this study, it is important to review the nature of NPOs, the role that they play in society, and the challenges they face in terms of resources and capacity to ensure their continued contribution to addressing societal issues. Because of the important role that NPOs play in society, they should be able to position themselves as sought-after partners in social change interventions, and in that way more effectively unlock the requisite resources and capacity to enhance their societal value contribution.

It is important to distinguish NPOs from other societal institutions, namely the government or public sector, and the business or private sector, especially since they, like government, are sometimes referred to as public organisations. Rather than the usual three sectors of society, Gray and Stites (2013) distinguish between four sectors that have a role to play in partnering for sustainable development, by adding the community or civil society as separate role players. Since the focus of this study is on partnering for social change to enhance the value creation capacity of NPOs, it is important to distinguish between NPOs as organisational entities that represent civil society, and individuals as members of the community, because their roles and contributions are of a different nature and type. What, then, is the nature and role of NPOs, the resources that they need, and their track record for sustainable value creation? These are the questions that need further exploration.

2.2.1   Non-profit organisation nature and role

Definitions of NPOs vary (Swilling & Russell, 2002). For the purpose of this study, the definition used is a universal one from Anheier (2005, p. 54, citing United Nations, 2002) referring to NPOs as organisations that are: 1) self-governing; 2) not-for-profit and non-profit-distributing; 3) institutionally separate from government; and 4) non-compulsory. This definition means that NPOs are set up voluntarily by individuals to address particular causes. The founders of NPOs tend to be individuals who are committed, self-motivated, and value-driven (Fowler, 1997). The same goes for staff who work for less than market-related rates because their work is personally fulfilling (Anheier, 2005; Fowler, 1997). NPOs also receive the support of volunteers, such as trustees and directors, who do not benefit from profits made (Swilling & Russell, 2002). In some cases, volunteers may be reimbursed for expenses incurred as a result of the services they render. Because these individuals serve a particular cause of their choice, they contribute to the vibrancy and sustainability of NPOs (Anheier, 2005). Since NPOs are separate from government, this also means that they are not encumbered by government bureaucracy and can therefore more easily become involved in addressing social problems (Anheier, 2005).

Anheier (2005, pp. 130-131) however points out that these positive characteristics of the NPO sector also have a downside in that NPOs, as a consequence, tend: 1) to be insufficiently resourced since the charitable donations they rely on are not adequate to allow them to scale and deal adequately with a particular social issue; 2) to be limited by their particular focus on a group or issue, thereby excluding others; 3) to show 'philanthropic paternalism' in that they may lack accountability and address the interests of donors rather than the actual social needs; and 4) to display 'philanthropic amateurism' since they may not be able to afford the staff and attract volunteers with the necessary professional skills to deal with the social issues at stake.

With this as background, NPOs are involved in a wide range of activities to address social problems, which may appear fragmented and consequently impede their access to resources. According to Anheier (2005), NPOs have a variety of mixed forms which are largely influenced by their size and age, the type of economy (developed, transition, or developing) within which they are operating, and the geographical area (urban, rural, local, national, international) that they serve or represent. Furthermore, the scope of activities that NPOs engage in is also vast (Anheier, 2005; USAID, 2013), and can include advocacy and/or service delivery, or acting as intermediary (Fowler, 1997) when dealing with inherently complex and interconnected societal challenges, such as poverty and HIV/AIDS.

In contrast, Swilling and Russel (2002) distinguish between three roles which NPOs play. These roles are: 1) developmental (i.e. those NPOs involved with improving the social, economic and social conditions of certain sectors of society); 2) survivalist (i.e. those NPOs, such as some churches, that

exist in barely surviving communities and share their limited resources to provide essential services not provided by government); and 3) oppositional (i.e. NPOs mainly involved with mobilising support for different issues as a way of pressurising government or the business sector to change). NPOs can play one or more of these roles, and these roles may change over time.

As a result of the varied forms and focuses of NPOs, the identity of NPOs may appear ambiguous and their legitimacy may be questioned (Fowler & Malunga, 2010). This complicates matters for leaders who have to manage NPOs, and who have to decide who they approach and how to position the organisation in order to mobilise the resources they need to deliver on their mandates (Fowler & Malunga, 2010). Linked to this is the fact that because NPOs serve niche sectors of communities as defined by their mandates, there could be an overlap or duplication of goods and services (Anheier, 2005). On the contrary, some NPOs are regarded as hybrids, and could be referred to as social businesses (Yunus et al., 2010), since they also engage in social entrepreneurship (Dohrmann, Raith, & Siebold, 2015; Gomez & Helmsing, 2010) to address issues such as unemployment, homelessness and environmental sustainability. In some cases, the income-generating activities of hybrid NPOs are linked to their social mission, while in others it is not, for instance, it is merely a means of survival (Jäger & Schröer, 2014, p. 3, citing Austin et al., 2006). While some of these hybrid NPOs may only generate a small percentage of income from their entrepreneurial activities, other social enterprises can be fully commercialised (Dohrmann et al., 2015). Nevertheless, social entrepreneurship requires a different set of skills, attitudes and organisational behaviour, as well as performance measures, compared to what many traditional NPOs are used to (Fowler & Malunga, 2010). Some of the leadership and management challenges associated with hybrid NPOs revolve around their legal structure, pricing of goods, finding resources to meet their economic and social goals, to creating a culture that embraces both the social mission and operating effectively, and there being no clear distinction between beneficiaries and customers (Battilana, Lee, Walker, & Dorsey, 2012). Despite the advantages and disadvantages of hybrid NPOs, they remain an under-researched area (Jäger & Schröer, 2014, p. 1308).

Owing to their social, economic, and political roles in society, as referred to in Chapter 1 and above, NPOs develop special relationships with the communities they serve, and where they develop their unique skills and capacities (Austin, 2003; Fowler, 1997, 2010; Salamon & Anheier, 1996). These capabilities set NPOs apart from the other sectors, implying that they have value to offer to various stakeholders who want to contribute towards, or get involved in, addressing pressing societal issues. So, while its variety of roles, characteristics and activities give the NPO sector its richness, diversity, uniqueness, and increasing prominence, its sustained contribution to society is often threatened as a result of its resource-dependent and voluntary nature.

2.2.2   Non-profit organisations are resource-dependent

The dependence of NPOs on external resources to achieve their mandates is largely ascribed to their not-for-profit nature (Anheier, 2005), and their being resource poor (Selsky & Parker, 2010). The main reason for the resource scarcity is that NPOs generally cannot generate sufficient funds to do what they do because their services are mostly offered free of charge to people who are unable to afford the services they need.

Also, NPOs themselves have diverse resource and capacity (such as skills and functional aid) needs (e.g. De Vita, Fleming, & Twombly, 2001; Fowler, 2010). While these needs indicate the necessity of both financial and non-financial resources and capacity in order to deliver on their mandates, a tendency toward a 'fixation' on funding (Fowler, 2010, p. 371) implies that funding seems to be favoured over all else by NPOs. This emphasis on funding is not new, though, since Swilling and Russel (2002), in their study on NPOs in South Africa, found that NPOs rated the need for funding much more highly than the need for building capacity.

Funding challenges, including the lack of a secure funding base, were found to be the biggest problems faced by NPOs in South Africa (Swilling & Russell, 2002). This is understandable, considering that donor funding, especially foreign aid, has been substantially reduced owing largely to the global recession, which in turn has decreased the diversity of funding sources that can be accessed by civil society organisations (USAID, 2013). As voluntary contributions, also referred to as 'gift income', generally come from the surplus money that individuals and companies have (Fowler, 1997), these amounts would also be affected by a recession. In addition, since relationships associated with fundraising tend to be shallow (Mendel, 2013), this also suggests that there is a constant search for new sources of funding. Besides this, with an increase in the number of NPOs and dwindling resources across all sectors of society, there are increasing levels of competition among NPOs (Suarez, 2010; Weerawardena et al., 2010).

Funding, however, is central to the sustainability of NPOs as it mainly enables the recruitment and retention of staff and volunteers as well as the acquisition of physical resources (De Vita et al., 2001) needed to achieve their social goals. The need to secure unspecified funding, which managers can use at their discretion to cover core operational costs, especially salaries, is compounded by the fact that donors are more likely to fund projects rather than core operating costs (Fowler, 2010; National Development Agency, 2008). Furthermore, project funding is likely to be restricted to one to four years (Fowler, 1997, p. 132). This view is confirmed in a later empirical study, where the NPO's partnership with a business lasted for four years before its goal was achieved, and thereafter the relationship was terminated (Gutiérrez, Márquez, & Reficco, 2016). Because of the relatively short, and erratic nature of securing mainly financial resources, including delays in budget approval and unpredictable disbursement (Greijn & Fowler, 2010, p. 250), the resource-dependent character of

NPOs causes uncertainty., which in turn makes NPOs vulnerable and puts their survival and continued existence at stake (Fowler & Malunga, 2010).

Income stream diversification is one of the strategies used by NPOs to build financial sustainability (Edwards, 2010; Wilsker & Young, 2010). In Chapter 1, a range of income stream options were outlined; however, authors hold different views on income stream diversification. Pfeffer and Salancik (1978) argue, based on their resource dependency theory, that the financial stability and growth of a firm is positively influenced by diversification. Likewise, in the case of NPOs, income is sought from different donors to avoid uncertainty about erratic funding. However, funding diversification can have both positive and negative consequences (Moyo, 2005). While diversification can influence an organisation's autonomy, it can also impact on its societal contribution (Fowler, 2010, p. 383). On the positive side, NPOs can gain different types of funding from different sources, while, on the negative side, they can lose their identities and even shift their vision and mission to secure funding by emulating their donors (e.g. by adopting business principles rather than focusing on development), or can concede to the changing agendas of aid agencies, private and corporate donors, as well as government (Fowler & Malunga, 2010). The latter development is seen in a negative light since it can lead to mission drift (Fowler & Malunga, 2010; Mendel, 2013; Moore, 2000), which can change the focus of an NPO away from its longer term developmental objectives of serving those in need or the disadvantaged (Taylor & Soal, 2010) purely in order to secure funding. So, while NPOs play a key role in society, their existence is likely to be threatened, unless they are able to unlock suitable resources in order to respond to societal issues on a sustained basis.

2.2.3   Non-profit organisation capacity and sustainability

Sustainability in the NPO sector means that NPOs must be able to survive so as to continue servicing their constituencies (Weerawardena et al., 2010) and thus achieve their mandate. The sustainability of NPOs, however, depends on having the necessary organisational capacity which will allow NPOs to perform certain functions, to adapt, and to learn on an ongoing basis (Fowler, 1997, 2010). Capacity is not only about delivering results and being accountable to donors and beneficiaries (Watson, 2010). It is also about scaling organisational capacity so that an organisation can build resilience to "cope, adapt and transform" in the face of different challenges (De Weijer & McCandless, 2015, p. 82).

Acquiring material resources, especially funding, therefore does not imply that NPOs will necessarily improve performance (Fowler & Ubels, 2010, p. 15) and be able to be resilient and function as strategic and autonomous entities (Kaplan, 1999, p. 20, as cited in Ubels, Acquaye-Baddoo & Fowler, 2010, p. 3). Nor does it mean that resource mobilisation will result in organisational sustainability (Fowler, 2010, p.372). Taylor (2002) expands on this view by saying that for money to be converted into meaningful development, the necessary skill, ability and capacity are required. For

that matter, because events and activities are interconnected, i.e. "(e)vents at one level almost always have consequences at other levels" (Hannan & Freeman, 1977, p. 933), impact cannot be directly attributed to inputs (Taylor & Soal, 2010). However, it is possible that the inputs and throughputs may have an indirect influence on the impact the organisation is having beyond its borders, that is, in society, which is also illustrated in the partnership monitoring and evaluation framework (Van Tulder, Seitanidi, Crane, & Brammer, 2016). Furthermore, systemic capacity building should be robust enough to allow for sustained programme implementation independent of "changes of personalities, technologies, social structures and resource crises" (Potter & Brough, 2004, p. 337).

2.2.3.1 Non-profit organisation capacity needs

The concept of capacity in the social development context was introduced early in the 1990's by Allan Kaplan, head of the Community Development Resource Association in South Africa, and found expression in a United Nations publication in 1999 (Fowler & Ubels, 2010). De Vita et al. (2001) suggest that strengthening and sustaining organisational capacity is, for instance, about upskilling staff, team-building, stretching limited resources, using technology and finding more effective ways to use resources; while for some NPOs it is about empowering communities, achieving greater participation, and increasing the voice and influence of the sector (Ubels et al., 2010). Capacity building is regarded as multidimensional owing to it being influenced by values, attitudes, expectations and the broader context in which NPOs operate (Fowler & Ubels, 2010), and therefore it is not easy to build it (De Vita & Fleming, 2001; Ebrahim, 2003; Fowler, 1997). For capacity to lead to effective solutions, it has to be built at different levels throughout the organisation (Visser, 2010, p. 52). Despite these challenges, knowledge about the development sector is regarded as critical yet underdeveloped (Mitlin, Hickey, & Bebbington, 2010, p. 35, citing Kaplan, 2001), and failing to acquire and apply this knowledge can compromise the ability of NPOs to achieve their purpose.

2.2.3.2 Capacity development frameworks

Fowler (1997) presents a holistic capacity framework for non-government development organisations (NGDOs), i.e. NPOs involved with development and building the capacity of other NPOs, including community organisations. This capacity framework was developed with input from experienced practitioners from different countries so as to guide those NPOs dealing with poverty and social justice. NGDOs mainly acted as intermediaries and provided money, information, knowledge, and technology to allow local NPOs to make an impact on society. In this regard, NPOs partnered intrasectorally with other NPOs. Since international NGDOs are a subset of the NPO sector, this framework was considered useful for the insights it could provide for this study to explore what an NPO that is capacitated looks like and how it operates.

According to Fowler (1997), the capacity framework, as shown in Figure 2.1 below, reflects the key characteristics of NGDOs, and shows that capacity requires consistent strengthening in five areas. By doing so, issues such as scaling impact, diversification of activities, addressing long-term challenges, and improving performance can be effectively addressed. The five areas are: 1) having a clear vision that addresses a need in society; 2) the development of appropriate strategies, programmes and projects in line with the vision; 3) the need for well-managed and competent people to operationalise the mission; 4) linking the organisation to the external environment through mobilising resources, maintaining various external relationships, and achieving results which can be learnt from; and 5) linking the results back to the vision to assess societal impact. The framework shows how an organisation is interlinked with society and the external environment in order to deliver societal impact, and therefore it is important that all the components align, from the vision at the top of the pyramid, to the results and learning at the bottom, with a feedback loop to the vision (Fowler, 1997, p. 45).
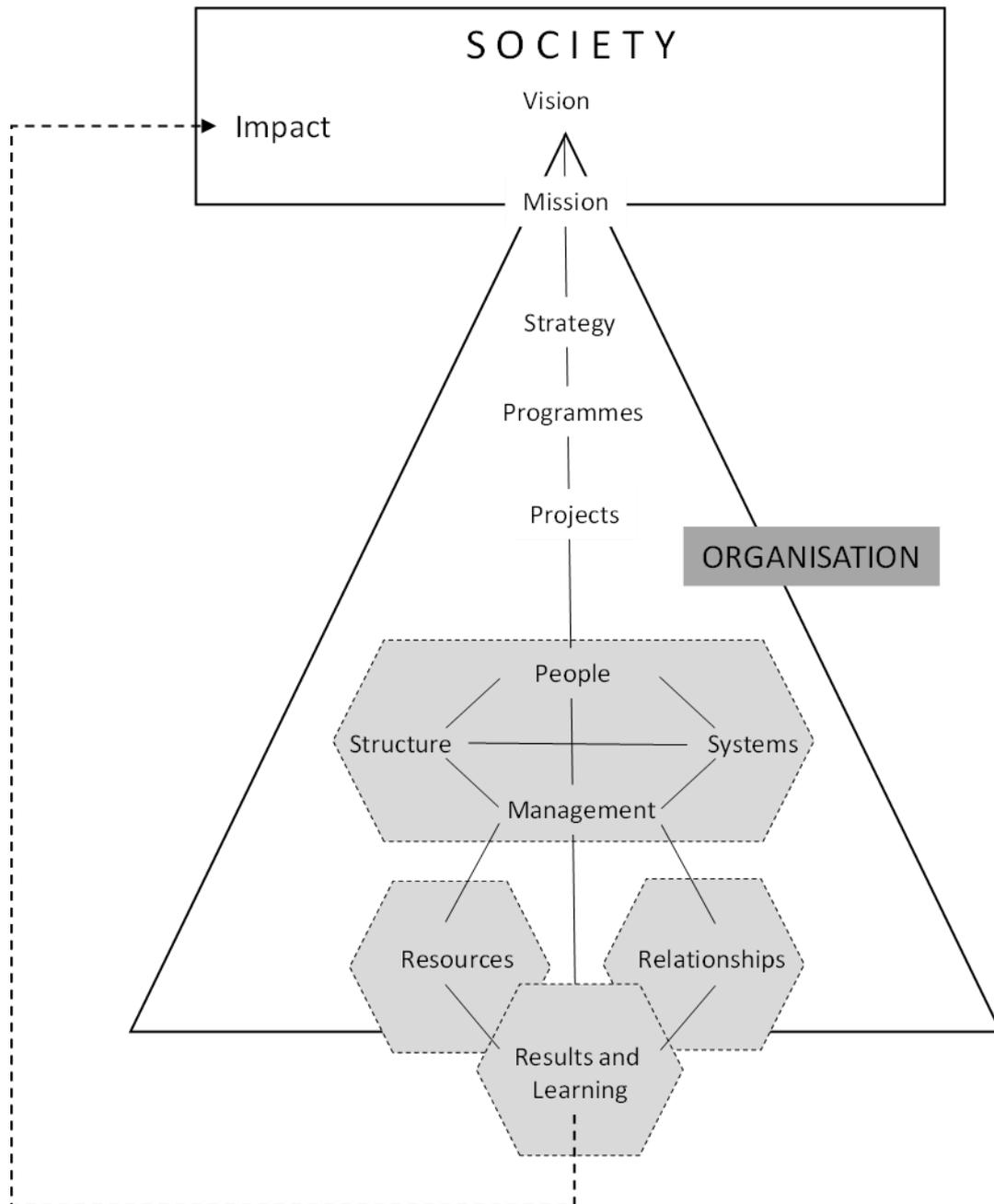
Figure 2.1: Non-government development organisation capacity framework
Source: Fowler, 1997, p. 44.

Starting with the vision depicted in the capacity framework, the organisation needs to be clear about who the primary stakeholder is, i.e. the beneficiary, client, or target group. This is to manage and balance the tension between the primary stakeholder, and donors, as secondary stakeholders. Getting this balance between stakeholder needs right will avoid donor dependence or mission drift. Even though there may be other stakeholders, knowing who the primary stakeholders are, and achieving the desired outcomes or performance in relation to these primary stakeholders, is of critical importance not only to make a societal impact but also for the NPO to survive. Linked to the vision are the organisational values that the organisation espouses. According to Fowler (1997), these

values are fundamental in terms of encapsulating what the organisation stands for; and besides spending time and resources on disseminating value statements, leaders should make sure that the staff engage actively with the values so that the terminology used does not remain abstract.

Through a process of strategic planning, the consistent long-term vision and mission are operationalised into quality programmes and projects which are in tune with what is happening in the external environment and delivered on a consistent basis in order to achieve the desired outcomes (Fowler, 1997).

From a people or human resource perspective, staff need the necessary skills, knowledge, attitudes and values (Fowler, 1997) to be able to engage and deal with both primary and secondary stakeholders. While leaders have to set and maintain the vision and get buy in from different role players, they also have to manage the organisation and various tensions such as those between primary and secondary stakeholders, and how, for instance, resources are allocated.

The focus of the capacity framework is on management mobilising the necessary financial resources through relationships with stakeholders in different sectors with each having their expectations, idiosyncrasies and dynamics that have to be managed. Because of this, Fowler (1997) points out that there are both advantages and disadvantages attached to having multiple donors, and that, ideally, an organisation can optimally partner and deal with between five to eight donors.

Fowler (1997) highlights that, to be capacitated, results and performance need to be deliberately measured along the value chain where the inputs and activities are linked to outputs (measuring effort), outcomes (measuring effectiveness), and sustained impact (measuring change) in relation to the problem or vision. The value chain can also be used to measure different levels of impact whether that is project efficiency, project performance, or longer-term and less direct mission-related or even issue-related performance and impact at a societal level (Van Tulder, et al., 2016). As capacity is both tangible and intangible, to understand or measure capacity, one needs to "read behind observable features and situations ... and appreciate and deal with how actors see the world around them as well as themselves" (Ubels et al., 2010, p. 297). Because measurement tends to focus more on the easy to measure and material things, and on 'what' rather than 'how', it does not always give a clear picture as, for instance, it is difficult to measure relationships and other intangibles (Taylor & Soal, 2010) such as, how people's lives have changed as a result of interventions. While impact cannot simply be attributed to inputs (Taylor & Soal, 2010, pp. 325-326) there can be partnerships that are formed that can, for example, have 'ripple effects' that result in scale effects for the organisation and impact for the target group and even non-stakeholders (Van Tulder et al., 2016, p. 14). Because of the dynamic nature of the work and the environment in which NPOs operate, learning from measuring results and performance are essential for NPOs to strengthen their capacity

to enable more effective delivery (e.g. Chamber, 1997; Fowler, 1997; Van Tulder et al., 2016), facilitate accountability and planning, and even lead to transformation (Taylor & Soal, 2010). Alternatively, learning through measuring performance can also result in terminating partnerships (Van Tulder et al., 2016). According to Fowler (1997), the performance measures can relate to operational activities, strategic choices, and organisational standing in society. Moreover, since there is no uniform method of assessing capacity, the requirements of donors vary and could include both qualitative and quantitative measures with the latter being assessed through creative activities such as storytelling and drawings (Taylor & Soal, 2010). As such, measures could include: how realistic the mission is; the coherence of projects and activities; technical skills; the maintenance of facilities; a performance track record; sustainable outcomes; replication of work by others; evidence of learning; continuity of financial support; monitoring systems to assess costs as well as benefits; and whether the organisation has evolved and if it has done so strategically or merely in response to crises (Fowler, 1997).

The framework in Figure 2.1 illustrates the systemic nature of capacity development, and it can be used to assess delivery capacity strengths and gaps of an NPO. However, the framework is largely limited to mobilising financial aid and dealing with NPO donors in that regard. While this framework alludes to the need for partnering, and different aspects thereof, such as the varying expectations of partners resulting in multiple bottom lines, it does not appear to focus on the partnering process per se, on how to retain or transition partnerships, or the range of partnership benefits that can ensue.

Kaplan (1999, as cited in Fowler & Ubels, 2010, pp. 13-18), who like various other authors (e.g. Fowler,1997; Schiller & Almog-Bar, 2013; Van Tulder et al., 2016) recognises the importance of context, identifies six elements required to build organisational capacity, namely: 1) a unique vision; 2) a strategy; 3) organisational culture; 4) structure; 5) skills; and 6) material resources. Kaplan also recognises that some aspects of capacity development are visible and measurable in terms of their effect (e.g. those aspects at the bottom of the pyramid such as the results and resources), while others are invisible and not easily assessed (e.g. the vision and values at the top of the pyramid, as well as the culture and whether it is reflective and self-critical). For an organisation to be better equipped to achieve its mandate, capacity development has to happen at all levels. Yet, most capacity development is happening towards the bottom of the capacity framework pyramid (Fowler & Ubels, 2010). This latter view is in line with the findings of Weerawardena et al. (2010) that NPOs tend to focus on operational issues when, because of the increasingly competitive environment, NPOs need greater organisational sustainability which includes a focus on both the operations and strategy management levels. The need for both a strategic and operational focus is also in line with the capacity framework elaborated upon above.

A more recent capacity development framework which is regarded as complementary and adds more nuance to Kaplan's work (Fowler & Ubels, 2010) was introduced by the European Centre for Development Policy Management (ECDPM) after conducting multi-country, in-depth case studies just prior to 2010 (Fowler & Ubels, 2010). The ECDPM defines capacity as "that emergent combination of attributes, assets, capabilities and relationships that enables a human system to perform, survive and self-renew" (as cited in Watson, 2010, p. 241). This ECDPM framework identifies five interdependent categories of NPO capacity, namely: 1) capacity to act and commit with strategic intent; 2) capacity to deliver on development objectives at a programmatic and organisational level; 3) capacity to adapt and self-renew in the face of changing circumstances and contexts4;) capacity to relate to external stakeholders including to leverage resources; and 5) the capacity to achieve coherence with regard to the centralisation and decentralisation of systems and services without losing effectiveness (Fowler & Ubels, 2010, pp. 18-21, citing ECDPM). This framework, referred to as the ECDPM's 5Cs framework, implies that capacity is not static but that it changes, either positively or negatively, over time, in relation to the context in which the capacity is developed (Ubels et al., 2010). In addition, this framework has, for instance, been used to describe and group the outcomes of a multistakeholder process in Uganda aimed at capacity development in an agricultural value chain where new forms of cooperation were developed, leading to enhanced results, efficiency and trust (Mwesige, 2010). More recently, the 5Cs model has been used to better understand the concept of resilience (De Weijer & McCandless, 2015). Furthermore, it would appear that these five core capabilities could add further nuance to the NGDO capacity framework depicted in Figure 2.1.

While the ECDPM's 5Cs framework largely pertains to the capacity of a single organisation, Ebrahim (2003) pointed out that there is a gap in scaling and extending capacity building across the NPO sector. Linked to this, more recently, capacity development is regarded as an outcome of multiple actors or stakeholders working together to bring about change (Woodhill, 2010) and, as such, an NPO that is capacitated needs to be involved in capacity development at different levels, i.e. at individual, community group, organisation, sector, and institutional levels (Ubels et al., 2010). Arguing for "capacity development beyond aid", Greijn, Hauck, Land, and Ubels (2015, p. 105) point out that the traditional 'donor-recipient formula' associated with capacity development linked to development aid is no longer relevant because of the shift towards enhanced levels of collaboration involving multiple actors. With the increasing involvement of multiple actors, there tends to be more private sector involvement, new forms of financing, and a greater variety of knowledge sources and expertise. This implies that NPOs can potentially gain a different set of resources and additional capacity through partnering with multiple actors from different sectors which could improve their effectiveness at creating positive societal change. However, it seems that capacity development has

not been used in an integrated way to support efforts on a larger scale where multiple actors are increasingly involved (De Weijer & McCandless, 2015).

2.2.4   Concluding remarks on the context and sustainability of NPOs

While NPOs play a key role in responding to societal challenges, they tend to be constrained by resources and capacity to meet their mandates. These constraints, and the reliance on various stakeholders for contributions and support, create uncertainty and render NPOs vulnerable. One of the strategies NPOs use to address their lack of capacity and their vulnerability is to diversify their resource streams. Despite this, it seems that many NPOs prefer to seek short-term funding, which is associated with shallow stakeholder relationships, and which in turn perpetuates the uncertainty around resources.

This section however suggests that for NPOs to sustain their efforts and be sustained, they need to build and strengthen a range of different capacities at different levels through focusing their efforts on both the operational and strategic management levels. By being over-focused on funding and formal technical skills training, NPOs are foregoing the opportunity to access a different range of resources and capacities. Through collaborating with all sectors of society, NPOs can potentially become more viable and sustainable, as well as play a more influential role in responding to dynamic and complex societal issues. More sophisticated forms of partnering have become one of the ways in which NPOs attempt to enhance their capacity, performance, and social value contribution.

2.3   PARTNERING AS A TOOL FOR BUILDING CAPACITY

The study of partnerships is associated with the field of interorganisational relations. According to Cropper et al. (2008, p.6), very little was published on the topic of partnerships between 1947 and the mid-1950s, and it was the development of general systems theory that acted as the stimulus for research and publications on this topic. Cross-sector partnerships focusing on development issues is a more recent development and emerged in the 1980s and 1990s (Cropper et al., 2008; Geddes, 2008). Salamon (1996) ascribes this new development of partnering to the failure of the different societal sectors to deal fully with the complexity of societal issues.

According to Bryson, Crosby, and Bloomberg (2014), public management literature from the United States distinguishes three periods that shaped partnerships between government and other sectors. First there was the traditional public administration approach around the 1950s when government supposedly knew best and needs were determined through bureaucratic processes. Then, there was new public management in the 1980s to 1990s when government was seen as failing and there was a move towards privatisation which saw an increase in contracts with for-profit companies. Thirdly, the new public governance period emerged from around 2000 when the focus shifted to mobilising the different societal sectors and engaging them through dialogue to co-create societal solutions

(Bryson et al., 2014). However, relationships between (Taylor, 2002), and across, the different sectors were not always healthy (Anheier, 2005; Hamann & Boulogne, 2008), while some were viewed with suspicion by the public (Fowler, 2010).

More recently, and in line with the shift towards new public governance, Benington and Moore (2011) attribute the growth in partnerships that deliver social value to an increasing focus on networked governance. This focus recognises that tough societal challenges cannot be solved from within one sector on its own; different sectors have to work together. Before looking at how partnering gained prominence and at the different types of partnering, partnering complexity, and partnering success factors, it is important to define the partnerships that are the focus of this particular study.

2.3.1   Definition for partnering as used in this study

The terms partnership and collaboration are both widely and interchangeably used in the literature and there seems to be no universally accepted definition within or across different disciplines. In public sector and business literature, partnerships, including those with NPOs, are referred to also as networked governance, public–private partnership (Alford & Hughes, 2008; Benington & Moore, 2011; Salamon, 1996), joint ventures, and strategic alliances (Sandfort & Milward, 2008).

While these varying arrangements all offer different paths to collaboration (Arenas, Sanchez, & Murphy, 2013), they can each be structured in different ways (Mendel, 2013). Despite these differences, authors tend to use the terms partnership, partnering or collaboration interchangeably when referring to the engagement between different role players (Austin & Seitanidi, 2012a; Gray & Stites, 2013; Seitanidi et al., 2010). What adds to the ambiguity is that the term partnering is not indicative of the level of involvement, or of the benefits or outcomes associated with different partnering types.

Bryson, Crosby, and Stone (2006, p. 44) define cross-sector collaboration as "linking or sharing of information, resources, activities and capabilities by organizations in two or more sectors to achieve jointly an outcome that could not be achieved by organizations in one sector separately". While this definition refers to the partnering of organisations across different sectors, it ignores the fact that NPOs can also partner with other NPOs or with individuals in their private capacity. Since this study involves NPOs in cross- and same-sector partnering, including individuals from civil society as the fourth sector (Gray & Stites, 2013), the definition of Bryson et al. (2006) has been adapted and expanded to reflect this broader view on partnering for social change.

The definition of partnering for social change as used in this study, therefore, is the voluntary linking or sharing of information, resources, activities and capabilities through formal or informal arrangements with individuals or organisations from the same or different sectors, to jointly achieve

an outcome that could not be achieved by an entity on its own. Furthermore, in this study, an organisation or individual involved with partnering will be referred to more generically as an entity, while the arrangement between two or more entities is referred to as a partnership or a partnering arrangement. Finally, owing to semantic overlaps between partnership, partnering and collaboration, even in the literature, these terms will also be used interchangeably throughout this dissertation.

2.3.2   Partnering prominence

With the dynamic and complex global challenges such as poverty, unemployment and HIV/AIDS threatening the sustainability of social and economic systems (Kahane, 2004; Swilling, 2011), partnering has gained increasing prominence worldwide (Benington & Moore, 2011), and its importance is also spreading from developed to developing countries (Hamann et al., 2011). Various authors recognise that no one organisation or sector has the knowledge, capability and resources to adequately address the tough, interconnected societal issues and challenges on their own (Drucker, 2002; Sandfort & Milward, 2008; Selsky & Parker, 2010; Senge et al., 2015). By collaborating within and across sectors, the potential for combining resources, capacity and expertise can result in innovative social change solutions.

Sustainable change can therefore be brought about by business, government, and NPOs working together (Senge, 2006). According to Austin (2010), value creation is at the heart of effective cross-sectoral collaboration. He argues that the 21st century "will be an age of accelerated interdependence" where cross-sector collaboration will intensify (Austin, 2000, p. 69). Linked to this, Gray and Stites (2013, p. 3) argue that cross-sector collaboration "can produce previously unimagined solutions", and they found that globally there had been an exponential increase in cross-sector partnerships that specifically addressed sustainable development of society. In this regard, as mentioned in Chapter 1, the United Nations' Sustainable Development Goals put a spotlight on the global need for cross-sector collaboration where the different sectors of society have to work collaboratively to increase the pool of resources for creating innovative cross-sectoral solutions.

Some countries have gone to the extent of incentivising entities to support and work with NPOs in addressing societal challenges (Rein & Stott, 2009). In line with this, various authors and entities (Ramalho, 2016; Swilling & Russell, 2002; Trialogue, 2015) have commented on new funding structures, tax incentives, and corporate responsibility guidelines, which, for example, help to stimulate grant-making by the business sector in South Africa. These are some of the changes influencing the ways the sectors operate and engage with one another.

2.3.3   A changing operating environment

Since new patterns of governance are cutting across traditional boundaries (Benington, 2011), pressure is being put on all role players who can no longer rely on the old way of doing things. While

partnering is not new to the NPO sector, the emphasis on cross-sector collaboration has resulted in a change in the roles and functions also of NPOs and other sectors (Selsky & Parker, 2010).

As mentioned in Section 1.2.5, each sector has distinctive resources and capabilities, which they leverage in different ways. While the NPO sector, driven by its social mandates, has always provided goods and services to address a variety of needs of marginalised and disadvantaged communities (Anheier, 2005), their contribution has largely been restricted by the limited funding the sector was able to mobilise from donors (Fowler, 2010). Notwithstanding these challenges experienced as agents of social change, many NPOs have "brands, assets, and competencies" that can add value to the business sector (Austin, 2003, p. 50). Linked to this, NPOs have gained resources and unique skills, such as social capital, i.e. a measure of the individual's (or an organisation's) connection to society and the bonds of mutual trust it creates (Anheier, 2005).

These distinctive capabilities and direct work with communities resulted in an increasing number of NPOs working with other sectors, helping them to expand their societal contributions. Some NPOs, especially those involved with service delivery are, for example, being contracted by government to deliver certain services (Anheier, 2000; Mendel, 2013) so that government can, for instance, be more responsive and effective in reaching its goals (Moore, 2005). On the business side, Yunus, Moingeon, and Lehmann-Ortega (2010) relate the experience of the Grameen Bank and argue that the business and NPO sectors are not in competition but instead collaborate to achieve social outcomes. This is in line with the business sector playing a wider role as socially responsible organisations (Anheier, 2005; Carroll & Buchholtz, 2008; Porter & Kramer, 2011) and engaging NPOs in the process. Both Austin and Seitanidi (2012a) and Schiller and Almog-Bar (2013) suggest that the business sector has realised that by partnering with NPOs, they, for instance, stood a better chance of managing their reputations and avoiding criticism from some of their key stakeholders. Some businesses, for example, partner with NPOs to reach customers at the base of the pyramid (Gutiérrez et al., 2016). Linked to this, the business sector is encouraged to get involved from a core business perspective in "creating shared value" (Porter & Kramer, 2011, p. 1), whereby they collaborate with other sectors, including communities, in addressing social issues. In contrast, individuals, in their business or private capacity, partner with NPOs because NPOs can provide necessary services and give voice to their issues (Gray & Stites, 2013), as well as provide opportunities where they can express their passion and gain skills (Austin & Seitanidi, 2012b).

Along similar lines, Austin (2010) argues that through effective cross-sector collaboration, besides funding, NPOs can acquire distinctive and valuable inputs that can never be purchased, such as technical knowledge, distribution infrastructure, and marketing and communication skills. Seitanidi et al. (2010) go on to argue that cross-sectoral partnering has the potential to result in societal as well as organisational transformation. The possible short-sightedness of being funding-focused, as

mentioned earlier, could however potentially be attributed to a lack of prior expertise in collaboration (Austin & Seitanidi, 2012b; Murphy et al., 2015). Such inexperience may leave the vast scope of resources and benefits that can be gained through partnering with a diverse range of stakeholders, from within as well as across sectors, unknown and unexplored.

In this regard, it is important to recognise that in order to have a positive impact on societal change, it is not only NPOs that are experiencing changes in the way they work with other sectors, but all sectors are having to build the necessary capacity to collaborate effectively. Cross-sector collaboration requires a different way of operating than in the past – it needs to be different even for businesses which may be used to collaborating within the same sector (Gutiérrez et al., 2016; Rondinelli & London, 2003).

This being so, NPO leaders, and managers especially, are increasingly pressurised in terms of greater delivery expectations when mobilising the resources (Suarez, 2010) they depend on to achieve their mandates. Since NPOs are regarded as resource-dependent by their very nature, and because responding to societal challenges is their core reason for existence, it is incumbent on them to take an active lead in relationships (Seitanidi & Ryan, 2007), not only to secure the resources they need to deliver their usual goods and services, but to leverage their distinct capabilities. By utilising their expertise in the development field, they could expand their societal value contribution but also play a more influential role through actively co-creating solutions with role players in all sectors. According to Seitanidi and Ryan (2007) this will at times require NPOs to convince other sectoral role players who may be more powerful in terms of their resource base, but less familiar with social change interventions, of the role they can play in jointly creating positive social change, and the potential benefits that can be derived.

The need for quality stakeholder relations in negotiations, and the need for NPOs to demonstrate that they can perform effectively and be accountable for their actions, is nothing new (Edwards, 2010, p.15). Yet, despite NPOs becoming more focused on performance (Suarez, 2010), donors are increasingly requiring greater organisational effectiveness and development outcomes (Julie, 2010; Kindornay & Morton, 2010) for NPOs to gain legitimacy (Moore, 2000). Some donors also regard improvement in performance as a proxy for success (Watson, 2010). The donors' interest in outcomes is echoed by Von Schnurbein and Fritz (2017) who found that donors are more interested in investing in projects and are looking for results rather than reducing administration costs. So, while cost savings can lead to more stability and possibly more efficiencies, it is not a strategy for increasing revenues (Von Schnurbein & Fritz, 2017). The implication of this is that while donors are seeking development outcomes they are not prepared to invest in operational costs. Nevertheless, the need for greater accountability, efficiency and effectiveness is required of international NPOs, which, according to Ronalds (2010b), is putting a strain on their current policies, systems and

processes. This trend towards improved levels of professionalism, even in a local context (Suarez, 2010), is a further indication of the changing environment in which NPOs are having to operate.

These challenges, and the greater emphasis on the innovative societal solutions that can be co-created by the different sectors working together, suggest that NPOs need to adapt appropriately to the demands of the changing environment by doing things differently (e.g. Fowler, 2010; Inyathelo, 2015; Keeton, 2011; Ronalds, 2010b). This may even mean having to change their organisational structure to cope with external conditions (Hannan & Freeman, 1977). Being able to adapt is especially important because of the competition for finite resources (Hannan & Freeman, 1977). This includes partnering more efficiently and effectively, in order to remain relevant and resilient, failing which their growth and value creation potential will be marred (Teegen et al., 2004), and so too their role as partners in social change.

2.3.4 Partnership types

NPOs can have a diverse range of partnering configurations as part of their partnering portfolio. The literature classifies partnerships in a variety of ways, of which the sectoral classification is the most common and most widely reported on. In terms of cross-sectoral arrangements, there are cross-sectoral dyadic partnerships between business and NPOs, and these are usually approached from a business or strategy perspective (e.g. Austin & Seitanidi, 2012a; Gutiérrez et al., 2016; Rondinelli & London, 2003; Selsky & Parker, 2010). Then there are dyadic configurations involving the public sector and NPOs, which include government contracts for service relationships (Bryson et al., 2015; Emerson, Nabatchi, & Balogh, 2012; Mendel, 2013; Moore, 2000). Business also partners with government in public–private partnerships (Gutiérrez et al., 2016; Seitanidi et al., 2010; Trialogue, 2016) to, for example, supplement funding for schools and hospitals. There are also tripartite or tri-sectoral partnerships which include all sectors (Seitanidi et al., 2010) and these are usually set up to address large-scale national and international projects aimed at, for example, healthcare and social (Selsky & Parker, 2010). Then there are also multiparty partnerships which tend to address societal sustainability more broadly (Biekart & Fowler, 2016; Gray & Stites, 2013).

On the intrasectoral side, NPOs partner with other NPOs (Austin, 2003; Mendel, 2013; Mendel & Brudney, 2012). In literature on NPOs, Fowler (1997) identified five types of collaboration that can take place between NPOs, including alliances, consortia and coalitions where each type had an influence on the autonomy of the NPO and the level of benefits it could access. The term 'partnership', however, seems to have been overused and abused in the NPO sector (Fowler, 1997; Taylor, 2002). NPO partnerships date back to the 1970s when they mainly involved official aid-linked relationships between northern and southern hemisphere NPOs with widely differing cultures and societal contexts (Fowler, 1997; Taylor & Soal, 2010). Then, according to Fowler (1997), these arrangements were mainly associated with contracting, a lack of respect, reciprocity and confidence,

and parent-child rules, where northern NGDO's, involving donors from developed countries, dominated southern NPOs, from developing countries, that were the recipients of aid (Fowler, 2000). As a result, partnerships had negative connotations especially in situations where funding recipients were coerced into certain directions in order to qualify for funding (Taylor, 2002). Fowler (1997) however points out that the value of authentic partnerships with multiple donors must not be underestimated, especially as organisations strive to be less dependent on official aid. However, he acknowledges a knowledge gap in management training in terms of how to manage donors effectively (Fowler, 1997). Linked to this, the development stage of the NPO has an influence in its ability to partner effectively, since an NPO first has to go through a dependence and independent stage, before it becomes interdependent and driven by purpose to seek integration and be able to partner successfully (Malunga, 2010, pp. 272-273, citing Livegoed, 1969, 1973). Austin (2000) points out that same-sector partnering is quite different to cross-sector partnering in terms of, for example, organisational culture, competitive dynamics, performance measures, and decision making styles. Nevertheless, some of the possible benefits of NPOs partnering with other NPOs are that they can share resources, improve efficiencies, and enhance effectiveness by, for instance, limiting duplication (Austin, 2003).

From a business perspective, Rondinelli and London (2003) also found that there were differences but also similarities between same-sector and cross-sector partnerships that could affect how partnerships are leveraged. In line with this, Glasbergen (2011) suggests that intrasectoral partnerships are somewhat easier to manage since same-sector partnerships share a common logic, for example, similar values and worldviews. Cross-sector partnerships, in contrast, are regarded as more difficult to manage (Gutiérrez et al., 2016; Herranz, 2008) owing to their differing core aims, values, and institutional logics (Glasbergen, 2011; Le Ber & Branzei, 2010b; Waddell & Brown, 1997), but also their use of technical language and their definitions of success (Pierce, 2002). The interest of researchers in the challenges presented by cross-sector partnerships may also partly be the reason why dyadic cross-sectoral partnerships involving business and NPOs dominate the partnership literature.

Multistakeholder partnerships, on the other hand, are generally set up intentionally to involve all sectors (Biekart & Fowler, 2016; Herranz, 2008) and tend to focus on social change initiatives that can take an average of 18 months to set up (Stern, Kingston, & Ke, 2015). While there are different configurations for different purposes (Biekart & Fowler, 2016), multistakeholder partnerships are usually specifically set up to mobilise financial resources, and to share knowledge, expertise and technology so as to address large-scale interventions, for example, healthcare and social services (Selsky & Parker, 2010), and to address the SDGs (Biekart & Fowler, 2016; United Nations, 2015). They generally have some common attributes, such as a focus on collective action; engagement across sectors; or aim to achieve results at scale by aligning, coordinating, and influencing actors in

an ecosystem (Stern et al., 2015). Multistakeholder collaborations involve formal contractual agreements where entities join voluntarily and share accountability for mutually agreed results while there is an entity referred to as an 'interlocutor' that facilitates, leads, or acts as a secretariat (Biekart & Fowler, 2016). For Kania and Kramer (2011), multistakeholder initiatives is one way to achieve collective impact, however, they suggest that these initiatives tend to lack the necessary infrastructure to align effort or be accountable for results as they also lack measuring collective success. Gray and Stites (2013) also allude to certain sustainability partnerships not always giving the marginalised communities they serve a voice.

According to Herranz (2008), sectoral differences in networks matter as they offer opportunities but also present tensions which have managerial implications. Multistakeholder initiatives can therefore be costly and "high-risk ventures" and it may be that stand-alone organisations are better placed to address "issues that are more narrowly focused, whether geographically and sectorally, as those issues may not require complex coordination" (Stern et al., 2015, p. 3). Nevertheless, multistakeholder initiatives or interventions can be classified using a range of typologies, for instance, revolving around managerial behaviour (Herranz, 2008); or rights, complementarity, and governance (Biekart & Fowler, 2016).

According to Provan, Fish, and Sydow (2007, p. 25), different networks have distinct governance structures and these governance structures in turn have a definite impact on outcomes. Linked to this, the role of management is different and so too the tensions involved (Herranz, 2008). The typology for network governance put forward by Provan and Kenis (2006, as cited in Provan et al. 2007, p. 26) identifies three types: 1) shared governance networks – there is no formal governance structure and organisations that make up the network make decisions at a strategic and operational level about how the network operates; 2) (l)ead-organisation governance network – there is a common purpose that all organisations subscribe to but one organisation that has resources and legitimacy play a lead role; and 3) network administrative organisation governance - is similar in nature to the lead organisation model where all activities and decisions are coordinated through one organisation that has specifically been set up to provide administrative support and oversee the network. The latter type plays a facilitative role similar to the interlocutor (Biekart & Fowler, 2016).

Despite the importance of governance, few articles specify the governance model used by organisations (Provan et al., 2007, p. 26). It seems though that much of the empirical research and literature is focused around partnerships or partnering projects where the hub organisation acts as the main hub of a wheel and is surrounded by a system made up of spokes representing the dyadic partnering arrangements with different stakeholders, signifying a sense of possession (Selsky & Parker, 2010). The hub of a wheel analogy which comes from the business literature, refers to the firm as the hub and centre of a network (Steurer, 2006). As such, a hub NPO can have a collaboration

portfolio (Austin ,2000, 2003) that can consist of a diverse range of partnering arrangements that are set up and managed as different spokes. Alternatively, in the social issue model, of which Agranoff's (2006) work on collaboration and networks is an example, there is a lead organisation facilitating activities (Provan & Kenis, 2007), much like multistakeholder interventions (Biekart & Fowler, 2016). Gutiérrez et al. (2016), who studied the heterogeneous portfolios of two companies where the partnering entities were from different sectors, suggest that their business-focussed study is a first, and that heterogeneous portfolios differ from those structured around inter-firm partnerships. One of the few studies with the NPO as the hub was conducted by Schiller and Almog-Bar (2013). They specifically examined a three-year old NPO-business partnership and not a heterogeneous portfolio of same- and cross-sector arrangements. These authors classify NPO–business partnership activities according to the day-to-day needs and functions of the NPO using what they call a 'field of action' typology. They found that the NPO grouped its partnerships in terms of specific functions such as marketing, learning, infrastructure and political needs. Furthermore, the authors found that by studying partnering from the perspective of an NPO different issues such as the NPO's character and needs gain prominence. This leaves a knowledge gap in terms of the literature on social change partnering focused on the hub and spoke model, especially when viewed from a cross- and same-sector, as well as an NPO, perspective. Since contextual issues can have a direct influence on how an organisation operates (Heimovics & Coughlin, 1993; Pfeffer & Salancik, 1978), and the development and outcomes of partnering (Bryson et al., 2015; Van Tulder et al., 2016), context is an important consideration from a research perspective.

In the case of this study, therefore, LtE with its portfolio of partnering arrangements, represents in practice, the concept of a hub organisation that is surrounded by a range of partnering configurations to serve its particular mandate. LtE could be classified as the lead entity in a lead-organisation governance network as opposed to an organisation that is governed as a shared-governance network or a network administrative organisation. This however does not exclude a hub organisation, such as LtE, from being a member of a larger collaboration network or multistakeholder intervention that, for instance, is concerned with social issues such as environmental sustainability at a national or even regional level.

As alluded to above, partnering arrangements can be formal by involving legal contracts such as merging to form alliances, or joint ventures, or more informal arrangement, like co-opting, or making a donation (Hamann et al., 2011; Hillman, Withers, & Collins, 2009; Malatesta & Smith, 2014; Pfeffer & Salancik, 1978). Hamann et al. (2011) for example, found that partnerships could be categorised into two clusters: those that were less formal, where objectives were more intangible and outcomes not clearly defined at the start, which tended to be innovative and involve more dialogue; and those partnerships that were institutionalised, which involved financial allocations and were focused on implementation.

In the scholarly literature on partnership types, there are two types of notable frameworks that deserve to be mentioned here, namely:

- Using a two-dimensional matrix to describe different partnership types, Gray and Stites refer to the scope of focus and the level of shared responsibility of business–NPO partnerships (2013), whereas Hamann et al. (2011) look at the purpose and the level of institutionalisation involved in different partnering arrangements; and

- Using continua ranging from agreements focusing on cooperation to service integration (Sandfort & Milward, 2008); differentiating between activities ranging from donor-funding to earned income activities (Weerawardena et al., 2010); capturing the intensity of relationships ranging from cooperation to collaboration (Mandell & Keast, 2013; Mandell, Keast, & Chamberlain, 2016); and capturing the scope of involvement and level of shared responsibility (Gray & Stites, 2013).

More important for this study, though, is the collaboration continuum that classifies partnerships according to their collaboration stage (Austin & Seitanidi, 2012a, 2014) as introduced in Chapter 1. Because of its direct relevance to this study, the collaboration continuum is further elaborated upon in Section 2.4. Before addressing that, it is important still to reflect on certain other themes, namely stakeholders and their motivations, the complex nature of partnering, and typical partnering success factors.

2.3.5   Stakeholders and stakeholder motivations

Stakeholder theory was elevated to prominence by Freeman (1984) as an integral dimension of strategic management. The essence of stakeholder theory is that executives and businesses do, and should, create value for all stakeholders (Freeman, 2008), and not only for shareholders. According to Laplume, Sonpar, and Litz (2008), who reviewed how academic stakeholder theory literature developed between 1984 and 2007, there is a growing acceptance of stakeholder theory across different disciplines. Stakeholder theory gained prominence in NPO management theory from around 1994 owing to the global reforms in government and non-profits (Bryson, 2004), especially considering the increasing emphasis on networked governance, and multistakeholder and cross-sectoral collaboration to deal with societal challenges (Benington & Moore, 2011; Laplume et al., 2008). Since it is stakeholders who provide the legitimacy and resources that enable an organisation to achieve its mandate (Moore, 2000), identifying and prioritising who the key stakeholders are is crucial as it will inform the strategies needed to gain and secure their ongoing support.

2.3.5.1 Who are stakeholders?

Stakeholders of a firm were initially defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46). Building on the

stakeholder theory of a firm, Mitchell, Agle, and Wood (1997), developed an eight-category typology offering a theory which identifies who the different stakeholder groups are, and who managers must give priority to when there are competing stakeholder claims so as to be more effective as managers. The stakeholder typology (Mitchell et al., 1997, p. 853), which was developed to answer the question "to whom (or what) do managers pay attention?", uses the variables of power, legitimacy and urgency as the criteria to differentiate among the different stakeholder groups – see Figure 2.2 below.

POWER

LEGITIMACY

1
Dormant
Stakeholder

4
Dominant
Stakeholder

2
Discretionary
Stakeholder

5
Dangerous
Stakeholder

7
Definitive
Stakeholder

6
Dependent
Stakeholder

3
Demanding
Stakeholder

8
Non-stakeholder

URGENCY
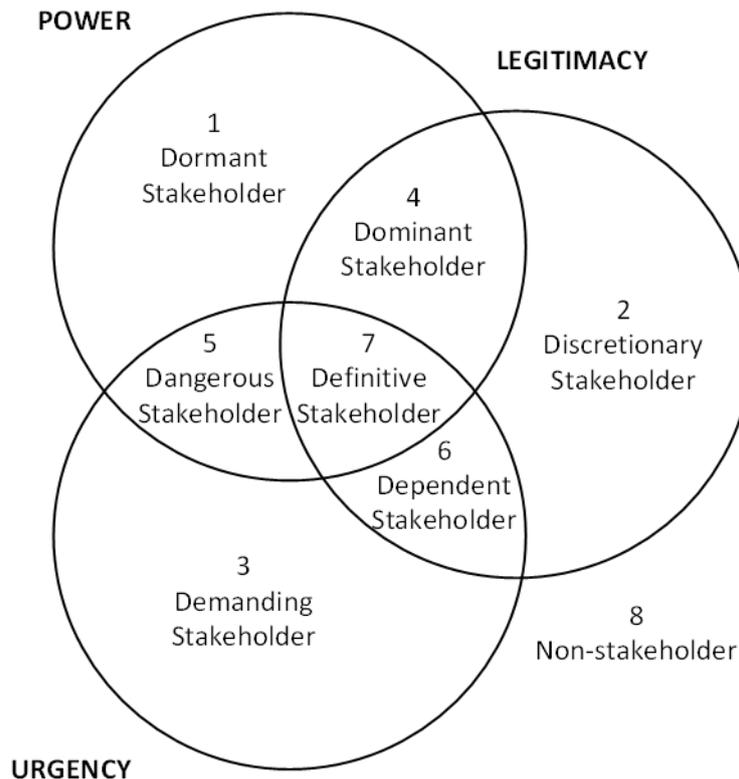
Figure 2.2: The stakeholder typology
Source: Mitchell, Agle, and Wood, 1997, p. 874.

According to Mitchell et al. (1997), the salience, i.e. the degree to which managers give priority to competing stakeholders' claims, is low if managers perceive only one of the attributes to be present, and high if all variables are present. As such, based on the perception of managers, stakeholders can shift between different classes. 'Expectant' stakeholders are those who have a combination of two of the three attributes. These are stakeholders whom managers perceive as expecting something from the firm and are likely to take up management time. They can either be 'dominant' (i.e. they have legitimacy and may exercise their power); 'dependent' (i.e. they have urgent and legitimate claims but depend on others for power to exercise their will); or 'dangerous' stakeholders (i.e. they have urgency and power, but no legitimacy, e.g. wildcat strikes). Any of these groups can become 'definitive' stakeholders, and thus a management priority, if such stakeholders acquire the third attribute.

While the stakeholder typology described above regarding salience is helpful to identify stakeholders and to be aware of who is 'in' or 'out, it does not provide guidance when it comes to competing stakeholder interests (Laplume et al., 2008, p. 1166, citing Kaler, 2006). This argument is particularly relevant from an NPO perspective where leaders have to deal with multiple bottom lines (Fowler & Malunga, 2010).

Owing to a critique that the original stakeholder definition was too narrow as it focused on people with power and ignored the marginalised (Bryson, 2004), such as the beneficiary, the following stakeholder definition was suggested by Bryson (2004, p. 22, citing Bryson 1995, p. 27): "Any person, group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output". Freeman and Reed (2008) later proposed a wider definition of stakeholders from a firm perspective. The wider definition is relevant for this study since it goes beyond those whom the organisation is dependent on for its survival, and is worded as follows: "[a]ny identifiable group or individual who can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives" (Freeman & Reed, 2008, p. 51). Stakeholders of an organisation could therefore include customers, suppliers, competitors, employees, financiers (e.g. stockholders, bondholders, banks), communities, political groups, government agencies and the media (Freeman, 2010, 2014). Even though beneficiaries are not specifically mentioned in this context, they could be accommodated in the wider definition as a stakeholder from an NPO perspective, since an NPO's mandate is to service them (Bryson, 2004; Moore, 2000). In this regard, it is recognised that beneficiaries themselves have an important contribution to make as co-producers of value, yet they are often ignored and excluded from the value creation process (Le Ber & Branzei, 2010a; Rein & Stott, 2009).

The claims by Freeman (2010) that stakeholder interests are inherently interconnected and multifaceted, and that as a result value creation does not revolve around individual stakeholders, have been supported by others. As a consequence there could potentially be conflicting interests among stakeholders in terms of their expectations and goals (Freeman, 2010). Savage, Bunn, Gray, Xiao, Wang, Wilson, and Williams (2010) agree, and state that in the context of collaborations which involve multiple stakeholders they can have varying goals and interests which can create tensions and make partnering complex. Two of the main tensions experienced during partnering are managing the power dynamics between partnering entities and the multiple bottom lines created by the differing expectations of various stakeholders, which makes managing NPOs so challenging as it influences the governance and accountability practices of NPOs (Fowler & Malunga, 2010). Freeman (2010) suggests that if tensions do arise among stakeholders, it is the primary responsibility of the executive who must have the skill to reframe the questions or concerns of relevant stakeholders in order to create even more value for each stakeholder before considering trade-offs. Linked to this, Benington and Moore (2011, p. 36) acknowledge that one of the biggest challenges

facing public serving organisations such as NPOs is "how to 'lead' not only in partnership with other levels of government and with organizations from other sectors, but also with active involvement from informal associations, community groups and individual citizens", since these are also the arbiters of value who will assess if value has been added or not.

Maximising only economic value for stakeholders can be limiting (Argandoña, 2011). Argandoña has suggested broadening the stakeholder management framework to consider new and different types of cooperative value creation capabilities of stakeholders beyond just economic value so that all involved can benefit and trade-offs can be better managed (Argandoña, 2011). Argandoña (2011) goes further by arguing that by expanding the concept of value to include non-economic value, all stakeholders involved with value creation can then also share in capturing value of different kinds, for example. employees may be seeking extrinsic value such as remuneration or a promotion, or they may seek intrinsic value such as job satisfaction, or both. Stakeholder motivation therefore becomes an important consideration in terms of whether an entity will partner or not, and the different outcomes they expect.

2.3.5.2   Stakeholder motivations

Some scholars (Austin & Seitanidi, 2012b; Bryson et al., 2006; Moore, 2005; Selsky & Parker, 2010) have asserted that the central reason for cross-sectoral partnering is to create sustainable social value. In the business sector, Porter and Kramer (2011), however, suggest that partnering be used as a strategy to gain profitability. Linked to this, the motivation for partnering is seen as a way to improve reputation and do philanthropy (Selsky & Parker, 2010), or to gain an adaptive advantage and achieve something that could not be addressed in any other way, such as achieving economies of scale or enhancing innovation (Savage et al., 2010; Waddell & Brown, 1997). According to Selsky and Parker (2010, p. 22), the motivations for partnering are shaped by the "prime directive" or the core business motive of the different sectors, since they frame and approach the same issue in different ways depending on their core focus and values (Glasbergen, 2011; Thomson & Perry, 2006; Waddell & Brown, 1997). Linked to the broader rationale for partnering, partnering entities are likely to have more specific goals, expectations and motivations that drive partnering behaviour.

Austin (2000) found that the duration of a partnership is a function of its purpose and performance. The motivation for partnering therefore plays an important role in setting up a partnership. According to Freeman's (2010) theory, stakeholders with unmet needs will leave for another network where their interests are likely to be satisfied. Freeman (2010, p. 9) goes on to argue that if an executive can get buy-in from stakeholders to "a purpose that speaks to the hearts and minds of key stakeholders", then value creation will more likely be sustained. This points to the need for managers to understand the various motivations so that they can create a shared vision or shared goals which can retain the interest of partners. As mentioned earlier, Rein and Stott (2009) also found that the

business sector could be expected by government to invest in the countries they serve by providing them with tax incentives.

Seitanidi et al. (2010) distinguish between static and dynamic motivations of partnering organisations. Static ones are linked to the mission of an entity which is persistent and constant, such as improving an entity's reputation in order to gain a licence to operate. Alternatively, dynamic motivations may change depending on the internal or external conditions of the organisation, such as the need to complement the organisation's offering, or to take advantage of special tax incentives. Gray and Stites (2013, pp. 31-32) add further nuance by presenting four different categories of motivations that drive businesses to partner so as to sustain society. The four motivational categories are: 1) legitimacy-oriented; 2) competency-oriented; 3) resource-oriented; and/or 4) society-oriented motivations. Legitimacy-oriented motivations are, for instance linked to social acceptance and to be seen as doing the right thing so as to gain the support of key stakeholders. In contrast, competency-oriented motivations are associated with, for example, gaining from and learning through collective effort, whereas resource-oriented motivations are, for example, linked to organisational assets including financial and social capital. Finally, motivations that are society-oriented are associated with how an entity deals with societal issues. More than one motivation can apply at a time.

Despite the different motivations outlined above, motivations and expectations are, broadly speaking, either based on self-interest (Thomson & Perry, 2006), or focused on serving others (Paarlberg, 2010). Linked to this, the study by Seitanidi and Ryan (2007) points out that philanthropic-type relationships seem motivated by altruism and no reward is necessarily expected, whereas the transactional ones are largely based on self-interest where partners may gain value but it is unlikely that there will be significant benefits for the community. Integrative relationships, on the contrary, involve a greater sharing of complementary resources and working towards a common goal. In terms of transformational partnerships, significant value creation opportunities exist for the partnering entities, for the partnership itself, and a proportion of benefits can also accrue to entities that are not directly involved in the partnership. The latter can include, for example, other businesses in the sector and society more broadly (Seitanidi et al., 2010). It is during this last-mentioned partnership type that beneficiaries of the NPO's services can potentially also play a more active role.

Besides organisational motivations it is important also to know what the motives and expectations are of the individuals that represent them (Austin & Seitanidi, 2012b). Austin (2000, p. 82) elaborates on this view by identifying the "emotional connection that individuals make both with the social mission and with their counterparts in the other organization" as key motivators. He refers to the emotional connection with people as "the glue", while the link with the purpose of the organisation acts as the motivational driver of partnering. According to him, it is this "double connect" between

the people and the mission which differentiates social purpose partnering from other inter-organisational relations.

Despite differing motivations causing tensions that leaders have to deal with, cross-sectoral differences offer both advantages and obstacles. Austin (2010) argues that partnering is nonetheless able to be achieved since the ultimate aim is to create social value. More specifically, Seitanidi et al. (2010) found that motives are one of three key indicators to determine the transformative potential of cross-sectoral partnering. Their empirical single case study involving a partnership between the NPO, Earthwatch, and business, Rio Tinto, show that determining the motives of partnering at the formation stage could save valuable resources upfront especially if the partnership has very little chance of producing change at an organisational or societal level in the long-term (Seitanidi et al., 2010), in which case it could be avoided, managed accordingly, or terminated.

Selsky and Parker (2010) add a different perspective by suggesting that by shifting and influencing the motivational focus of an entity, partners can create and capture different kinds of value. For instance, the motives of an entity may start out as being resource-dependent where the pressure is related to current internal performance and the primary focus is self-interest. However, through being future-focused, motives can be shifted to addressing a social issue as a result of corporate social responsibility pressure from outside the organisation. At the third and highest level, by taking a societal-sector perspective, the primary focus could involve a combination of self- and social interest, where entities take on new roles and innovate in order to address issues of complexity in response to uncertainty. Selsky and Parker (2010) position these dimensions as different sense-making platforms can be used to unlock benefits and value through social purpose partnering.

2.3.5.3 *Conclusion on stakeholders and stakeholder motivations*

Considering the importance of having a diverse range of stakeholders for NPOs to leverage a spectrum of resources and support in order to deliver sustained societal value, it is crucial to understand the various roles that stakeholders play, and the value they can create. However, in order to extract value from stakeholders one needs to know what motivates them, and these motivations can vary depending on whether they are looked at from an individual, organisational or societal perspective. Even though partnership motivations are regarded as a well-researched area (Gray & Stites, 2013), knowledge about motivations will allow for refining propositions to specific stakeholders, especially when trying to transition them, and also to better manage the likely tensions that may emerge because of differing partnering expectations.

So, there are three questions pertaining to stakeholders that are pertinent to this study. Firstly: how should stakeholders be assessed in terms of their value creation potential so as to decide who best to partner with, and then which partnerships should be evolved? Secondly: what value accrues from,

and to, different stakeholders, and how does the value accumulate or overlap when a diverse range of stakeholders are involved in a partnership portfolio of an NPO? Lastly: could these interconnected stakeholder interests, that can complicate partnering, result in a pool of value that different stakeholders feed into, co-create, and gain from?

2.3.6   The potential complexity of partnering

As mentioned in Chapter 1 and above, various studies attest to the complexity of partnering, and the lack of a clear model or theory for partnering success. Lotia and Hardy (2008, p. 367) state that partnering involves social, political, and dynamic components. They regard it as 'social' because it involves relationships that need negotiation and can experience tensions (Lotia & Hardy, 2008, p. 367, citing Huxham & Beech, 2003), and as 'political' since the partners involved play dual roles as individuals and partners who represent an organisation (Lotia & Hardy, 2008, p. 367, citing Hardy et al., 2006). Furthermore, partnering is regarded as 'dynamic' since the roles of members change as the relationship evolves (Lotia & Hardy, 2008, p. 367, citing Hibbert & Huxham, 2005, p. 60).

This complexity is further accentuated by Bryson et al. (2015), whose review contains seven holistic theoretical frameworks, informed by their observations of the public sector as well as key empirical studies that emerged between 2006 and 2015 on cross-sector collaboration. This work emphasises the complexity and dynamism of collaboration as well as the fragmented nature of the research that has been done on it. Bryson et al. (2015, p. 657) conclude that cross-sector collaboration needs to be viewed as a "complex, dynamic, multilevel system(s)".

The summary of Bryson et al. (2015) highlights the influence of diverse external environmental and internal organisational contextual factors, the heterogeneity of partnering configurations, and various strategies used as key factors which can influence cross-sectoral partnering outcomes and thus the value and benefits that can flow from partnering. It is clear from the array of elements that need to be considered when designing and managing partnering arrangements that leadership is pivotal, and that partnering decisions and actions can be complex and challenging, since they have a direct influence on partnering outcomes (Bryson et al., 2015). Each partnership should therefore be regarded as unique.

As a result of the multidimensionality of partnering, many of the studies around collaboration focused on only one or a few partnering dimensions such as those mentioned in Section 2.3.4, and there is a limited focus on *how* the different categories and elements of partnering interact (Bryson et al., 2015; Thomson & Perry, 2006). Furthermore, Bryson et al. (2015) found that only the later frameworks which they reviewed addressed the issue of outcomes, and even then the exploration of outcomes was not extensive enough to point to how partnering can enhance the delivery capacity of organisations and advance social change. In this regard, some authors (Austin & Seitanidi, 2012b;

Bryson et al., 2015; Thomson & Perry, 2006) suggest that a more systemic approach is needed to better understand the causal linkages and microprocesses of partnering, and that a longitudinal view would be advantageous for future research.

Because of the complexity of partnering, there appears to be no one model, theory or framework that can explain the phenomenon sufficiently. Linked to this, Smith (2012) is of the view that because of cross-sector multi-organisational forms, existing frameworks need to be revisited, and the contribution of NPOs in creating public value needs more detailed research and analysis. Nevertheless, in the literature, a wide range of theories are used to explain partnering, and various authors use a combination of theories. Barringer and Harrison (2000), for instance, reviewed the following six theoretical paradigms to understand interorganisational relations, i.e. transaction costs economics, resource dependency, strategic choice, stakeholder theory, organisational learning, and institutional theory. Austin (2000) found that the collaborative value creation (CVC) framework confirms the relevance of the resource dependence, social exchange, legitimisation, and corporate social performance theories for business–NPO cross-sector collaborations; whereas Gray and Stites (2013) found that the three most common theories used to explain partnerships for societal sustainability were institutional theory, resource dependence theory, and stakeholder theory. They used the CVC framework as part of their study. For the purpose of this study, the CVC framework and the public value theory are selected because of their relevance to the research question, and they are discussed in more detail in the next section in order to gain additional insights regarding partnering and value creation. Considering the complexity of partnering, there are a variety of factors that facilitate success.

2.3.7 Partnering success factors

2.3.7.1 Overview

It is evident from the literature, for example Austin (2000), Hamann et al. (2011), and Gray and Stites (2013), that – because of the multifaceted nature of partnering – there are diverse antecedent conditions that could be seen as success factors. A closer analysis of these success factors revealed the following themes which are elaborated upon below: 1) factors relating to purpose and commitment; 2) relational factors; 3) organisational factors; 4) attitudinal/cultural factors; and 5) leadership-related factors. This is followed by a focus on the interconnection between success factors, and then a look at factors that can hamper the success of partnering for social change.

2.3.7.2 Factors relating to purpose and commitment

For partnering to be effective, having a clear and well-defined purpose or mission is regarded as important (Fowler, 1997; Hamann et al., 2011; Moore, 2000). Linked to this, is for partners to have a shared vision (Austin, 2000; Gray & Stites, 2013) or common agenda (Kania & Kramer, 2011) that

is negotiated (Biekart & Fowler, 2016), as well as aligning the strategy, mission, and values of partners (Austin, 2000; Fowler, 1997; Murphy et al., 2015). In addition, there is the need to act with and commit to strategic intent (Fowler & Ubels, 2010, p. 18, citing ECDPM), including getting the organisational commitment from the partnering entities (Hamann et al., 2011).

2.3.7.3   Relational factors

Most of the success factors in partnering appear to be linked to relational aspects such as nurturing and sustaining relationships (Grant & Crutchfield, 2007); nurturing commitment from others (Grant & Crutchfield, 2007; Senge et al., 2015); building trust (Battisti, 2009; Gray & Stites, 2013; Hamann et al., 2011); having empathy, negotiating skills, and social capital (Biekart & Fowler, 2016); and accessing and leveraging networks (Grant & Crutchfield, 2007; Senge et al., 2015). Grant and Crutchfield (2007) also identified the need to tap into the power of what motivates partners, for instance, their self-interest, since these motivations could allow for leveraging the distinctive and complementary resources of partners (Austin & Seitanidi, 2012a).

2.3.7.4   Organisational factors

Organisational factors that contribute to partnering success relate to both strategic and operational aspects. Grant and Crutchfield (2007) found that being impactful and sustained was about being strategic and replicating successful models, and not so much about being internally focused and having large budgets. However, being strategically focused assumes that there is a strong management capability that is continuously strengthened (Moore, 2000). Moreover, managers cannot be complacent as new value needs to be created on a continual basis to ensure partnering success (Austin, 2000). There is a need for designing and managing effective partnering processes (Gray & Stites, 2013), especially microprocesses, while taking contextual factors into account (Bryson et al., 2015; Hamann et al., 2011; Senge et al., 2015). Fowler (1997) advocates for having coherent systems and services in place, aligning systems with the vision, and having performance measures in place for measuring outcomes at different levels – this latter view is supported by, among others, Moore (2000), Austin and Seitanidi (2012b), and Gray and Stites (2013), whereas Hamann et al. (2011) stress the need for managers to be accountable to partners and other stakeholders. Kania and Kramer (2011) advocate for continuous communication, and a strong support structure while paying attention to shared measurement.

2.3.7.5   Attitudinal factors

Successful partnering arrangements require a certain attitudinal approach (Selsky & Parker, 2010). Linked to this, Austin and Seitanidi (2014) refer to the importance of NPOs and businesses having a collaborative value mindset. Attitudinal factors also include having an entrepreneurial outlook (Benington & Moore, 2011; Morse, 2010); having an appetite for risk (Grant & Crutchfield, 2007;

Hamann et al., 2011); being vulnerable (Senge et al., 2015); solution-focused (Austin & Seitanidi, 2012b; Hamann et al., 2011); being reflective (Seitanidi et al., 2010; Senge et al., 2015); learning on an ongoing basis (Austin, 2000; Austin & Seitanidi, 2012b; Grant & Crutchfield, 2007); being able to adapt (Fowler, 1997; Grant & Crutchfield, 2007; Heifetz, Grashow, & Linsky, 2009); and being able to modify tactics and processes while sharing rather than hoarding expertise and resources (Grant & Crutchfield, 2007).

2.3.7.6   *Leadership-related factors*

Leadership in relation to partnering refers to the facilitative and organisational capacity of leaders (Hamann et al., 2011); the ability of leaders to institutionalise collaboration through building commitment and organisational capability should they leave (Austin, 2010); leadership taking place at different levels (Fowler, 1997; Hamann et al., 2011); and the leadership responsibility being shared throughout the organisation (Grant & Crutchfield, 2007; Heifetz et al., 2009). Biekart and Fowler (2016) furthermore emphasise acknowledging the power dynamics between partners, being accountable, while recognising actors in local contexts as the arbiters of performance. Pierce (2002, p. 4) refers to such leaders as bridging leaders as they are able to coordinate and leverage "the energy, interests and resources of multiple and diverse actors/stakeholders in a way that builds relationship capital and trust, thereby maximizing each actor's comparative advantage and making sustainable social change possible." For partnering to be successful, it includes peer learning (Synergos, 2007); the legitimacy of the partner manager or champion (Hamann et al., 2011; Rondinelli & London, 2003), and the importance of having previous collaboration experience (Gray & Stites, 2013; Murphy et al., 2015; Seitanidi et al., 2010). Grant and Crutchfield (2007) found that the leadership responsibility was required both internally and externally, and included building enduring executive teams with long tenure – a state which would be able to sustain the shock of leaders leaving. It was also necessary to appoint boards with members with influential networks, for leaders to gain credibility and inspire different stakeholders, including creating emotional experiences so as to unlock funding (Grant & Crutchfield, 2007). In fact, most references to things that NPOs must do with regard to partnering, whether at a strategic or operational level, imply that leadership involves the actions and/or behaviour of those who lead the NPO and engage directly with partners. Decisions and actions taken by leaders of hub NPOs are therefore key in terms of NPOs scaling their value creation capacity to optimise partnership benefits and outcomes. Austin (2010, pp. 14-15) describes the test of true leadership as "the creation of the organizational capacities and commitment that enables the alliance to continue and improve without the founder".

It is evident from the literature that there is no single success factor, but that different combinations of these factors interrelate. In their review of cross-sector partnering literature, Austin and Seitanidi

(2012a) found that, while a myriad of success factors were listed, few studies specified the causal linkages between these factors.

2.3.7.7 *Interactive perspective on success factors*

The interconnection between success factors was found in a study by Hamann et al. (2011). These authors studied 10 cross-sectoral partnerships ranging from more informal arrangements to formal public–private partnerships in South Africa to explore what makes cross-sector partnerships successful. They conclude that the dimensions which can be used to evaluate success are interdependent, and reinforce and strengthen each other. The authors argue that the different partnering factors are either mutually reinforcing or constraining, resulting in what they refer to as a "possible virtuous or vicious circle of interactions" (Hamann et al., 2011, p. 22). See Figure 2.3 below for a schematic illustration of the success factors they identified.
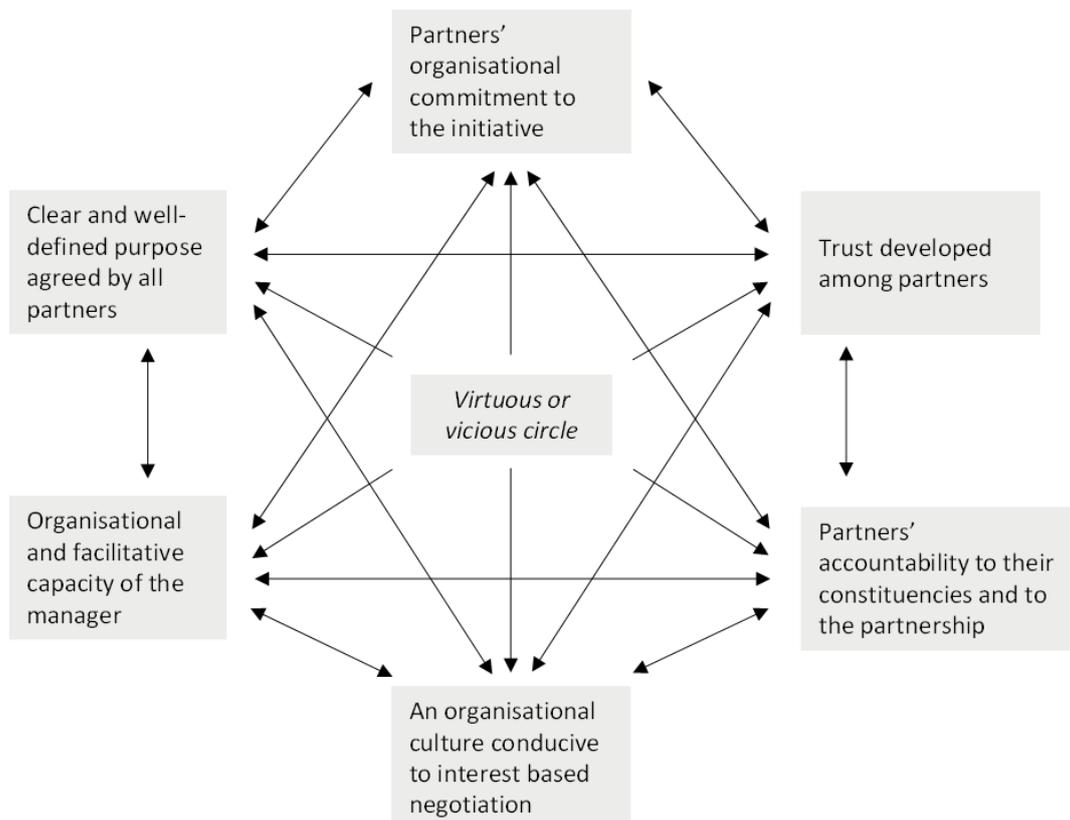
Figure 2.3: Schematic illustration of possible virtuous or vicious circles of interaction between diverse partnership success factors
Source: Hamann, Pienaar, Boulogne, and Kranz, 2011, p. 22.

While the factors referred to in the diagram are captured in each of the themes discussed above, it is evident that the list of success factors is not conclusive, and that there could be other factors as well, or different combinations, especially if one considers what may be required, from an NPO context, to evolve partnerships to higher levels as is intended with this study.

2.3.7.8   Factors hampering partnering success

As argued by Hamann et al. (2011), the same factors that contribute to partner success can hamper partnering if not adequately dealt with. One of the few studies that contrasts the positive with the negative effects of partnering is that of Rein and Stot (2009) on cross-sectoral partnerships in South Africa and Zambia. The authors point to a lack of planning, a neglect to specify outcomes in advance, and a lack of engagement with relevant stakeholders, among other things, that contribute to partnership failure.

Other authors point to the tensions that can emerge during partnerships, such as differing institutional logics (Bryson et al., 2006, 2015; Gutiérrez et al., 2016; Herranz, 2008; Le Ber & Branzei, 2010b); conflicting power dynamics (Fowler, 2010; Huxham & Vangen, 2004; Schiller & Almog-Bar, 2013; Seitanidi & Ryan, 2007); varying stakeholder expectations (Jagadananda & Brown, 2010) or definitions of success (Pierce, 2002). Linked to this, authors such as Taylor and Soal (2010) and Fowler (2010) point out that donors can exert power over NPOs and, for example, use measurement to influence and control NPOs such as to get them to change focus. Besides partnerships possibly failing because of these factors, not dealing with these tensions could lead to the setting in of collaborative inertia if leaders do not know how best to handle a situation and focus on the problem rather than the opportunity (Huxham & Vangen, 2004). In this regard, Seitanidi and Ryan (2007) suggest that NPOs need to be empowered to appreciate the differences between sectors as a source of benefit, and that they should take more responsibility for the relationship process. Fowler (2010) adds his voice by suggesting that NPOs need the capacity to challenge such donors while keeping the purpose of their organisations in full view. This in turn requires that NPOs need to become more confident and assertive in order to balance the power dynamic, especially when engaging with business or partners who may not as yet see the benefits of partnering for organisational and social change (Seitanidi et al., 2010). Tensions nevertheless have to be managed effectively for relationships to continue adding value.

2.3.8   Concluding perspectives on partnering as a tool for building capacity

This section showed that partnering, especially cross-sector partnering, is becoming increasingly prominent as a way to address complex and dynamic societal issues, and that NPOs have distinctive capabilities which they can offer, especially in order to partner with entities in other sectors. However, this implies that the usual roles played by the different sectors are changing and they all need to adapt the way they work in order to co-create innovative solutions for society, especially if NPOs want to sustain their societal contribution and influence.

Many factors contribute to the success of partnerships. Partnering success cannot be isolated to a particular aspect of partnering since it is apparent that the factors span different themes, and some

of the factors are interrelated. While some themes relate to different phases of partnering at either a strategic or operational level, other themes, such as attitudes, underpin the whole process.

While leadership is pivotal, the leadership role is not limited to the head of the organisation. The responsibility needs to be spread, implying that there are other people besides the executive director of an NPO that need to be au fait with, and play an active role in, partnering – so as to ensure that the desired outcomes are achieved. Another important insight is that, in the case of failed partnerships or where tensions exist, participants may not necessarily be willing to share negative views for fear of reprisals from existing donors especially if they are contributing critical resources. Besides the factors discussed above, what further insights relating to gaining the maximum value from partnering can be derived from other theories and frameworks?

Since there seems to be no one theory or framework which can fully explain partnering owing to its complexity and multidimensionality (Bryson et al., 2015), two frameworks have been selected for the insights they can provide with regard to partnering and value creation for this study. The following two theoretical contributions are discussed in separate sections further below: 1) the collaborative value creation framework; and 2) the public value theory.

2.4   THE COLLABORATIVE VALUE CREATION FRAMEWORK

2.4.1   Background

Reference has been made in Section 1.2.5 to the collaboration continuum as one of the central dimensions of this study's interest in the value creation potential of partnering. Austin's (2000) initial work in this regard has been taken up into the collaborative value creation (CVC) framework jointly presented by him and Seitanidi (2012a; 2014). Since each of the CVC framework components sheds light on key concepts and terms relating to value creation as relationships evolve across the collaboration spectrum, they therefore provide relevant insights for this study, and are discussed below. Austin and Seitanidi (2012a, p. 728) define collaborative value as "the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organizations, individuals, and society". This definition refers to the gains that are achieved at different levels when entities partner.

The CVC framework was developed as a tool to conceptualise and analyse the multidimensional nature of value creation through evolving business–NPO dyadic partnering relationships (Austin & Seitanidi, 2012a, 2014). The CVC framework is based on a focused review of literature pertaining to business–NPO collaborations and corporate social responsibility, and includes other existing work that has been expanded upon (Austin & Seitanidi, 2012a; 2012b; 2014).

According to Austin and Seitanidi (2014), the CVC framework consists of five interrelated components, namely: 1) the collaborative value creation spectrum, which provides useful terms to define the spectrum of value; 2) the collaborative value mindset, which relates to how business and NPO partners think about co-creating value through collaboration; 3) the collaboration stages, which distinguish between different types of partnering arrangements and elaborate on how partnerships evolve to become more meaningful; 4) the collaboration processes, which explain the nature and dynamics of value creation in a partnering context; and 5) the collaboration outcomes, which examine the benefits and costs of partnering at different levels of analysis, i.e. at the individual (micro) level, the organisational or partner (meso) level, and at the societal (macro) level.

2.4.2   Collaborative value creation spectrum

Austin and Seitanidi (2012a, p. 729) found that the three broad categories of value that are most often reported in literature, i.e. economic, social and environmental value, are vague and lack "definitional precision" and as a result the nuances associated with the "multifaceted nature of value" are hidden. As a consequence, they developed the collaborative value creation (CVC) spectrum which consists of reference terms and concepts for examining different sources of collaborative value and types of value that emanate from business–NPO partnerships.

2.4.2.1 Sources of collaborative value

According to Austin and Seitanidi (2014), value can be derived from the following four sources (meaning where and how value originates) which are discussed below, namely: 1) resource complementarity; 2) resource nature; 3) resource directionality and use; and 4) linked interests.

Firstly, resource complementarity looks to securing the resources that an organisation lacks by partnering with a compatible organisation that has the necessary complementary resources. The authors propose that the more an organisation can tap into the complementary resources of partners to expand its resource base rather than rely on its own resources, the more it can co-create different forms of value (Austin & Seitanidi, 2012a). So, an organisation that lacks marketing skills may, for example, seek a partner that has and can offer those skills.

Next, resource nature refers to resources either being generic or distinctive. Generic refers to resources like money which almost any business can offer an NPO. Distinctive competencies, in contrast, are unique to a particular organisation that can be tapped, for example its industry knowledge, special capabilities, and networks. The authors suggest that the potential for value creation is greater when partners are able to mobilise their distinctive competencies (Austin & Seitanidi, 2012a).

Thirdly, resource directionality and use refer to the flow of resources from different organisations, which can either be from one to another unilaterally, as in a financial donation from a business to an NPO, or the exchange can be reciprocal or bilateral. According to the authors, when partners are able to integrate their resources conjointly, then the chances of creating value are enhanced (Austin & Seitanidi, 2012a).

Finally, there are linked interests, which are grouped in three categories, namely: 1) generic resources; 2) organisation-specific resources; and 3) key success-related resources. The authors suggest that when partners' motivations for creating value for society are perceived as being linked to their self-interest, and when the sharing of such value is perceived as fair, then the potential for co-creating value is enhanced (Austin & Seitanidi, 2012a, p. 730).

As can be seen in Figure 2.4, the collaborative value creation spectrum illustrates how different sources of value can shift as partners move from creating value by themselves, i.e. sole creation, to co-creating value with others. So, for example, in transformational relationships the resource complementarity is high and so are the chances of co-creating value, whereas at the philanthropic stage, resource complementarity is low and an organisation relies on itself for creating value.

	Sole-Creation	→	Co-Creation
SOURCES OF VALUE			
Resource Complementarity	Low	→	High
Resource Nature	Generic	→	Distinctive Competency
Resource Directionality	Unilateral	→	Conjoined
Linked Interests	Weak/Narrow	→	Strong/Broad
TYPES OF VALUE			
Associational Value	Modest	→	High
Transferred Resource Value	Depreciable	→	Renewable
Interaction Value	Minimal	→	Maximal
Synergistic Value	Least	→	Most
Innovation	Seldom	→	Frequent
STAGES	Philanthropic → Transactional → Integrative → Transformational		

Figure 2.4: The collaborative value creation spectrum
Source: Austin and Seitanidi 2012a, p. 745.

2.4.2.2 *Types of value*

The CVC spectrum also refers to different types of value, which are categorised as: 1) associational value; 2) transferred-asset value; 3) interaction value; and 4) synergistic value (Austin & Seitanidi, 2014, pp. 24-37). The different types of value are explained below.

According to Austin and Seitanidi (2014), different combinations of the value sources described above combine to produce the four types of value which they identified to de-aggregate the three main types of value reported in literature, i.e. economic, social and environmental value.

The first type of value is associational value. The mere association or linking with another organisation may be beneficial if it generates credibility for the partners through, for instance, enhancing their reputation. Value can however also be lost if the reputation of one of the partners is tarnished in any way.

Secondly, transferred-asset value depends on the nature of the resource or asset transferred from a partner. Assets or resources can either be depreciable, such as donations of cash or products which can be used up; or they can be durable, such as learning a new skill which can contribute to organisational improvements at a particular time and continue producing benefits. However, the authors stress that for continued collaboration, value renewal is vital since even a durable benefit, such as a skill, can be used up when the skill is internalised and it then no longer needs to be acquired or developed, thereby negating the need for the partnership. For the partnership to remain viable, value renewal needs to happen on an ongoing basis.

The next value type is interaction value. When partners interact and work together, intangible value is created in different forms, such as "reputation, trust, relational capital, learning, knowledge, joint problem solving, communication, coordination, transparency, accountability, and conflict resolution" (Austin & Seitanidi, 2012a, p. 731). Through accumulating interaction value over the life of the partnership, information can be converted into knowledge and in turn capabilities are developed which can enhance the value creation potential of both partners. As such, interaction value can progress to synergistic value, which is the final type of value identified.

Synergistic value is the fourth type of value and is created by combining the distinctive resources of the partners so as to "accomplish more together than they could have separately" (Austin & Seitanidi, 2012a, p. 731). Since innovation is a driver and the highest form of synergistic value, it can result in new resource combinations that have the potential to lead to "significant organizational and systemic transformation and advancement at the micro, meso, and macro levels" (Austin & Seitanidi, 2012a, p. 731). The authors argue that synergistic value can result in a virtuous value circle, since social or environmental value can, sequentially or simultaneously, generate economic value and vice versa.

From Figure 2.3 above it is clear that different types of value are likely to occur during different stages of partnering. It is also clear from the figure that synergistic value, for instance, is least likely to emerge from philanthropic relationships, whereas it occurs most frequently in transformational relationships, which, according to the authors, are underresearched. Being able to distinguish between the different sources and types of value can therefore help with identifying and shaping the

value conversation around the different relationship stages. Before discussing the collaboration stages, the collaborative value-creating mindset is introduced.

2.4.3   Collaborative value creation mindset

This second component of the CVC framework, referred to as the collaborative value creation mindset, is the most recent addition to the framework of Austin and Seitanidi (2014). It refers to the mental frames of partners who collaborate, i.e. the mindset that shapes whether there is a stronger or weaker appetite for co-creating value. The mindset is linked to the attitudes and perceptions that partners hold about value creation, and how these can shift to enhance value creation. The different mindsets required to enhance value creation have been derived at through a focused review of corporate social responsibility literature dealing with collaboration and creating economic, social and environmental value.

Based on their literature review, the authors identified 13 dimensions of the collaborative value mindset, namely: 1) value concept; 2) value compatibility; 3) value relationships; 4) value role; 5) participation; 6) benefit scope; 7) outlays; 8) time frame; 9) dependency; 10) motivations; 11) attitude; 12) compatibility; and 13) change. These dimensions focus on integration, interdependence, innovation, collaboration, synergistic value creation, external benefits, and the long-term nature of value creation. According to the Austin & Seitanidi (2014), each of the mindset dimensions could manifest either strongly or weakly along a continuum in any relationship. Partner mindsets can be assessed at the outset and later as they change over time, to gage compatibility. Mindsets can influence whether a partnership is likely to evolve to higher stages, or not, and how value is created.

2.4.4   Collaboration stages

As mentioned in Section 1.2.5, the collaboration continuum of Austin (2000) was extended when it was incorporated into the collaboration value creation (CVC) framework (Austin & Seitanidi, 2012a). One of the studies that seemed to influence the extension was that of Seitanidi and Ryan (2007), who critiqued the original version for not clearly distinguishing between the forms of interaction involved at the different stages, for instance the importance of recognising and proactively dealing with the power dynamics between partners in order for relationships to progress. The extended collaboration continuum, depicted in Figure 2.5, is further elaborated upon below, and, for ease of referencing, the diagram used in Chapter 1 is repeated here.

NATURE OF RELATIONSHIP	STAGE 1 Philanthropic	STAGE 2 Transactional	STAGE 3 Integrative	STAGE 4 Transformational
Alignment Driver Mission relevance Strategic importance Values connection Problem knowledge Value creation frames Benefit focus	Peripheral Insignificant Shallow Unbalanced Disparate Partners			Central Vital Deep Synchronous Fused Society
Engagement Driver Emotional connection Interaction focus Involvement Frequency Trust Active scope Structure Managerial complexity	Light Procedural Few Occasional Modest Narrow Dyad Simple			Profound Substantive Top to bottom Intensive Deep Broad Multiparty Complex
Leverage Driver Magnitude of resources Resource type Resource link Synergism Learning Innovation Internal change External system change	Small Money Separate Weak Low Seldom Minimal Rare			Big Core competencies Conjoined Predominant Continual Always Great Common

Figure 2.5: Collaboration continuum value drivers
Source: Austin and Seitanidi, 2014, p. 125.

According to Austin and Seitanidi (2014), during the third stage, there are three collaboration drivers, namely alignment, engagement and leverage. Each of these categories are broken down further, providing more detail, as can be seen in the figure above. As a relationship evolves and moves through the different stages, the nature of the relationship between partnering entities changes. As such, the four relationship stages have distinct characteristics and functions, and many, but not all, arrangements transition incrementally and sequentially through the different stages towards the higher and more advanced end of the spectrum. Some may skip stages, others may span two stages, or even regress, depending on how the relationship unfolds (Austin, 2000).

At the transformational stage, benefits that are of most strategic value can be unlocked and used by partners to co-create solutions that are likely to have transformative effects in economic, political, and social systems, while each organisation as well as its people are also likely to be changed in "profound, structural, and irreversible ways" (Austin & Seitanidi, 2012a, p. 744). At this most advanced stage, relationships involve the highest level of engagement, trust and managerial complexity, and this is also where the most shared learning – such as regarding social needs and how partners can address such needs – take place. Austin (2000) found that in cases where partners

can learn from other models and where they are familiar with the partnering process, there can be rapid advancement to more advanced stages. This raises the question about what the partnering process itself entails.

2.4.5   Partnership process

The fourth component of the CVC framework is the partnership process which is of particular relevance in terms of understanding the evolution process in order to address the core research question of this study. This component refers to the value creation dynamics and the nature of the interactions that take place during partnering. Four interrelated phases of the cross-sectoral partnering process are: 1) partnership formation; 2) selection; 3) implementation; and 4) institutionalisation (Austin & Seitanidi, 2014, p. 127). This component extends the work of Seitanidi et al. (2010) regarding assessing the partnership potential at the formation stage, and it incorporates and refines the work of Seitanidi and Crane (2009) on partnering microprocesses.

Collaborative value creation can either be planned or it can emerge during the course of interaction; either way, it requires intention and flexibility (Austin & Seitanidi, 2014). Austin and Seitanidi (2012b) distinguish the formation from the implementation phase and see partner selection as a bridge between the two phases. This formation stage is crucial to identify whether the relationship is going to be a traditional one of generating funding, instead of a relationship that can have a high transformative potential at an organisational and societal level. The authors argue that an initial accurate assessment of the potential value associated with particular entities can be made before commencing a relationship and committing valuable resources. According to the authors, if the partnership has very little chance of producing change at an organisational or societal level in the long-term then it could be avoided, managed accordingly, or terminated at an early stage. Therefore, assessing "organizational fit" in terms of the necessary resource complementarity that can lead to creating value in the long term for both partners, and for society more broadly, is important (Austin, 2000; Austin & Seitanidi, 2012b, p. 931).

The partner selection stage on the CVC framework is still part of the initial assessment regarding the partnership fit, but it involves broader consultation to gather data on specific potential partners. This interim and iterative stage needs to involve dialogue between the potential partners to assess risk and develop criteria for assessing operational complementarity in terms of types and sources of value, and identifying the potential members of the partnership team (Austin & Seitanidi, 2012b). Assessing a partner up front can therefore uncover a host of factors, such as the misalignment of goals, values, types of constituents, organisational characteristics, decision-making styles, power dynamics, resources required, that can potentially derail a partnership.

The partnership implementation stage, however, is regarded as the "value creation engine of cross-sector interactions where the value creation process can either be planned or emergent" (Austin & Seitanidi, 2012b, p. 936). It involves microprocesses linked to the design and operations of the partnership, and can lead to a decision to either continue or exit the relationship (Austin & Seitanidi, 2014). Most decisions will emerge during this stage.

The final stage in the value creation process is the institutionalisation stage, which covers embedding collaboration, converging the value frames, and governing collaboratively (Austin & Seitanidi, 2014). Partnership structures are likely to go through adaptations and different iterations until they are stabilised and work for the partnership concerned. A partnership reaches institutionalisation when "its structures, processes, and programs are accepted by the partner organization" (Austin & Seitanidi, 2014, pp. 165-166). A test for embeddedness is when partners start referring exclusively to 'us' rather than 'us' and 'them'. According to Austin & Seitanidi (2012b), interaction value accumulates during this implementation phase and information is iteratively changed into knowledge and then into capabilities.

2.4.6   Collaboration outcomes

Collaboration outcomes, which forms the fifth component of the CVC framework (Austin & Seitanidi, 2012b), distinguishes between the different levels of value and who benefits. At a micro level, benefits can accrue to individual recipients (i.e. instrumental/practical benefits, such as new skills, or psychological or emotional benefits, e.g. new friendships or an opportunity to express their passion); at a meso level to partners and organisations (e.g. improved networks or infrastructure, and interaction value); and at a macro level (e.g. behaviour change of beneficiaries). Besides this, Austin and Seitanidi (2012b, p. 933) point out that once partner resources are mobilised they can "benefit not only the partners in new ways but also externalize the socioeconomic innovation value produced for society". The authors point out that synergistic value can result in a virtuous value circle being created, for example through creating social or environmental value, it can generate economic value, and vice versa.

Aligned with this, Mendel and Brudney (2012) suggest that resources can be amplified beyond what was initially intended. This implies that through partnering, an infinite array of benefits can be created, either intentionally or not, for the partners involved. In addition, surplus value can be created so that entities beyond the boundaries of the partners can benefit.

This, in turn, is in line with the views of Porter and Kramer (2011) who, from a business perspective, created the concept of "creating shared value". These authors argue that businesses can leverage their unique resources and expertise through partnering, however, they suggest that this is an under-utilised capacity within the business sector that needs to be unlocked and extended beyond the

corporate social investment (CSI) budget (Porter & Kramer, 2011). As such, business can be a resource for NPOs to tap into.

Authors from different disciplines share similar views on the importance of analysing partnerships at different levels in order to understand the effectiveness of their collaboration outcomes (Cropper et al., 2008; Herman & Renz, 2008; Moore, 2013; Seitanidi et al., 2010; Selsky & Parker, 2010; Van Tulder et al., 2016). As such, Waddell and Brown (1997, p.1) refer to partnering as creating solutions where "the whole is more than the sum of the parts". So, while each entity or sector has the ability to contribute value at different levels, and therefore also create value for society on their own by joining with other entities or sectors, a bigger pool of resources and capacity can be unlocked with which to create innovative solutions in response to dynamic societal challenges.

2.4.7   Application of the collaborative value creation framework

A case study conducted by Schiller and Almog-Bar (2013) involving an NPO–business partnership, referred to in Section 1.2.5, used Austin's (2000) original collaboration continuum from the perspective of an NPO. The researchers found that this NPO chose to retain a partnership, that was intended to be integrative, at a lower level as it was more worthwhile to do so than to invest additional resources into retaining the partnership at a higher level (Schiller & Almog-Bar, 2013). This finding is in line with that of Austin's (2000) finding regarding retaining a relationship at an optimal level which suited the organisation, rather than evolving it. The fact that this particular NPO, mentioned above, did not plan effectively, nor have clear policies, may have been the reason for it retaining the partnership at a lower level. Conversely, the fact that both NPOs and business lack experience in cross-sectoral partnering and that there is relatively little information available on developing the more intensive partnerships (Rondinelli & London, 2003) raises the question whether they would make the same decision if they had the necessary knowledge, experience and capacity to evolve relationships to the more advanced levels.

The more comprehensive continuum that formed part of the CVC framework has also been referenced, and it has specifically been used for instance by Gray and Stites (2013) to categorise societal sustainability partnerships by the business sector. These authors overlaid their sustainability continuum over the collaboration stages which reflected how levels of responsibility and complexity increased as partnerships to improve the quality of life moved from the left to the right along the continuum (Gray & Stites, 2013). This is in line with the findings of Austin (2000), and indicative of more advanced partnering arrangements. Gray and Stites (2013) also found that at the most advanced stage there is creative tension that is inherent in the partnership which could result in wider societal impact; however, partners have to learn how to leverage it.

More recently, the authors used the CVC framework to analyse more than 100 case studies drawn from literature pertaining to business–NPO dyads in the United States, Europe, Asia, Latin America, Australia, New Zealand, and the Middle East, as well as 17 multi-country engagements. The examples show broad applicability of the concepts, and that the framework has managerial relevance as well as practical applicability (Austin & Seitanidi, 2014).

Despite the differences, as well as similarities, that exist among the main societal sectors (Selsky & Parker, 2010), and among cross- and same-sector collaborations (Rondinelli & London, 2003), Austin and Seitanidi (2014) suggest that the CVC framework may be applicable even though it was specifically informed by business–NPO dyads. Furthermore, since most partnerships are likely to be retained at the lower level (Austin & Seitanidi, 2012a), the implication for this study, which aims to explore how partnerships transitioned, is that the NPO's partnering portfolio includes relationships at the more advanced stages and involves different sectors. There are also questions around how and what value accumulates across different collaboration stages (Austin & Seitanidi, 2012b).

While the literature consulted provides a view on understanding the variety, complexity, and dynamics involved with dyadic business–NPO partnering arrangements, it does not provide sufficient insight on same-sector arrangements, and how a diverse portfolio, involving partnerships within and across sectors, can be advanced collectively to more mature stages of value creation. Considering the different contributions of the main societal sectors, and that more advanced partnerships are more complex to manage, the following question remains: how can a hub NPO enhance its social value contribution, and who can assist with doing so?

2.5   PUBLIC VALUE THEORY AS A THEME IN NON-PROFIT VALUE DELIVERY

Moore (1995) introduced the strategic triangle to capture his work on the public value theory in the public sector, which includes the NPO sector, as an equivalent concept to private value in the private sector. The strategic triangle was developed based on work done as part of conducting executive education programmes and engagement with public sector managers in the United States. The strategic triangle is intended as a management tool to guide strategic decision making and management in the public sector. The aim of the strategic triangle is to help public sector managers make sense of the complex choices they face to improve their public value contribution, for instance by being more proactive and entrepreneurial in their efforts (Benington & Moore, 2011). According to Benington (2011), public value encompasses economic (e.g. employment), social (e.g. social capital; well-being), cultural (e.g. cultural identity), political (e.g. citizen engagement) and ecological (e.g. promoting sustainable development) value. In other words, creating public value is about creating value for society, or societal value. As such, value is created through networks involving government plus the private and voluntary or community sectors (Benington, 2011).

The public value theory accepts that societal problems, such as an aging population, are cross-cutting and dynamic (Benington & Moore, 2011). Because the theory adopts a bottom-up approach to public governance, it is regarded by the authors as possibly more relevant in the current complex and networked environment in both developed and developing countries, than when it was introduced during the time of new public management approaches in the early 1990s. Bryson et al. (2014) point out that with the new form of public sector governance, members of civil society are seen as problem solvers that actively engage with government to co-create value. As such, public managers are engaging in dialogue, and help to guide network collaboration, while maintaining and enhancing systems of effectiveness and accountability (Bryson et al., 2014).

2.5.1   The strategic triangle of public value delivery

The strategic triangle, depicted in Figure 2.6 below, captures the essence of the public value debate and consists of the following three strategic imperatives or processes required to create public value. Firstly, it addresses the public value outcomes that need to be sought by an organisation in terms of its goals or social mission. Secondly, the authorising environment, which gives rise to legitimacy and support, as well as resources to sustain mission achievement, must be recognised and engaged; and thirdly, an organisation requires the operational capacity to deliver on the desired outcomes. While the interaction between three distinct imperatives of the triangle provides insights as to how to approach this study in order to answer the main research question, the parts are seldom aligned and therefore strategies to create value constantly need to bring the three processes into balance in order to achieve the desired outcomes. Each of these imperatives is discussed separately below.
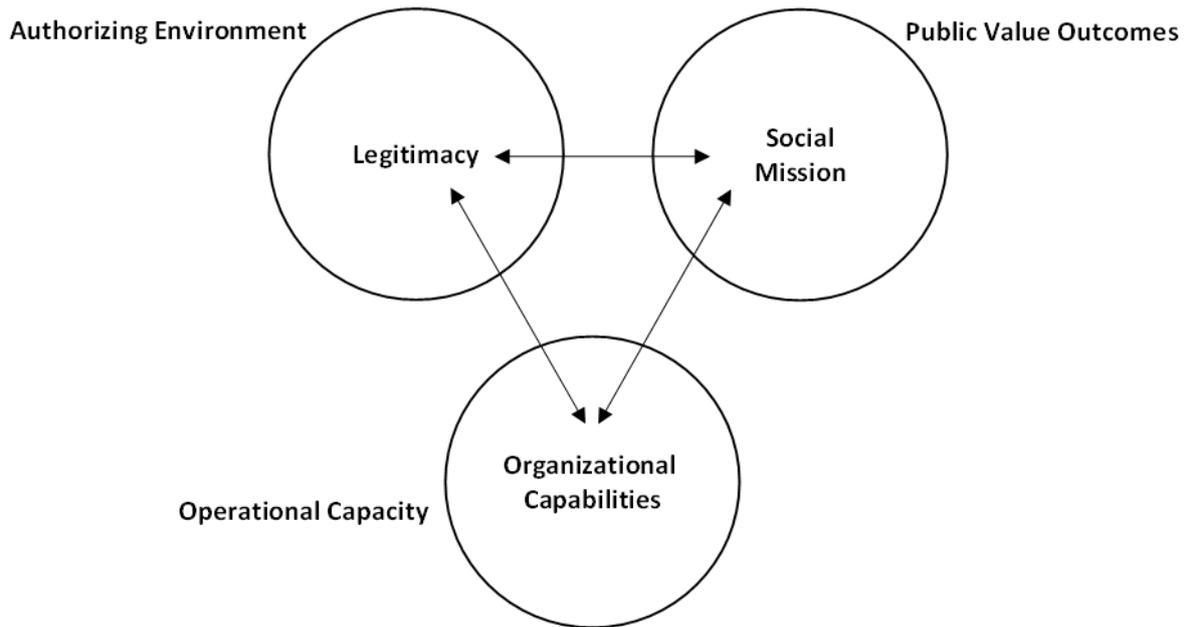
Figure 2.6: The strategic triangle
Source: Reproduced from Benington and Moore (2011, p. 5); Moore (2003, p.23);
Moore (2013, p. 103).

2.5.1.1 Public value outcomes

Public value outcomes involve identifying and defining the common strategic goals and public value outcomes that the partnership aims to achieve (Benington & Moore, 2011). Moore (2013) argues that organisations can achieve their social mission of creating public value, or value which benefits communities or society. According to Moore (2013), value can also be created – in the process of creating public value outcomes – in terms of the other imperatives set by partnering entities, such as operational improvements within the partnering organisations.

2.5.1.2 Authorising environment

The authorising environment is the second component of the strategic triangle. In order to create public or societal value on an ongoing basis, expanded support and authorisation from a diverse range of external stakeholders (including government, interest groups and donors (Williams & Shearer, 2011)) that make up the 'authorizing environment' must be harnessed and secured. This is in line with the diversification strategy proposed by the resource dependence theory (Pfeffer & Salancik, 1978). As Moore (2013) states, it is important to identify who the arbiters of value are as they will legitimise the work and determine if value has been added for them or not. Public sector managers are therefore accountable to those they serve, those external stakeholders that provide legitimacy, and those they manage internally (Williams & Shearer, 2011). Public value theory recognises that even insignificant stakeholders may cause reputational damage if not managed effectively. In line with this, public value theory also emphasises fairness as a value in terms of which

stakeholders to serve and the value they derive. In the case of an NPO, identifying who the arbiters of value are and assessing whether value was added or not is likely to be easier than in a government setting where there are many role players involved and much bureaucracy to contend with (Moore, 2000). Nevertheless, NPOs are not free from donor or other stakeholder influence, especially when they are unable to challenge donors on their developmental outcomes and impact goals, as these outcomes may not be in alignment with its own (Taylor & Soal, 2010).

2.5.1.3 Operational capacity

Operational capacity is the third component of the strategic triangle. According to Benington and Moore (2011), to achieve the desired public value outcomes, operational resources (i.e. finance, staff, skills, technology) both inside and outside the organisation must be efficiently and effectively mobilised and leveraged in order to build the necessary operational capacity. The operational capacity (i.e. the assets, people and technologies it controls) includes a focus on choices regarding whether to outsource, support the work of partners, or increase the scope and scale of the effort. According to Moore (2013), social value is also created for or within the organisation, such as capacity and resources needed to deliver on the organisation's mandate.

Leaders and managers must be encouraged to be innovative, entrepreneurial and apply their imaginations when seeking solutions and managing tensions to ensure organisational efficiency and effectiveness in a dynamic, heterogeneous, and complex environment (Benington & Moore, 2011). As such, managers are required to look beyond refining internal processes, and are expected to embrace the dynamic environment in which they operate, and shape and adapt their decisions accordingly (Moore, 2013). Besides managing stakeholder expectations and needs so as to secure their commitment and contributions, those responsible for governance also need to manage the tension created when trying to balance the acquisition and use of available resources to achieve the desired outcomes, i.e. making the necessary adjustments so that the three imperatives of the strategic triangle can provide integrated outcomes and not result in mission drift (Moore, 2000).

In summary, the strategic triangle urges leaders to manage upwards to the authorising environment that involves those stakeholders that provide resources and legitimacy, and outwards to the value it is trying to create for particular clients, and downwards and inwards towards organisational management and whether they have the operational capacity to achieve the outcomes they are expecting (Moore, 1995). In this regard, Moore (1995) contends that the most important role of public managers is to be ethically responsible and to conscientiously seek public value.

2.5.2 Assessment of public value delivery

One of the critiques against the public value theory was that it is not easy to recognise and measure outcomes and performance. Moore (2013) subsequently introduced the public value framework as

a tool to measure public value. The public value framework has three components that align with the three imperatives of the strategic triangle, and it identifies the management criteria that need to be considered within each of the strategic triangle imperatives that can influence value creation and the achievement of public or social value as the ultimate goal. See Figure 2.7.

EXPANDING SUPPORT AND AUTHORIZATION
- Funder relations and diversification
- Volunteer roles and relations
- Visibility, legitimacy with general public
- Relations with government regulators
- Reputation with media
- Credibility with civil society actors

CREATING PUBLIC VALUE
- Organizational vision, mission
- Strategic goals
- Links among goals, activities, outputs and outcomes
- Range of outcomes
- Activities and outputs that create outcomes

BUILDING OPERATIONAL CAPACITY
- Organizational outputs
- Productivity and efficiency
- Financial integrity
- Staff morale, capacity, development
- Organizational learning and innovation

Figure 2.7: Public value framework for accountability and performance management
Source: Moore, 2003, p. 23.

The criteria included in terms of the authorising environment are, among other things, funder relations and diversification, reputation with the media, and the credibility with civil society actors on the support and authorisation side. On the operational capacity side, it should include, for instance staff morale, capacity building and organisational learning; while on the public value outcomes side the criteria should include, for instance, the strategic goals and the range of outcomes that will create public or social value. Again, these measures are to be determined from the outset and then assessed on a regular basis during the life of the partnership, as proposed with the CVC framework. These measures can also provide opportunities to learn about what needs to change, and then to adapt strategies accordingly in order to ensure maximum value creation. Like Fowler (1997) who uses the value chain concept to describe the performance of financial aid capacity, Moore (2003) suggests that using a value chain with a mix of inputs, throughputs, outputs and outcome criteria is a useful way to recognise value and find ways to improve performance. As such, the value chain is also aligned with the three strategic components of the public value theory. The importance of the value chain components mentioned above is reflected in the partnership monitoring and evaluation

framework which measures different levels of efficiency and effectiveness associated with cross-sectoral partnerships (Van Tulder & Maas, 2012, as cited in Van Tulder et al., 2016, p. 10).

2.5.3   Critique of the public value theory

Williams and Shearer (2011) conducted a literature review of Moore's public value theory and found that while the theory was well received by various public sector commentators, it lacked qualitative and quantitative data verification which they partly attribute to the terms and concepts lacking clarity and consistency. Mendel and Brudney (2012) refer to Moore's concepts as imprecise. This point has resulted in much criticism from various other authors who have expanded on the concept of public values (Benington & Moore, 2011, p. 17, citing Bozeman, 2002) that are relevant when creating public value. Linked to this, according to Jorgensen and Rutgers (2014), Moore's theory is a limited managerial perspective on creating public value and as such it is distinct from the complex concept of public values which is a social construct and a synonym for the common good or the public interest (Morse, 2010). In view of this critique, it is suggested that the central concepts and arguments around the theory need empirical investigation and testing (Williams & Shearer, 2011).

Moore's public value theory has been critiqued from other vantage points too. From a political perspective, the way in which the role of elected government officials is viewed has been questioned (Williams & Shearer, 2011, p. 1379, citing Rhodes and Wanna, 2007) – a critique which has been refuted by Alford and O'Flynn (2009) who assert that the criticism is based on a misunderstanding. This criticism appears not to have had an effect on the broader validity of the framework (Williams & Shearer, 2011). From a contextualisation perspective, the application of the theory is also regarded as unclear (Williams & Shearer, 2011). Williams and Shearer (2011, p. 1375), however, cite an initial United Kingdom study indicating that it found resonance in a setting where there generally were higher levels of engagement and participation from civil society at a local government level, as opposed to settings where there was no such engagement. Linked to the critique around context is the concern that most of the research using Moore's public value theory has taken place in developed countries (e.g. Moore, 1995; Moore, 2013; Van Eijck & Lindemann, 2014) however, moves to apply it in developing countries have been noted (Williams & Shearer, 2011, p. 1381, citing Samaratunge & Wijewardena, 2009).

As mentioned before, while the value chain is useful for recognising value and find ways to improve performance (Moore, 2003), it does not necessarily give a true picture of the changes or impact of activities and their enduring value. Measuring impact and, for instance, vulnerability and powerlessness (Chambers, 1997), and the quality of relationships (Woodhill, 2010), requires more creative measures such as story-telling and observation (Taylor & Soal, 2010). From an NPO perspective, an important consideration is who is doing the measurement as measurement can be used as a form of control (Chamber, 1997; Taylor & Soal, 2010), such as when certain donors exert

power on NPOs with regard to outcomes in exchange for funding (Taylor & Soal, 2010). Hearing the voice of those who are the direct beneficiaries is therefore also important (Le Ber & Branzei, 2010a).

Even though the public value theory does not provide specific insights regarding how value can evolve through partnering at more advanced levels with stakeholders from different sectors, the strategic triangle, the value chain and the public value framework do provide insights in terms of management experiences that can be useful for this study.

The strategic triangle is particularly helpful in: 1) identifying the range of stakeholders that an organisation needs in order to obtain support and commitment and be accountable, both outside and inside the organisation; 2) identifying the kind of operational capacity needed; 3) identifying commitment that is required to achieve its organisational goals; and 4) emphasising the integration between the triangle's components in order to execute its strategy successfully and advance societal value. From an NPO perspective, while having to comply with relevant legislation, NPOs are largely autonomous and not hampered by government bureaucracy and red-tape to the same extent as government officials, especially from a decision-making and an accountability point of view (Fowler, 2010). Within the law and contractual obligations, NPOs have relative freedom to decide who they serve, who they partner with, what their goals are, and they can provide critique and policy alternatives (Hossain et al., 2018). As such, the political critique regarding the role of government officials in value creation is less likely to apply to NPOs, and therefore less likely to affect the use of the strategic triangle in an NPO context. However, the potential influence of various stakeholders cannot be ignored, and NPOs in turn must be able to challenge such influences and hold different stakeholders to account (Hossain et al., 2018).

2.5.4   Application of the strategic triangle

In 2000, soon after introducing the public value theory, Moore (2000) offered the strategic triangle as a strategy tool for both the profit and not-for-profit sectors. On the business side, the strategic triangle was explored as an alternative framework in view of the responsibility that business has to society (Moore & Khagram, 2004). From an NPO perspective, Moore (2000) advocated the use of the framework because of two NPO features which were different to other sectors, i.e. for NPOs the value they produce is not only about generating revenue, but is also about achieving a social purpose. The theory acknowledges that the revenue and other benefits required for mission achievement needs to come mainly from mobilising resources from society as a whole and not from clients per se, since the clients or beneficiaries of NPOs are most likely marginalised and not able to afford fees. As such, while generating revenue is important for any organisation, financial sustainability is not an indicator of an NPO's ability to achieve its mission (Moore, 2000), in the same way as impact cannot be directly attributed to inputs (Taylor & Soal, 2010).

According to Moore (2013), applying the strategic management concept requires the organisation to be committed to the social vision and for managers to look beyond refining internal processes. Instead, they need to embrace opportunities in the dynamic environment in which they operate. Here are examples illustrating where the strategic triangle has been applied:

i) Identifying and prioritising NPO stakeholders: Jagadananda and Brown (2010) explore the issues and challenges around legitimacy and accountability, and apply the strategic triangle to identify and prioritise organisational stakeholders of NPOs. They pose three questions to identify accountability claims: 1) on legal grounds (e.g. meeting contractual obligations); 2) on moral grounds (e.g. meeting norms of society such as helping rather than exploiting the poor); and 3) on practical or prudential grounds (e.g. failing to account can result in funding not being renewed). As NPOs may favour government and donors with strong legal and practical claims above clients or beneficiaries, it is necessary that NPOs recognise and balance any possible tensions which can result when trying to meet the expectations of different stakeholders.

ii) Education: The public value framework was applied in a dysfunctional school in the United Kingdom, which over the years led to its transformation into an organisation where innovation and continuous improvements were evident on many levels, resulting in an ongoing focus on performance (Winkley, 2011). Among other things, the framework also pinpointed the need for leaders to be confident and adaptive as they engage across sectors and deal with various tensions.

iii) Public–private partnerships: Mendel and Brudney (2014) applied public value theory to philanthropic institutions involved in public–private partnerships using existing illustrative case studies. They found that strategic benefits were gained beyond mobilising money and servicing clients. They demonstrated that through meaningful partnering with NPOs and other organisations, all three elements of the strategic triangle were present and resulted in changed behaviours of institutions and individuals, as well as policies being transformed. They however commented that measuring public value remained vague (Mendel & Brudney, 2014).

iv) Social entrepreneurship: Applications of the strategic triangle in other social settings included monitoring social entrepreneurship in a school setting in the Netherlands (Minderman, Stieger, & Bossert, 2011), and using it in arts organisations in Australia where, by balancing the triangle components in the latter example, the organisations were able to expand support, efficiency and accountability (Adair, 2014).

Despite the criticism, there is value to be derived from the public value theory regarding how NPOs might view the potential of value creation efforts via partnering strategies. What is not clear though, is how such value creation might be scaled in ways that benefit the stakeholder context and challenges of NPOs via effective partnering processes. This question is of a managerial nature and begs an answer from the central interest of this research.

2.6   IMPLICATIONS FROM LITERATURE FOR THIS STUDY

Having explored some key frameworks, theories, concepts and practices relating to NPOs, partnering and value creation, various knowledge gaps emerged along with some fresh insights with regard to studying and understanding how NPOs can scale their capacity to enhance and sustain their social value contribution.

It is evident that because of the resource-dependent nature of NPOs (Anheier, 2005), they can use partnering as a vehicle to mobilise crucial resources and create value whereby they can enhance their own capacity in order to achieve their mission (Austin, 2000; Austin & Seitanidi, 2014). Through transitioning partnerships into more complex arrangements, NPOs have the opportunity to build capacity in various areas, both internal and external to their organisation. In that way NPOs also have the opportunity of influencing and facilitating change within other entities, as well as in broader society. By leveraging their distinctive capabilities (Austin, 2010), NPOs can become sought after as partners in social change interventions and, in the process, gain access to several additional resources and capabilities from selected partners in order to fill their capacity gaps and build their organisational sustainability. However, to be effective at partnering, they need the transformative experience and capacity to do so and to galvanise the intention to succeed (Seitanidi et al., 2010).

Since partnering is inherently dynamic, multifaceted and context driven (Bryson et al., 2015; Hamann et al., 2011), there are no simple routes to success. Because the focus of partnership literature tends to be on dyadic, cross-sectoral philanthropic and transactional arrangements, which mostly involve superficial relationships (Mendel, 2013), empirical evidence of the experience of achieving benefits from the more complex configurations is limited (Austin & Seitanidi, 2012a, 2012b, 2014). It is evident that during the partner formation, selection and implementation phases, challenging decisions have to be made about how many resources and how much effort to invest in a particular relationship. It also involves taking time to prepare and plan, which various authors emphasise NPOs tend not to do (Austin, 2000; Fowler, 1997; Rein & Stott, 2009; Schiller & Almog-Bar, 2013). The gap in partnering knowledge and experience is widened by NPOs lacking general organisational capacity (Swilling & Russell, 2002), resulting in many NPOs struggling to thrive, while others barely survive.

Through this study, the researcher seeks to make a contribution by providing evidence-based insights and relevant guidelines that leaders of NPOs and key decision makers interested in social change interventions can use to optimise their partnering practices and enhance their societal impact. The goal at this stage is to garner knowledge from the literature to guide this study. While the CVC framework and the strategic triangle brought to light relevant aspects that need to be considered when selecting study sites, choosing participants, and designing the rest of the research, they also each have limitations which are summarised in Table 2.1 below. Therefore, by combining the insights from these frameworks with those from other literature explored, key aspects that need

to be taken into consideration for this study are assembled concisely and described in Table 2.1 below.

Table 2.1: Comparing two value creation frameworks: relevance and limitations

	Collaborative value creation framework	Strategic triangle
Relevance for study	The collaborative value creation (CVC) framework can provide useful insights for designing, managing, measuring, but also for researching how and what value is created through transitioning cross-sectoral partnerships. Empirical case studies were used to develop the initial collaboration continuum, while the updated version of the collaboration continuum and some other components of the CVC framework were based on literature. The applicability of the CVC framework was also broadly confirmed with over 100 business–NPO, and multi-party cases from different countries taken from literature.	The strategic triangle captures the imperatives required by an NPO to be efficient and effective at a strategic as well as an operational level so as to deliver on its mandate. Through creating societal value, other benefits can accrue along the value chain in the process. In the strategic triangle it is pointed out that organisations have to recognise and be accountable to stakeholders 'upwards, downwards, and outwards', i.e. externally, internally and to beneficiaries, respectively. Though the public value theory does not provide specific insights regarding evolving value to higher levels, or distinguish between specific types of value that can accrue to different stakeholders, the strategic triangle, the value chain, and the public value framework do provide insights that can be useful for this study in terms of measuring value.
Limitations	There is a limited understanding of the dynamics of value creation pathways, especially the more complex arrangements, but there is also a limited focus on outcomes (Austin & Seitanidi, 2012a; Austin & Seitanidi, 2012b). The conceptualisation of the CVC framework needs broadening beyond business–NPO dyads (Austin & Seitanidi, 2012a). This warrants further analysis because of the differences and commonalities that exist within and across sectoral partnering (Austin & Seitanidi, 2014, p. 7; Selsky & Parker, 2010). The CVC framework has not been applied in the context of a hub NPO with a diverse same- and cross-sector portfolio of partnering configurations.	There is a paucity of empirical research on the strategic triangle and on the difficulty of measuring outcomes and informing practice (Williams & Shearer, 2011). The strategic triangle does not provide guidance on the process to scale the value creation capacity of a hub NPO through partnering with stakeholders from different sectors where power dynamics can have an influence, nor how and what value is co-created in the process in terms of delivery capacity or societal impact.

Since an NPO can have a diverse partnering portfolio with many arrangements at the philanthropic and transactional stages (Austin, 2000; Austin & Seitanidi, 2012a; Rondinelli & London, 2003), it is important to ensure that the study case includes arrangements that fit the criteria of the more advanced stages on the collaboration continuum in order to explore how they transitioned and the types of value they create. In addition, to obtain a more holistic picture besides business–NPO dyads, and to test the assumption that the CVC framework, including the collaboration continuum, is also relevant to other dyadic sectoral configurations (Austin & Seitanidi, 2012a, 2012b), there needs to be a variety of both same- and cross-sectoral arrangements in the portfolio of the NPO studied.

Other important aspects to either consider or address in the research – besides the type of partnerships and their value creation capacity – are the different stakeholders involved (Freeman,

2010), their motivations for partnering (Argandoña, 2011), their collaboration experience (Murphy et al., 2015), their approach to partnering and creating value (Moore, 2000), and internal and external factors that facilitate or hinder partnering success (Austin, 2000; Hamann et al., 2011), such as the operational capacity of the NPO (Moore, 2000). It has therefore been suggested by some authors that, in order to gain a better understanding of the holistic partnering process as well as the microprocesses, a more systemic approach is needed, and, since transitioning is a process that takes place over time, a longitudinal view would also be advantageous (Austin & Seitanidi, 2012b; Bryson et al., 2015; Thomson & Perry, 2006). The latter implies having examples of established, long-term arrangements that can be studied in-depth.

Since the focus of the study is on scaling the value creation capacity of NPOs, particularly the operational and organisational capacity to deliver, measuring performance is an important aspect. As measuring value and benefits are not always quantifiable (Taylor & Soal, 2010), there is a tendency in the literature to discuss the anticipated benefits rather than the realised benefits, outcomes and impacts (Van Tulder et al., 2016). The realised benefits are best assessed through establishing the perceptions held about the value or benefits created and captured through partnering at different levels (Austin & Seitanidi, 2012b). Quite notable are parallels between the capacity-building and value creation processes especially when comparing the capacity framework (Fowler, 1997) and the strategic triangle (Moore, 2000). Both Fowler (1997) and Moore (2000) refer to the importance of aligning the vision and mission with activities and outcomes. They also both refer to the operational components internal to the organisation, and that an organisation is influenced by the environment in which it operates. In addition, both authors use the value chain concept to contextualise inputs, outputs, and outcomes. Various authors (e.g. Fowler, 1997; Moore, 2000; Taylor & Soal, 2010; Van Tulder et al., 2016) recognise that impacts take time to be realised and are hardest to measure. The main challenges surrounding measuring impact is that there seems to be no uniform way and also limited empirical data to assess the impact of partnerships and how to enhance impact (Van Tulder et al., 2016). Because of the way things are interconnected, societal impact cannot be directly attributed to inputs (Taylor & Soal, 2010) or outputs. Furthermore, the criteria used to measure change in outcomes and impact needs to depict both qualitative and quantitative gains or benefits for the NPO, but also for partners, beneficiaries, and society more broadly. The latter view is supported by Austin and Seitanidi (2012b, 2014), who, based on literature from the cross-sector collaboration and corporate social responsibility fields, stress that value is created at an individual level, an organisational level and a societal level. In view of this, there is a particular need for understanding more about the outcomes of partnering at different levels (Austin & Seitanidi, 2012b; Van Tulder et al., 2016) and whether these lead to organisational efficiency or effectiveness. This would then also apply to what value is associated with, and accumulates over the different collaboration stages, within the partnering portfolio of a hub NPO.

Lastly, since context plays such an important role in partnering (Bryson et al., 2015; Fowler, 1997; Hamann et al., 2011; Schiller & Almog-Bar, 2013), limiting contextual factors such as organisational focus, programmes and services, and culture could be advantageous when trying to understand complex partnering processes from an NPO perspective. Using Learn to Earn (LtE), as motivated in Chapter 1, as a single case, goes a considerable way in addressing this requirement, as well as the other suggestions mentioned above for a suitable case. More on this appears in the next chapter.

2.7   LITERATURE REVIEW CONCLUSION

The chapter was introduced by contextualising the nature of NPOs and their role in social change interventions, and proceeded to explain the dependence of NPOs on external resources to enhance their capacity for achieving their mandates on a sustained basis. The kinds of capacity that NPOs may need in order to enhance their social value contribution is elucidated. It was suggested that, since NPOs lack both financial and other resources, they could use partnering as a vehicle to create value whereby they can enhance their own value creation capacity in order to improve their contribution to society, and in the process also become sought after as partners in social change interventions.

In the chapter, the nature and types of partnering were expanded upon, and there was recognition that social change partnering was gaining prominence owing to the fact that no sector was able to respond adequately to the numerous and dynamic societal challenges. This trend required a different operating style to the norm for each of the societal sectors, which exacerbated the already inherent complexity of partnering. Furthermore, since it was evident that there is no single or comprehensive theory or guide to effective partnering, various frameworks and theories considered relevant for this study were elaborated upon as a way to better understand the process of partnering and value creation, and how to transition to the more complex arrangements which is the focus of this study.

The aim of the study is to build on existing theory and to offer guidelines which NPO leaders and other decision makers can use to review their existing practices and design new partnering configurations that are relevant to their context. Since Learn to Earn (LtE) is based in South Africa, knowledge can also be gained from the perspective of a hub NPO operating in a developing country context where there is a paucity in literature and empirical studies. The next chapter provides further details on this study's design using LtE as a single case, while six of its more complex partnering arrangements, which form the embedded cases within the overall case, are investigated to deepen the understanding of partnering and scaling the value creation capacity of NPOs.

CHAPTER 3: RESEARCH METHODOLOGY

3.1   INTRODUCTION

The leading research question for this study is: How can NPOs use partnering to scale their value creation capacity? This study involved the not-for-profit organisation Learn to Earn (LtE) as a practical case, focusing on six selected partnering arrangements embedded within it. Further details on the selection of the case and the research participants are provided, followed by what data were collected and how the data were analysed. The fieldwork commenced in July 2016, with the bulk of the interviews and observations taking place between January and August 2017. The chapter ends with addressing various ethical considerations.

3.2   RESEARCH APPROACH

Though there is a large and growing body of literature on dyadic cross-sector partnering for social change, understanding the process involved with more complex partnering arrangements both within and across sectors is still an underresearched topic, especially from an NPO perspective. Similarly, there is a paucity of research on hybrid NPO's with regard to mobilising resources (Jäger & Schröer, 2014). Edmondson and McManus (2007) argue that an inductive approach, using open-ended questions, is suitable for a topic requiring further theoretical development as in this study. In order to address the knowledge gap identified in Chapter 1 and substantiated in Chapter 2, case studies are ideal for investigating complex or abstract phenomena (Blatter, 2012).

Case-based research can be used as a strategy for building theories (Eisenhardt & Graebner, 2007, p. 25; Yin, 2014), and explaining causal links in interventions (Yin, 1994). According to Eisenhardt and Graebner (2007, p. 27), rich data that reveal relationships and logic among various constructs can be collected during a case study, and concrete examples can be extracted, which, Siggelkow (2007) argues, can contribute to both illustrating potential causal relationships and supporting insights gained. Considering that contextual issues pertaining to NPOs can have a direct influence on partnering outcomes (e.g. Austin, 2000; Schiller & Almog-Bar, 2013; Van Tulder et al., 2016), case studies can provide robust explanations about phenomena. Welch, Piekkari, Plakoyiannaki, and Paavilainen-Mäntymäki (2011, p. 740) go further and state that a case study can be used to "modify, verify, test and challenge existing theories and offer rival explanations". Linked to this, case study methodology can however also be used for learning lessons (Rundle-Thiele, Paladino, & Apostol, 2008) about a particular phenomenon such as partnering, which aligns with this study's aim of providing guidance to practitioners for optimising partnering. By limiting this study to a case such as LtE, that has been identified as a suitable case in terms of the necessary criteria, it can allow for investing "time and intellectual energy in reflecting on the relationships between empirical

observations and the abstract concepts that form the core elements of theories, hypotheses, and mechanism-based explanations" (Blatter, 2012, p. 5). Because "a single variable may have a very different effect, depending on the configuration of variables with which it is combined in a case" (Welch et al., 2011, p. 749), contingent generalisability therefore makes it possible to assess if the empirically observed patterns are evident in other unobserved cases or settings.

As motivated in Chapter 1, LtE was purposely selected as a practical, real-life case to explore the complex, varied, multidimensional partnering processes within a dynamic portfolio of partnering arrangements. Having purposefully selected six of LtE's most advanced partnering arrangements in its portfolio as the embedded cases (Yin, 1994), there was the opportunity to conduct within-case analyses (Eisenhardt, 1989) involving entities from different sectors, and different partnering configurations, that in turn could provide a more comprehensive and rich total picture, rather than be used specifically for comparative purposes (Gerring, 2004).

As found through reviewing literature, case studies were often used in previous empirical research to understand certain phenomena. Rundle-Thiele et al. (2008), for instance, conducted semi-structured, face-to-face in-depth interviews, of 75 minutes each, with four senior marketing executives who were directly responsible for formulating strategy and implementing the company's renewable electricity marketing strategy. The aim of the authors was to understand why the adoption of renewable energy was so low compared to other role players in the market. Case studies were also used to specifically understand partnering and value creation processes, for example the studies by:

- Austin (2000), who developed the collaboration continuum after using multiple dyadic cases, followed by a survey to explore longstanding business–NPO collaborations;
- Seitanidi and Crane (2009), who used two case studies as part of a larger study to develop a framework around partnering microprocesses;
- Seitanidi et al. (2010), who used a single case involving 16 in-depth interviews across two partner organisations to explore the transformative potential of cross-sectoral social partnerships;
- Schiller and Almog-Bar (2013), who studied a single business–NPO partnership from an NPO perspective and developed a 'fields of action typology' to classify NPO partnerships; and similarly,
- Gutiérrez et al. (2016) who examined the development and configuration of business-NPO alliance portfolios using two longitudinal case studies.

With regard to the last-mentioned empirical study, the authors analysed the partnership portfolios of two companies involved in what they refer to as complex cross-sector (business-NPO) alliances that have "achieved considerable scale" in reaching customers at the base of the pyramid (Gutiérrez et

al., 2016, p. 59). Both these companies formed part of a longer-term study spanning six years during which they had collected a large amount of both qualitative and quantitative data to gain insights about how the same- and cross-sector partnerships emerged and the environmental conditions surrounding it as there were no previous studies that investigated the heterogeneous portfolios for business purposes (Gutiérrez et al., 2016, p. 59). Their data included the perspectives of key informants from the focal company and key partners, and was supplemented with sales figures, and other financial indicators. For this particular study, they targeted nine informants and conducted semi-structured interviews to investigate the birth and demise of the main business-NPO partnership in each company. One of the partnerships took more than one year to set up, and then lasted for four years before the partnership was terminated. Using their transcripts, they structured their analysis to extract data pertaining to the specific variables and constructs that formed part of their theoretical framework. They found that having different partnerships as cases, such as the embedded cases within the LtE study, can show differences and similarities (Gutiérrez et al., 2016). Using concrete examples to illustrate different constructs was regarded as beneficial since this study aimed to provide guidelines for leaders and decision makers so that they can more easily imagine how the more complex and dynamic social change partnering processes play out and be optimised.

Furthermore, interviewing participants who were involved since the inception of the partnerships also contributed some level of consistency, especially with identifying patterns over a longer time period. This is in line with a suggestion by Bansal and Corley (2011, p. 235), who argue that taking a longitudinal view could shed light on organisational change processes over time. This is similar to the study by Gutiérrez et al. (2016) mentioned above, and a study by Le Ber and Branzei (2010b, p. 172) who explored how four business–NPO collaboration dyads framed social value, where longitudinal narratives were constructed using archival data. As alluded to in the previous chapter, social impact or social contribution was more complex to measure due to the attribution effect, and even though an NPO's performance can result in a positive societal impact at this level, sustained social impact is not the main focus of this study as the emphasis is on scaling the capacity of the NPO to deliver services in line with its mission.

3.3   DATA SOURCES AND COLLECTION

Various data collection methods typical of case study research (Eisenhardt, 1989; Yin, 1994) were used to examine the partnering process and the factors that facilitate or hamper the value creation process, as well as who benefits and in what way.

Besides the motivations for using LtE as outlined in Section 1.4, another advantage of having LtE as the focal case was that the partnership manager was appointed by LtE's CEO as the key informant to assist with accessing a range of data sources, as well as identifying, contacting and encouraging relevant key role players to participate. The key informant was also involved in regular debriefing

sessions via face-to-face meetings, phone conversations, and email exchanges to verify the accuracy of the data collected and to provide additional insights and information, such as testimonials from partners. Having a key informant proved to be very helpful, especially with gaining access to both primary and secondary data which are regarded as not always easy to access.

As referred to in Chapter 1, an added advantage was a special research report on LtE and its partnerships that was produced between August and October 2016 by two Master's students of the University of Cape Town, namely Musaya and Minnitt (2016). The aim of the UCT report was to provide background information on LtE and its partnerships, with a particular focus on the partnership LtE regarded as most strategic, i.e. the partnership with the retailer. This UCT report, among other things, highlighted the range of stakeholders involved, the key partnerships, the complexity, and the evolving nature of the LtE partnering portfolio which in turn led to the decision to use LtE as the all-encompassing case. This report was also useful in identifying specific focus areas for the study, such as the motivations for partnering, the evolving portfolio, and the associates' programme, on the one hand, while it contributed to asking more in-depth questions about certain relationships and the partnering process, on the other. In the rest of this document, the above-mentioned report by Musaya and Minnitt (2016) is referred to as the UCT report or study.

As can be seen from Figure 3.1 below, which captures an overview of the main data collection phases and steps involved, the bulk of the interviews took place between January 2017 and August 2017. These interviews were preceded by pilot interviews, the UCT study, and observing an event. The main fieldwork was concluded by attending LtE's annual general meeting in August 2017. Further details on the primary and secondary data collected are discussed below.

July to December 2016
* Initial interview
* Pilot interviews
* UCT report
* Reviewed communications file
* Informally observed event

January to August 2017
* 14 in-depth, one-on-one interviews (6 x LtE staff; 6 x partners)
* 1 group interview (LtE staff)
* 2 meeting observations (prospective partners)
* 2 formal site visits
* Informally observed annual general meeting
* Ongoing observations during site visits

Figure 3.1: Main data collection phases and steps

3.3.1   Primary data collection

Interviews were the primary data source followed by site visits and observations of meetings. Prior to the main study, pilot interviews were conducted with seasoned role players in the NPO sector. These interviews provided the opportunity to gain a sense of the environment in which NPOs operated, and were used to gain practice at interviewing and recording the conversations, while they also guided the main interviews and informed the observations.

3.3.1.1   One-on-one interviews: participant selection

For the main study, in-depth, semi-structured interviews were conducted with both LtE staff who had experience in conducting partnerships, as well as selected partner representatives who were directly involved with the partnerships that were regarded by LtE as key to achieving its goals. These partnerships were also categorised as being either integrative or transformational on the collaboration continuum (Austin & Seitanidi, 2012). Most of the selected partnerships spanned a few years and were still active. They included a corporate partnership of 18 years with a retailer, another partnership with an NPO where a multi-year funding grant was renewed, a partnership with an individual volunteer who for more than one year committed to working at LtE on a one-day-a-week arrangement, and partnerships with NPOs and a small business that replicated LtE's model. Due to the nature of these partnerships involving entities from different sectors, being diverse in their contributions, involving high levels of engagement, and thus being more complex from a management perspective, they were regarded as suitable to form the embedded cases within the overall case.

Participants were purposively selected for their specific involvement and experience in partnerships with LtE, or in engaging, managing, and overseeing selected partnering arrangements and related processes. They were the most senior and knowledgeable individuals who were directly involved with the partnering process at LtE. By involving participants from both LtE and its partners, the subjective biases associated with collecting retrospective data through interviews, about which Eisenhardt and Graebner (2007, p. 28) cautioned, could be minimised.

The aim was to select a spread of participants who were directly involved with LtE, but who also represented or worked with partnering entities from different sectors, such as business, government, NPO and civil society, to guard against the influence that sectoral differences might have (Rondinelli & London, 2003; Selsky & Parker, 2010). Sectoral differences were also sought as LtE's portfolio represented entities from each of the four societal sectors, i.e. business, government, NPOs and individuals from civil society. The ideal was to interview those partners or partner representatives who were directly involved with the initial setting up of the most advanced partnering relationships in LtE's portfolio, so as to explore how these partnerships worked and transitioned, and also what inputs and benefits were gained. As beneficiaries do not provide specific resources towards operational capacity but instead are the main recipients of an NPO's activities, they were not selected for direct interviews. However, their experience of LtE's programmes and services is an important measure of LtE's outcomes and performance. Therefore, their stories regarding LtE's impact on their lives formed part of the secondary data – further details are provided in Section 3.3.2 below.

The process to select participants was as follows: after receiving permission from LtE to conduct the study, the initial interview and the UCT report (Musaya & Minnitt, 2016) indicated who the key role players were in different partnering arrangements which LtE regarded as most strategic. These names were then discussed with the key informant, who provided the relevant contact details and also at times informed prospective participants of the study, encouraging them to participate. Further names of individuals who could provide additional or new information were gathered during subsequent interviews, and they were then followed up in the same way until a full picture could be developed with the support of secondary data. In total, 13 of LtE's long-term partners were contacted and invited to participate in the study. Ten responded, but for various reasons, such as retirement and travel, some of these were not able to participate. Finally, seven partners were interviewed. However, since the necessary permission had not been obtained from one company, this particular interview could not be used, which left six external partners that participated in the study.

The selection process therefore resulted in 12 participants finally taking part in 14 in-depth, one-on-one interviews. Six of the 12 participants interviewed were employees of LtE, while the other six were external partners who headed up the partnering entity or who occupied a senior position within the partnering arrangement. One of the external partners was an individual who volunteered his

services on a fixed-term basis. All but two of the external participants, were originally involved with setting up their dyadic partner relationship with LtE. In terms of the two exceptions, LtE was previously directly involved with managing the one entity, while in the other, the participant stood in for the executive director who was unable to attend but was prepared subsequently to fill in on any data if needed – this latter step was however not required. All interviews took place at the head offices of the respective participants, except two which involved skype interviews as these participants were based further afield. The volunteer was also interviewed at LtE's head office.

The list in Table 3.1 below profiles the LtE participants who were involved with the interviews, while Table 3.2 profiles the external participants who were interviewed. As can be seen, the partnership manager was also the key informant and was interviewed on three separate occasions resulting in a total of 14 one-on-one interviews. Column two of Tables 3.1 and 3.2 provides the reference used when quoting a particular participant in this report. Column three indicates the corresponding ATLAS.ti document number. Column four indicates the duration of the data collection period, while Column five provides some background information on each participant that was involved with providing primary data.

Table 3.1: Summary profile of Learn to Earn participants involved with interviews

Participant description	Reference used when quoting	ATLAS.ti code	Data collection duration (minutes)	Background information on participants
One-on-one interviews with Learn to Earn staff				
LtE executive director	LtE CEO	3	90	Succeeded the founder member in 1995; 22 years in post; tertiary qualifications from local and international institutions; was able to provide strategic information on all the partnerships and on LtE's history to date.
LtE partnership manager (3 x interviews)	Partnership manager 1st, 2nd, or 3rd interview	22 (1st) 20 (2nd) 21 (3rd)	60 90 75	The partnership manager was also the key informant. Held different positions at LtE over eight years; previously worked in business sector and as a volunteer at LtE; tertiary qualification; was integrally involved and able to provide details on all the partnerships and was responsible for the stakeholder database.
LtE training manager	Training manager	1	90	Previously worked for local government on a project which was subsequently run by LtE; tertiary qualification in development studies; responsible for LtE's Association but also able to provide details on other partnerships.
LtE joint venture project manager	Retail project manager	2	90	Employed at LtE as the manager of The Feel Good Project (tfgP) since 2008; previously worked in retail.
LtE NPO donations / public relations specialist	Donation specialist	23	80	Volunteered at LtE before; employed at LtE for 3,5 years; tertiary qualification in development studies; able to provide more details on conventional donations as well as some specific partnerships.
LtE communications specialist	Communication specialist	24	30	Employed at LtE for about two years after volunteering; tertiary qualification; was able to provide more general information on partnerships.
Group interview with Learn to Earn staff				
LtE group interview	Group interview	31	90	Involved the CEO, the partnership manager, and the donor specialist

In Table 3.2 below, details on the societal sector that each participant was from, are included in Column 5, which also specifies the duration of the partnership and their specific involvement with LtE. The asterisk (*) in the table below indicates the external participants who were involved with LtE since the start of their partnering arrangement. Associate W had a prior relationship with LtE but was not involved from the start. These individuals were also the current champions for their particular partnership. More detail on each of the partnering dyads studied is provided in Chapters 4 and 5, and in Appendix 4A.

Table 3.2: Summary profile of external participants interviewed, site visits and observations

Participant description	Reference used when quoting	ATLAS.ti code	Data collection duration (minutes)	Background information on participants
One-on-one interviews with external partners				
Corporate / joint venture director *	Retailer	19	90	Dyadic corporate business partnership. Involved with LtE since 1999; previously ran the retailer's corporate social investment department; initiated the joint venture with LtE; championed The Feel Good Project (tfgP) with LtE; director on the joint venture board representing the retailer's flagship project; had previous collaboration experience in business and with other NPOs.
Business foundation executive director *	Foundation	18	60	Dyadic NPO partnership. Championed a foundation partnership with LtE since the start of the partnering relationship in 2012 involving a multi-year grant which was renewed; managed numerous other NPO–business collaborations.
Small business owner / associate member *	Associate T	17	60 (Skype)	Dyadic small business partnership. Worked with LtE in a different partnership for about one year; since 2016 was replicating LtE's approach as part of a small business corporate social investment programme. Based in Tanzania (T).
NPO executive director / associate member *	Associate W	16	90	Dyadic NPO partnership. Championed an associates' programme with LtE since 2014; replicating LtE's model; used LtE's material to complement and expand her organisation's programme offering. Based in the Western Cape (W).
NPO training manager / associate member	Associate K	25	75 (Skype)	Dyadic NPO partnership. Worked on the associates' programme with LtE since it started in 2013 but was not championing the relationship (stood in for the CEO); replicating LtE's model, used LtE's programmes to complement and expand his organisation's programme offering. Based in KwaZulu-Natal (K).
Volunteer (systems development) *	Volunteer	26	60	Dyadic partnership with an individual from civil society. Expert volunteer with LtE for over a year on a regular one-day-a-week basis; involved with systems development including the stakeholder database; previous experience with volunteering in a similar position in other NPOs; previously worked in a similar position at another NPO.
Formal meeting observations and site visits				
Meeting observation (NPO) and site visit	Observation 1	34	210	The first observation was of a meeting with an NPO (their second meeting with LtE). The meeting took place at LtE main training centre, during which time a site visit was also conducted. This included a visit to the potential partner's site as well.
Meeting observation (business-linked foundation) and site visit	Observation 2	30	90	The second meeting that was observed involved a business-linked foundation (their third meeting with LtE). During this meeting other LtE employees joined in to partake in the meeting. The meeting took place at LtE main training centre, during which time a site visit was also conducted.

It should be noted that while beneficiaries did not participate directly in the study as explained earlier, they emerged as important partners in different respects. Beneficiaries were not specifically interviewed, but data on them were gathered from the numerous references which various participants made, as well as from observing or informally interacting with a few of them during the site visits. Further details on beneficiaries were obtained via the success stories which were shared or published on the internet, and obtained from other organisational documents, such as annual reports and newsletters.

Also, noteworthy was that at the time of the study LtE did not have any active government-linked partnerships in place. However, it had concluded a partnership with a local government department in 2016 (Learn to Earn (LtE), 2016), and was awaiting feedback on a new proposal that had been submitted. As a result, some participants made reference to LtE's links with government during interviews and follow-up sessions, and there was also secondary information available that pertained to this relationship.

3.3.1.2 One-on-one interviews: questions

The interviews broadly covered the following questions: i) the background and experience of participants; ii) what was the motivation or reason for partnering; iii) how partnering plays a role in achieving their goals; iv) how the partnership evolved; iv) what value was created through partnering, for whom, and how this was done; vi) what factors facilitated or hampered value creation; and vii) what strategies were used to effectively leverage the partnership to achieve maximum value creation. Since these were in-depth interviews, they allowed for delving more deeply into some other relevant areas as these emerged, for example: what gave rise to the partnership evolving, and how certain opportunities were leveraged to co-create solutions.

3.3.1.3 Observations and site visits

The other key primary data sources consisted of formally observing two meetings with potential partners. Both these observed meetings took place at LtE's main training centre, where opportunities for physical site visits then presented themselves. In addition, a visit was also paid to The Feel Good Project warehouse, sewing centre and outlet store in Khayelitsha. During the planned site visits, attention was paid to the interactions between various role players such as staff, beneficiaries, partners, and even suppliers. These site visits also offered opportunities to engage with beneficiaries and staff, see facilities in use, and teaching and work in progress, and also experience the culture of the organisation. Observations were focused on how training and work was conducted, and even on what was on display, such as, certificates, art work of beneficiaries and branded merchandise. Photographs were taken of, for instance, branded items illustrating how exposure had been given to certain projects and partners.

Two meetings with prospective partners were also observed, which included them engaging with beneficiaries inside and outside the class setting. The first meeting that was observed included a site visit to the offices of the prospective partner which allowed for gaining data on its location and set up. Two public events organised by LtE were also observed informally. Here again, opportunities were provided which allowed for experiencing LtE in action, see board members, beneficiaries and staff engage with guests, gauge guest reactions, and see what products and services were donated by sponsors and other stakeholders, and how they were recognised. One was a fundraising event where staff and beneficiaries intermingled with guests, where merchandise produced by LtE was sold, and where board members and other partners were thanked for their contributions. The other event was LtE's annual general meeting, where programme progress reports were presented, and staff were thanked for their inputs. As most of the interviews took place at the participants' workplaces, these also provided opportunities for observation. What was helpful with the observations and obtaining background information was being flexible and willing to be guided by the key informant as she was more familiar with the surroundings.

By combining interviews with observations and site visits in different settings, the researcher was able to garner rich contextual descriptions, in some way similar to an ethnographic study (Charmaz, 2014, p. 35; Van Maanen, 2006, p. 17), like Malinowski's anthropological case study involving participant observation of a local village (Hamel, Dufour, & Fortin, 2016). For Malinowski, culture was best understood through attentively observing the behaviour of societal actors in their environment (Hamel et al., 2016). Through using interviews and observations, which are data collection techniques used in both ethnographic and case study approaches (Hamel et al., 2016), outsiders can be provided with insider views, as was the aim with the interviews and observations involving LtE and its partnering arrangements. Even though the fieldwork period was shorter than for conventional ethnographic studies, being a participant observer required "intense reliance on personalized seeing, hearing, experiencing in specific social settings" (Van Maanen, 2006, p. 18). In this regard, every opportunity during the fieldwork period was used to seek as much data as possible, in terms of what was happening at LtE and the way the organisation did things.

3.3.1.4 Group interview

Finally, a group interview was held in May 2017, about halfway through the main fieldwork period, and involved reviewing some initial findings and gathering further information from LtE's CEO, the partnership manager, and the donation specialist. At this interview, the metaphor of an ecosystem that emerged from the initial analysis was discussed with LtE. The group interview lasted 90 minutes.

In total, the 15 actual face-to-face interviews (i.e. 14 with individuals and one group), the two formal observations together with the site visits, and the two informal event which were observed involved 23,8 hours of contact time, with each engagement averaging 84 minutes. Further details on the

participants interviewed, the meetings which were observed, and the site visits conducted are provided in Tables 3.1 and 3.2 above.

3.3.2   Secondary data

Besides the interviews and other primary data described above, a range of secondary data was used. The latter included the UCT report referred to earlier. The UCT study (Musaya & Minnitt, 2016) took the form of a research report and was produced by two Master's students of the University of Cape Town as part of their course requirements. So as to limit the time that LtE spent on supporting academic research (at the request of LtE), it was agreed with LtE and the UCT research supervisor that the two students would focus their study in a way that would support this particular study as the main study but without compromising it. As such, the present study informed the main question that Musaya and Minnitt (2016) researched, and their work was overseen by the researcher of this study, but signed-off by LtE as a true reflection of what was happening in the organisation. All the background information and original interview transcripts gathered by Musaya and Minnitt (2016) were made available together with their final report to support the present study. Besides this UCT report, various newsletters, annual reports, and other archival records were sourced from the internet mainly to gain additional longitudinal data for triangulation purposes. One archival record that is frequently referred to in this study is LtE's 2015 Annual Report (2015). Additional beneficiary stories were obtained from LtE's website and from other public sources, such as newsletters. Over and above this, access was gained to the communications file (CF) wherein LtE recorded interactions with the retailer which, together with primary data collected from the participants, allowed for a retrospective view on LtE's partnership that it regarded as most strategic and which had evolved over 18 years (i.e. between 1999 and 2017).

3.4   DATA MANAGEMENT AND ANALYSIS

3.4.1   Interviews recorded and transcribed

All interviews and observed meetings which formed part of this study were voice-recorded, while brief notes were also taken during the interviews. Notes from each interview were summarised, typed up and sent back to the participants within 24 hours for member-checking to assess the accuracy of the interpretation and to clarify any discrepancies – being a way to enhance the validity of the data, followed by Charmaz (2006). Where necessary, changes were made to the final summaries. In the case of the observed meetings with partners, the notes were sent for checking to the key informant, who also chaired the meetings. Participants could decide if they wanted to delete anything – no one opted for this. All participants also agreed in writing to their names and organisation names being used.

After receiving a full transcription of the first recorded interview, it was recognised that the data contained in the summary had lost their richness. It was then decided to fully transcribe the recordings of each of the 14 one-on-one interviews, as well as the group interview, while still continuing also to complete the summaries as described above. While all the full transcripts plus the summaries were imported into ATLAS.ti, only the full transcripts and observation notes were coded and analysed. The summaries were used for triangulation purposes. All interviews were allocated a unique code for analysis purposes – see the ATLAS.ti codes in Tables 3.1 and 3.2. Further notes were kept in a field diary while memos were captured in ATLAS.ti. In addition, all the participant details and all the main interactions that took place with the actual and invited participants during the fieldwork period were captured in Excel spreadsheets as part of the research data process – for an extract see Appendix 3.1.

3.4.2   Managing large quantities of data

The calls to exercise caution by various authors (Eisenhardt, 1989; Friese, 2014; Yin, 2014) were heeded regarding the challenges associated with collecting vast amounts of data during case studies. As part of trying to make sense of the extensive amount of data, the suggestions of Bogdan and Biklen (2007, as cited in Merriam, 2009, pp. 171-172) were heeded, which included: i) developing analytic questions (such as 'What keeps the ecosystem alive?', which helped to refocus the original question); ii) writing many memos and observer comments as the analysis progressed (various patterns, categories and constructs were identified); iii) using various visual devices to capture initial findings (such as mind maps and diagrams, both hand-written and electronic – for example, refer to Appendix 3.2); iv) making decisions to narrow the study (e.g. not to interview beneficiaries but instead to use the website to supplement data from the interviews since there was relevant information there); and v) trying out ideas and themes on participants such as during the group interview, and with the key informant and outside experts in the NPO sector.

3.4.3   Data sufficiency

Besides exploratory studies resulting in large quantities of data which need management, they also pose a different challenge, which is knowing when sufficient data have been collected so as to inform theory building. In terms of data sufficiency, Charmaz (2014, p. 33) suggests seven criteria to determine whether data is rich and sufficient, namely: i) Is there enough data to understand the full context of the study in terms of people, processes and settings? ii) Is there a range of participant views to provide detailed descriptions? iii) Do the data go deeper than provide surface level information? iv) Are there multiple views on different actions? v) Do the data reveal changes over time? vi) Do the data allow for developing analytic categories? vii) Can different comparisons be made between the data so that ideas can be formed?

All the above-mentioned aspects were addressed to some extent. In terms of points i) to v) above, enough and varied useful data, to contextualise and understand partnering at LtE, was mainly collected via in-depth interviews with carefully chosen experts representing LtE and its key partners from the business, NPO and civil society sectors. There were also site visits and various observations that contributed to gaining a richer picture. These primary data sources provided multiple views and detailed descriptions on a range of processes, actions and outcomes spanning the duration of the selected partnerships. As most of the originators of the partnerships were still actively involved, a substantial amount of institutional memory could be tapped into and elaborated on in subsequent interviews with others. Furthermore, member-checking the summaries, getting the key informant to verify certain input, and adding further information when needed helped to ensure the necessary detail was present. Then there was also the UCT report (Musaya & Minnitt, 2016) that provided additional information together with other secondary data sources. This wide range of data allowed for triangulating primary data. In terms of point iii) pertaining to data sufficiency, the group interview to check initial findings around the idea of an ecosystem illuminated aspects that surprised the participants and allowed them to elaborate on certain aspects and explore how they could best leverage the opportunities these presented – more on this in Chapter 4. Analysing the communications file pertaining to LtE's most strategic partnership allowed for a timeline to be constructed which could be filled in with data from the interviews and other data sources. In terms of points vi) and vii), there was, if anything, an overload of data. Since the aim of the study was to learn lessons (Rundle-Thiele et al., 2008), and provide rich contextualised explanations (Welch et al., 2011) by attending to the above-mentioned criteria, the main research question and the themes of interest could be adequately explored, providing a comprehensive picture of LtE's portfolio, the partnering process at LtE, and the evolution of some of its key relationships.

3.4.4   Data coding and analysis

Taking the advice of researchers such as Eisenhardt and Graebner (2007, p. 25) and Gioia, Corley, and Hamilton (2012, p. 21), the collection, coding and analysis of the data were not treated as distinct processes. Instead, they were interspersed with a broad range of literature so as to improve internal validity and confidence in the findings (Bansal & Corley, 2011; Charmaz, 2006; Eisenhardt, 1989, pp. 540, 544; Gioia et al., 2012). In order to uncover patterns connecting with literature (Madill, Jordan, & Shirley, 2000), a cyclical, inductive, sense-making process took place which involved iterating between data collection, coding, analysis, and reviewing the literature. The recommendation by Friese (2014) was taken to use ATLAS.ti for pattern searching and matching.

The analysis was approached in three ways. Firstly, an initial thematic analysis was conducted as part of the sense-making process to gain a deeper understanding of the partnering process and dynamics, the different arrangements, the types of value created, and the role players and their

motivations. After that, due to the complexity of the data, various frameworks were used as lenses to re-interpret the data and present the findings in a more coherent and accessible way. Lastly, a time line analysis was conducted on the retailer partnership, and also on key milestones in LtE's history. The initial thematic analysis is outlined first, before elaborating on the subsequent analyses, which involved both a deductive and inductive process.

3.4.4.1 *Initial thematic analysis*

The initial thematic analysis was purely inductive, where Dacin, Munir, and Tracey's (2010) approach, which emulated the process advocated by Gioia et al. (2012), was followed to develop categories from the data, and concepts from the themes. Bearing the main research question in mind, the transcripts were coded, and codes were reduced during several iterations of coding and seeking patterns in literature before following the four-step approach for designing a data structure. During a close inspection of the data, data were, as suggested by Charmaz (2006, p. 42), compared with words, incidents and segments relating to actions, reasons and context before initial codes were identified to describe what was interpreted from the data. Charmaz's (2006, p. 48) suggestion was also taken of coding data as actions using a gerund to detect processes as a way to prevent making "conceptual leaps" and adopting existing theories before doing a thorough analysis.

The first data coding step involved developing first-order codes which closely resembled participant terms or what Gioia et al. (2012, p. 18) refers to as "informant-centric" terms and codes, or what Charmaz (2006, p. 42) refers to as "initial coding", and Strauss and Corbin (as cited in Saunders, Lewis, & Thornhill, 2012, p. 568) refer to as "open coding". "In-vivo" codes (Friese, 2014, p. 92), which are words or phrases used by participants to describe the dynamics of partnering and value creation, formed part of the first-order codes.

During the second step, recurring first-order codes or terms were grouped and reduced into 'first-order categories', for example engagement or value creation, while still retaining participant terms as far as possible. This is similar to Charmaz's (2006, p. 11) "focused coding". New codes were added, combined and reworded or refined, throughout the analysis phase. After this, a first level analysis was done – for an example of the first level analysis, refer to the mind map in Appendix 3.2.

As the third step, links among first-order categories were sought and grouped into 'second-order themes' (using more abstract names for categories), or 'researcher-centric concepts, themes, and dimensions' (Gioia et al., 2012, p. 18). For instance, comments relating to partner interactions were grouped into a category called 'engaging productively'.

The final step involved clustering the 'second-order themes' to form 'aggregate theoretical dimensions' (Dacin et al., 2010, p. 1402). An extract of the final data structure showing the

relationship between the different steps, including representative data, is illustrated in Table 3.3 below. For the full structure, refer to Appendix 3.3. Also see Appendix 3.4 for a mind map depicting the high-level theoretical dimensions and the second order themes.

Table 3.3: Extract of the thematic data structure illustration

	Themes	Categories	Data
No.	Second-order themes	First-order categories	Representative data (linked to first-order terms)
Aggregate theoretical dimension 1: OVERALL			
	Committing to a social cause	Aligning purpose, values and strategy	When I started with the research, and I engaged with all the main players, … We've chosen them because of their product. … and their values align with what we are trying to do. (LtE CEO)
			Their values … are very closely aligned with LtE's, … that is one of our most significant partnerships. (Donor specialist)
			Their vision might be very clear and their mission … but the operational objective related to achieving that mission, if it's not clear, they almost never grow. (Training manager)
		Embracing passion	… they run it with heart, you know. ... They remind us of you need to do things with heart. It's not just about, ... making money. It's about treating people with heart. (Retailer)
			… there are individuals that feel passionate about what we do and buy into the vision. (Partnership manager 2nd interview)
		Making tough choices	If the partnership or the product or the training course is not viable then it's not viable. (LtE CEO)
			… we've turned away funding. (LtE CEO)
	Encouraging a joint action mindset	Being integrative	… we've partnered with a lot of people because everything that we did we always looked at it. How can we best leverage? Get the biggest bang for our buck, for example? So, we were always looking at everything in that way. (Retailer)
		Being proactive	… we've got international accreditation for our Barista programme with Specialty Coffee Association. (Training manager)
			I plan my route into the store … to cut … travelling costs. (Retail project manager)

As mentioned above, the insights gained from this analysis were then used in the further analyses.

3.4.4.2 Use of theoretical lenses

As the inductive analysis was not able to fully explain LtE's partnering approach, the suggestion of combining an inductive with a deductive approach was followed as insights from using existing theoretical concepts and frameworks can result in "a novel, more convincing explanation" (Welch et al., 2011, p. 754, citing Sminia, 2003). Various frameworks were then used during this next phase of analysis. These mainly included the CVC, the strategic triangle, the business model canvas, and an ecosystem. What was particularly helpful with this dual approach was that the coding categories and

themes developed as part of the initial thematic analysis, facilitated the subsequent analysis when using different theoretical lenses to reanalyse the data. For instance, the themes relating to 'engaging productively to unlock value' and 'managing tensions', could easily be grouped under 'key relationships' on the business model canvas, while 'growing a reliable and versatile team' and 'building efficient and integrated operations' tied in with the 'key resources' block to explain how LtE went about using its resources. It was therefore easy to find representative quotes to substantiate different interpretations. More importantly, however, besides the themed-quotes, there were also direct quotes which the expert participants shared about partnering that provided unique insights – such quotes were used where relevant to capture a particular point. Further details on the various frameworks used to conduct additional analyses are elaborated on in Chapters 4 and 5.

3.4.4.3 Longitudinal analyses

As this study aimed to explore how the process of partnering evolved and how it contributed to building organisational capacity over time, input was primarily sought from participants. Afterwards, secondary data was used to supplement and qualify insights gained from participants. So, for example, for the long-standing partnership with the retailer, a timeline analysis was done which highlighted the partnering process, and how and when the partnership transitioned through different stages, plus the value created during this time. Similarly, an analysis was conducted on the key milestones in LtE's history pertaining to its expansion and how partners contributed to some of these developments in scaling organisational capacity. Details on these analyses are covered in Chapters 4 and 5.

3.5   ETHICAL CONSIDERATIONS

After obtaining ethical clearance for this study, written permission was obtained from LtE to conduct the study – find confirmation to this effect in Appendix 3.5 and 3.6. The permission granted covered access to participants and information not in the public domain. A similar letter was completed by the various partner entities to gain access to their employees or consultants involved with the selected partnerships, as well as relevant information that was not in the public domain. LtE, as well as the partner entities that participated, had the option to remain anonymous or to have their names published when writing up the findings – no one opted to remain anonymous.

Furthermore, participants involved with one-on-one interviews were required to give informed consent by signing a consent letter that outlined the purpose of the research and spelled out what was required of them – see Appendix 3.7 for an example. This letter was sent to participants via email together with the invitation to participate so as to give them the necessary details and time to reflect on what was required before they agreed to participate. Their participation was also voluntary to limit any bias.

In the case of the two partner meetings that were observed, verbal consent was sought from those involved. Those attending the observed meetings were asked by the chair of the meeting if they had any objections to the researcher being present and taking notes. The participants once again had the option to request that certain information remain confidential in which case that information would be deleted from the notes – none however elected this option. Transcriptions of observation notes were made available to participants for scrutiny, but none requested it, therefore, only the key informant who chaired the meeting signed off on the observation notes. In the case of the annual general meeting and the fundraising event which were informally observed, no formal permission was sought since these were public events.

3.6   RESEARCH METHODOLOGY CONCLUSION

Owing to the complexity, dynamism, and multidimensionality of partnering, a systemic, exploratory approach was considered useful to provide theoretical as well as practical insights. In line with this, a practical case, namely not-for-profit organisation Learn to Earn, with six of its partnerships as the selected embedded cases, was used to explore and illustrate how it went about partnering. Since the aim of the study was to make a theoretical and practical contribution, a combination of an inductive and a deductive process was adopted for the analysis. This included using certain theoretical lenses to interpret the data during which various themes were explored. The analyses also included a timeline analysis involving the long-standing corporate partnership that was regarded as most strategic, and identifying key milestones in LtE's history that were linked to capacity building. Special attention was paid to being as transparent as possible about the data collection and analysis processes so as to enhance the rigour of the study.

The next two chapters of this dissertation detail the main findings. In Chapter 4, further details are provided on the case itself, while exploring the interplay between different partnering relationships using various frameworks to illustrate the systemic and dynamic nature of the partnering system involving LtE as the illustrative case. The transitioning process of one of the partnerships is also outlined. In Chapter 5, the business model canvas is used to explore the maturing of the partnering portfolio, and how partnering as a strategy is operationalised and sustainable value is created. The findings are then discussed in Chapter 6, which concludes the dissertation.

CHAPTER 4: FINDINGS ON VALUE CREATION FROM A PARTNERING SYSTEM PERSPECTIVE

4.1 INTRODUCTION

Based on the research question, *How can NPOs use partnering to scale their value creation capacity?* it was argued in Section 1.5 that an NPO situated at the hub of multiple partnering arrangements at different stages of maturity, and containing entities from different societal sectors, will represent a good research case for the intentions of this study. The literature study (Chapter 2) highlighted the variety of perspectives from which partnering can be investigated, while the methodology (Chapter 3) provided the pathway for doing so.

Engaging now with the research findings, this chapter consists of four main sections. The first section focuses on introducing the findings by describing the overall case and the embedded cases, as well as providing more detail on the primary data sources. The second section introduces the case in terms of a social ecosystem analogy (refer to Section 3.4.2 and 3.4.3), which captures the particular systemic and dynamic nature of the partnering system that was discovered in the course of the research inquiry. The ecosystem perspective pays more attention to the interplay between the different relationships and forms of value that are interchanged in sustaining the overall system. In the third and fourth sections, the collaborative value creation framework and the strategic triangle, discussed in Chapter 2, are then applied as lenses to analyse the data and provide a richer conceptual explanation of the illustrative case, respectively.

While the focus of this chapter is on findings about value creation from a partnering system perspective, the focus of Chapter 5 will be on the scaling of value creation by means of applying a business model and managerial interpretation to the findings. In terms of the findings, LtE is regarded as the hub NPO that leverages its partnerships for resources to achieve its specific mission.

As explained in Chapter 3, throughout Chapters 4 and 5, extensive use is made of representative participant quotes to substantiate the interpretations and themes that emerged. Besides the quotes relating to themes, direct quotes shared by the expert participants, such as LtE's CEO, did not necessarily form part of high-level themes but are used as they provide deeper insights and succinctly capture the strategy, the process, and the outcomes of partnering. While shorter quotes are incorporated into the narrative and enclosed with quotation marks, quotes of 40 words and more, or those that needed emphasising, are indented and freestanding while using a smaller font size.

4.2   LEARN TO EARN AND ITS PORTFOLIO OF PARTNERSHIPS

4.2.1   Case overview

In Chapter 1, Learn to Earn (LtE) was introduced and its operations explained by way of the standard documents available at the time. Attention was paid to providing motivations for LtE as a particularly good example for learning about the use of a partnership portfolio for delivering social value in the form of solutions to the NPO sector to address societal challenges. This initial description and understanding of the case are however limited. From the data gathered, deeper insights about the hub NPO, i.e. LtE, and its ties with partners emerged. So as to better understand and contextualise the case, more detailed descriptions of the ongoing processes and inter-dynamics between the components are provided in this chapter.

In what follows, LtE is presented in comprehensive terms, inclusive of the six embedded cases which were selected for deeper exploration of their role and evolution within the overall partnering portfolio. This introduction is based on the descriptions provided by the representative of each partnering entity, as well as LtE's staff members who participated in the study. Besides the embedded cases, detail is provided on LtE's staff complement, as well as its beneficiaries since they are core to its functioning. In addition, the other primary data sources, i.e. the group interview, observations and site visits, are also elaborated upon below. Besides the extracts from the primary data collected, the two main references used here are the 2014–2015 annual report of LtE (2015) and the UCT report (Musaya & Minnitt, 2016), which are two of the secondary data sources used in this study, as referred to in Section 3.3.2.

4.2.2   Learn to Earn as the hub organisation

When LtE was established in 1989 as an NPO with volunteer members, it operated from a double garage. It now has its head office, two off-site training centres, and other infrastructure, such as two outlet stores, in the Western Cape and beyond. The organisation's mission is to provide skills development and job creation for unemployed people from disadvantaged communities who cannot afford to pay full fees for the services they receive. LtE is a registered non-profit and public benefit organisation with tax exempt status, and Section 18A approval in accordance with provisions of the Income Tax Act of 1962 (Learn to Earn (LtE), 2017). The latter allows for the donations to the organisation to be tax deductible for South African donors. LtE has similar arrangements in certain overseas countries which allows it to also give tax certificates to foreign donors. LtE is made up of three legal entities, i.e. LtE, the training organisation (set up as a Trust in 2016), which is primarily funded by donations; the Learn to Earn Business Resource Centre, which houses the income-generating social enterprise projects (registered as a nonprofit company (NPC) in 2002, and changed to a for profit company (Pty Ltd) in 2016); and The Feel Good Project (tfgP), which was set

up in 2009 as a joint venture with a business partner (LtE, 2017). The latter two entities are based on a self-sustaining business model with a specific objective of developing trainees and interns (LtE, 2015). The separate legal entities are used to unlock funds earmarked for enterprise development from the business sector in order to support beneficiaries with starting their own enterprise development initiatives. Linked to this, LtE's income-generating projects are also used to fund their skills development programmes, which do not generate sufficient income. The training manager explains how the different entities interrelate:

> What we're also very conscious of is the fact that we do have a very strong social development arm … that's not generating an income and so our enterprising and development activities do need to get to that point where it's generating enough so that it can re-invest some of that income back into our social development resources. (Training manager)

As mentioned in Section 1.4, at the time of the study, only 13% of the R15.8 million income of LtE as a hybrid NPO, was self-generated, while the largest proportion of income (66%) was derived through funds from trusts and corporations, followed by individuals and churches that contributed 12% towards its income (LtE, 2015). A further 9% came from a local government grant (LtE, 2015). While its foreign income has been decreasing, local support and its self-generated income has been increasing over time – the latter was largely due to increased income from the time the joint venture with the retailer commenced and the associates came on board.

As mentioned, LtE had over 140 entities that were recognised as sponsors and donors for their financial and in-kind contributions in excess of R1 000 during the 2014 – 2015 financial year (LtE, 2015). This excluded the hundreds of individuals who support LtE financially through different channels or organisations, such as churches and Stewardship Services (UK) (LtE, 2015) – the latter is one of the channels used by LtE to access foreign funding for which it can offer tax concessions to donors. LtE's annual reports going back to 2009 reflect a similar position with regard to sponsors and donors. Some of the resource providers are once-off contributors while others are long-term donors, as alluded to by a partnership manager who mentioned that there was "a whole supporters' network in the US … local church networks. … individuals that have supported LtE … say R50 a month or R100 a month, … doing it consistently over years and years". Moreover, there was even the case where "an elderly lady … included LtE in her will". It also excludes those individuals who volunteer their time and provide other non-financial contributions, such as offering free transport, fabric off-cuts, or academic support.

One of the ways in which LtE supplements its financial shortfall is by diversifying its income streams and taking advantage of certain legislative changes, such as the Broad-Based Black Economic Empowerment (B-BBEE) Act. This Act, for instance, allows a company to gain points for preferential procurement through making charitable donations to certain NPOs. The Act also allows for the board

members of an NPO to become shareholders of a company and obtain shares where the profits can feed back into the social change development projects of the NPO concerned. "LtE's organic partnership strategy has allowed for appropriate and timely adaptions according to B-BBEE legislation. This is attractive to corporates as LtE is committed to ensuring maximum mutual benefit" (Musaya & Minnitt, 2016, pp. 10-11). The training manager explained that leveraging this opportunity forms part of LtE's unique value proposition, namely to "transfer some of that ownership into an initiative that has social good, … so we do now have the position to take ownership in companies and companies who benefit from us having that ownership … it gives us an income stream that we work for, but it's not part of your traditional fundraising".

Resourcing is provided through different resource streams which include charitable donations, funding from various entities, income generated from projects, and volunteer services. There are also partners who provide a range of non-financial benefits, including opportunities for beneficiaries to do internships and get employment. LtE's partner portfolio is made up of entities from all sectors, who in turn make contributions or offer support to one or more of the resource streams. According to the training manager, businesses – even the smaller ones – can support LtE in multiple ways: they may, for example, "want to make a difference and they can contribute by hiring one or two people, um, donating some stock or some product. … They can't resource you all the time … but they are definitely loyal". Figure 4.1 illustrates LtE's structure with its different programmes, the resource streams that support them, and the stakeholder categories that the partners, who contribute one or more resources, represent. Some resources are earmarked for specific projects, while others are for general use at LtE's discretion.

Learn to Earn legal entities and programmes	Resource streams	Partner portfolio makeup
LtE Business Resource Centre • Income-generating projects • Small business development	Charitable monetary donations	Business, incl. the media
	Funding, incl. grants and CSI funding, tax-linked contributions, e.g. shares, capital investment	Government
LtE Skills Training Organisation • Baking • Barista • Sewing • Design • Office skills • Etc.	Income from sales and services, incl. membership and consulting fees, sale of merchandise	NPOs
	Goods and services, incl. product discounts, sponsorships, access to facilities, etc.	Other civil society organisations, incl. churches, academic institutions
	Volunteers, incl. skills-based and pro bono (expert) service providers	Individuals from civil society
Retail joint venture • The Feel Good Project (tfgP)	Internship and employment placements	Beneficiaries
		LtE staff

Figure 4.1: Learn to Earn's legal structure, resource streams and portfolio makeup
Source: Compilation using information from Learn to Earn's annual report (2015), and the UCT report (Musaya & Minnitt, 2016).

LtE offers a range of integrated, market-relevant skills development programmes and assists with the setting up of small businesses as part of its comprehensive development programme for its primary stakeholders, i.e. its beneficiaries. Beneficiaries can choose to do or utilise one or more programmes or services as illustrated with these examples.

> … offering skills training and a holistic approach … that is market-driven, product-driven … we've got 15 courses and we've trained 300 people and the output is that 90% of them graduate. (LtE CEO)

> Setting up black businesses. Developing sustainable franchises that would incubate and give life to these entrepreneurs. (Training manager)

> Basic sewing skills: 14-week programme which costs R12 000 per student but the students pay R450 each. Part of the programme includes [a] business and life skills component. (Observation 2 notes)

As part of the compulsory training, beneficiaries receive general life skills training where they cover topics such as work etiquette, managing own finances, and HIV/AIDS prevention. Before qualifying, beneficiaries have to do an internship in an organisation which LtE arranges through its placement partners. Those who successfully complete the programme, i.e. the graduates, are supported in accessing employment or starting their own businesses. LtE also has income-generating projects

linked to the skills development programme which provides opportunities for trainees and interns, as well as paid short-contract jobs for a few of the graduates. Some of the products produced via these projects are sold to the public to generate income that is fed back into the organisation. So, for instance, as part of a sewing income-generating project which is also used for training, beneficiaries produce conference bags or remodel damaged clothing, which are then sold to customers.

While the diagram above broadly shows the resources that flow into LtE, it does not show what resources and value are created for, or captured by, the partnering entities. Besides gaining reputational enhancement from supporting LtE's social change mission, partners could also, for instance, access a suite of products which are already tested. Here are some more examples of benefits that partners could derive as explained by LtE's training manager and project manager respectively:

> … what attracts folk … they select from our menu … rather than … starting something new. (Training manager)

> They make a contribution to getting people work. They get media exposure … They get trained individuals after a paid-for internship – tfgP pays the interns during their internship at any organisation – the internship costs amount to R450 000 per annum which the project pays. (Retail project manager)

Another reason why partners are reportedly attracted to LtE is because of its professional approach and its long track record of success, as illustrated in this extract from the UCT report:

> [LtE] … is committed to ensuring maximum mutual benefit … committed to reporting diligently on its funding …[its] professional organisational culture … its 27-year track record of sustainable, measured and impactful results". (Musaya & Minnitt, 2016, pp. 9, 11)

Despite its large, diverse and evolving partnering portfolio, LtE does not have a written partnering strategy. Instead, LtE's dedicated partnership manager described the organisation's agreed strategy as "organic" since it allows for flexibility to adapt offerings to suit the needs of partners and respond to changes in the external environment, for instance legislative changes (Musaya & Minnitt, 2016, pp. 2, 7, 10-11). Through partnering, LtE facilitates the link between various entities so that the entities do not necessarily have to run the projects themselves (Musaya & Minnitt, 2016, pp. 6-7). As such, LtE regards any individual or organisation that supports it in achieving its vision and mission as a partner, and therefore partners, irrespective of the size of their contribution, are said to be treated with gratitude and respect (Musaya & Minnitt, 2016, pp. 4-6). Even though LtE's portfolio involved in a range of mostly local dyadic partnerships that evolved over time to include entities from all sectors of society, as far as could be assessed it was not directly involved with any other largescale national multisectoral or multistakeholder collaborations. As mentioned, at the time of the study, LtE's partnership with government had also ended.

As explained in Section 3.3.1.1, six partnerships were purposely-selected as the embedded cases of the overall case for this study because of their strategic importance to LtE and their complex nature, which will become evident as they are introduced below. Further details on the partnerships that were studied are also contained in Appendix 4A. Before discussing the various partnerships, LtE's staff are introduced.

4.2.3   Learn to Earn staff

For LtE's CEO, its sustainability revolves around people, i.e. "the retention of staff … and around tenure on your board". Notes from the first site visit revealed that the organisation has a diverse staff complement of "35 to 40 of staff [who] are full-time … In addition, there are plus-minus 50 with fixed-term contracts working on projects or while on training in income-generating projects". The staff are described as having "positive energy, and long tenure, for example, the repair centre manager had 17 years' service". There are also "students that have become staff. … [and] staff from the community", according to LtE's CEO. The partnership manager, during the third interview with her, expressed that she is "particularly passionate about … making sure that our graduates … get quality jobs". The staff who participated in the research also indicated that they had been working at LtE for a number of years. During the site visits, staff also enthusiastically shared details about their jobs.

Besides the CEO, and the partnership manager, who was the key informant on this study, LtE also has other managers and staff involved with specific projects. As mentioned in the methodology section, Section 3.3, six representatives from LtE who are integrally involved with its key partnerships and projects, were interviewed as part of this study. In addition, three of these participants were involved in a group interview around mid-way through the fieldwork period to test the idea of an ecosystem.

4.2.4   The business partnership with a retailer

This NPO–business relationship, started in 1999, after LtE made a request and received a charitable donation of clothing from a large national retailer in the clothing industry. Following annual requests, LtE received further financial and other contributions of increasing value. Over the years, the relationship evolved, and in 2009, a joint venture was formed. The retailer explained that the explicit mandate is to "train people, to help them find jobs". For the retailer it was important "that the project was set up to be completely self-sustaining" and "one of the key outputs was creating a pool of people that could come and work in our stores".

The retailer invested a capital sum of R500 000 into the project, and a board of directors representing both organisations was appointed to oversee the running of the project. In addition to the capital lumpsum, all the retailer's returned clothing is channelled to LtE, and LtE receives a monthly fee from the project's profits to manage the project. LtE therefore runs the project as its retail skills

development programme where, amongst other things, beneficiaries in training receive and process the damaged clothing, and remodel the items before selling them through the two stores which have been set up to: 1) provide beneficiaries with in-store retail training, and 2) to provide lower income customers with affordable clothing. The retailer then provides some internship and employment opportunities for a certain number of beneficiaries who qualify, while the remaining beneficiaries are free to take up internship and employment opportunities elsewhere.

Since the inception of the joint venture, the project reached "significant milestones" (Musaya & Minnitt, 2016, p. 15). The retailer described the project saying "at a point in time we were making too much money. … And that's why we expanded it – we have two stores, a warehouse, a sewing centre … and it's completely self-sustaining" which is regarded by the retailer as "enormously valuable".

While the retailer is the core funder of the joint venture, the project was set up in such a way that other entities are allowed to subsidise certain aspects, so as to expand the reach of the project. This partnership is described by LtE as an example of "an in-depth, synergistic and mutually beneficial partnership" (Musaya & Minnitt, 2016, p. 23), while for the retailer it is regarded as its "CSI flagship project", implying that it is of strategic importance to both partners.

Further details on the transitioning of the relationship with the retailer are discussed in Section 4.4., where more detail is provided on the different partnership stages and types of value created by using various concepts from the collaborative value creation (CVC) framework to analyse the data.

4.2.5   The partnership with a business-linked foundation

An NPO–NPO partnership with a South African-based, business-linked philanthropic foundation started in 2013, after LtE received a funding grant following a successful application. The funding mandate of this foundation focuses on social development and impact in South Africa as well as in other countries in Africa, the Middle East and Europe. LtE has had a relationship with this foundation for over four years, and, at the time of the fieldwork, it had entered into its second three-year grant period. The foundation's unspecified funding is used to fund LtE's compulsory life skills component, which as indicated below, covers a core programme component.

> … [it] does provide us with a bit more flexibility in terms of our other corporate relationships where there might not be as much appetite for a life-skills [programme] or a spiritual aspect. (Donor specialist)

The foundation provides additional funding to LtE for capacity building. "[W]e do those kinds of things to help capacitate them … we send them on leadership training … so the whole way through their three-year cycle we try to do all sorts of things that they probably wouldn't do themselves with the money" (Foundation). The foundation, which plays an educational role in terms of influencing the

business sector nationally to partner effectively with the non-profit community, also runs various programmes including an awards programme called 'Nation Builder' which recognises both NPOs and businesses for their efforts in social development. Being nominated as a 'nation builder', LtE also qualifies to participate in various of the foundation's initiatives, such as being a nominated recipient of its membership fees, and attending various events where it can gain exposure.

Based on a testimonial from the foundation (see Appendix 4.1), the foundation is involved with LtE at an operational level and they hold LtE in high regard, saying they have "full confidence in our funding commitment to them". The foundation in turn is regarded by LtE's partnership manager as being part of the family since it can be relied on for ongoing advice and support.

> [The foundation] feels more like family – like a kind of a big brother because of the whole shared values thing, and shared learnings. You don't have to feel like you have to hide things from them. You can actually be honest about things. It's not like phoning them every week and say[ing], help, but they are a good sounding board, so that's probably closest to a family relationship. … there is a level of honesty, and transparency and trust. (Partnership manager at group interview)

4.2.6   Partnerships with associates who replicate the Learn to Earn model

LtE formally launched the LtE Association as an initiative in 2007 to replicate its social enterprise model through other entities. Similar to a franchise, this partnership allows LtE to increase its geographic footprint plus gain access to market segments it would not normally target (Musaya & Minnitt, 2016). This mainly NPO–NPO initiative was started after receiving numerous unsolicited requests from various NPOs that wanted to run LtE's training programmes, and learn from and apply what LtE was doing, especially around enterprise development and skilling beneficiaries for employment.

> They want to also be involved in addressing unemployment. … They've come to us and said, "… we want to skill people for a couple of years and see where that goes. We don't necessarily want to do these large scale enterprise development [programmes]" … What they will do is, on a fixed term basis. ... implement certain elements of the LtE programme ... inside their context. … They'll pay us a licencing fee for each year that they implement and that buys them a certain suite of services depending on what they need and what we agree on. ... they get to do that for three years. (Training manager)

Full associates are specifically selected to replicate LtE's model in their area of operation. Prior to the launch of the LtE Association, there were also 'implementers' who requested to use certain of LtE's products. To qualify as an associate, a close alignment with LtE's mission and values are required, and they sign a three-year agreement. For a small membership fee, both implementers and associates get access to LtE's suite of products and services which are customised to their needs and quality-controlled by LtE. In addition, associates gain value from leveraging off LtE's expertise and engaging with fellow associates and others in LtE's broader partner portfolio. At the

time of the fieldwork, LtE had six full associates in the Western Cape province alone, after "quite a few I think have exited", according to the training manager. Two of the three full associates who participated in this study are from the NPO sector and are based in different provinces in South Africa, i.e. in KwaZulu-Natal (K), and the Western Cape (W). The third associate is based in a neighbouring country, Tanzania (T), and is a small business owner who has a CSI component as part of her business. The following quotation from the associate in Tanzania explains the difference:

> We are slightly different to the other associates in that we are running a business with an NGO or a CSI sort of aspect to it. … Whereas all the other associates are running non-profit organisations. (Associate T)

4.2.7   Partnerships with individuals

LtE has relationships with various individuals who volunteer their services. These include board members who use their passion and provide access to their networks, but there are also other types of volunteers, as illustrated below:

> [Board members are] … professionals who have sought to marry their passion for positive change in our country with a structure such as LtE to give them an avenue to express their passion". (LtE, 2015, p. 4)

> [She] … is a board representative for the Association, so she's been working with me on that for the last three years. … She's been part of developing so many different alliances and networks in the past. (Training manager)

The partnership manager described the different volunteers they are working with by saying that besides board members who volunteer their services, LtE also has general volunteers, including "two community volunteers … that assist ... in the sewing programme and one that assists in the … reception area ... every now and then we get requests from corporates who want to … volunteer in a more … general space". She explained in the 2nd interview that with some general volunteers "it just becomes … quite tricky to accommodate them because you typically have to train them and explain things and then ... if it's going to be just a short-term thing then it becomes quite difficult to manage". The following extract from notes taken during the 1st site visit corroborate this: "LtE has to then patch up afterwards. So, they are sceptical about corporate team-building events, like painting the building. ... LtE are very particular about the volunteers they use. There needs to be a synergy and it must be meaningful otherwise it wastes time and resources ... Longer term volunteers are preferred".

LtE therefore has specialist volunteers who engage directly with beneficiaries, such as those involved in the "guest lecture programme" as explained by the retail project manager. LtE also has expert volunteers, like the one who was interviewed as part of this study. This volunteer, according to the partnership manager is a computer expert who plays a key role in developing and managing

LtE's integral stakeholder "data-base system". He has signed a written memorandum of understanding to spend one day a week with LtE, and he describes his involvement as follows:

> But I'm here, from 10:30 on a Friday morning to whatever time we've gone through their issues and then I take work home which I then work on, then kind of finish off in the evening if I have to … it's just open-ended right now, so I think it's likely to carry on because there's still a lot of stuff they need to sort out, so it's likely to go on for about another year. (Volunteer)

In addition, LtE has staff "that would be willing to be volunteers", according to what the partnership manager shared during her third interview. At least three of LtE's staff who were interviewed started out working for LtE as volunteers. Notes on the first site visit indicate that the partnership manager herself, "started out as a volunteer at an event and then applied for a job doing fundraising which was not her skill at the time".

4.2.8   Meetings observed and site visits

As part of the primary data which was collected, two formal site visits were conducted at the time of meeting with two prospective partners. The researcher accompanied LtE's partnership manager to LtE's main training centre on two separate occasions to observe two meetings. The first observed meeting was with an NPO that is located in close proximity to LtE's main training centre. The second meeting that was observed was with a different corporate foundation that has a head office in the Western Cape. These formal meetings, the site visits, and the informal meetings / events as described in Section 3.3.2, provided additional opportunities, for instance, to engage directly with some beneficiaries in training and those in contract positions; observe how beneficiaries engage with staff, prospective partners and other visitors; see and hear how the training is set up and conducted; see where the training site is located, what is on display and what exposure given to partners; and also to experience the look and feel of the training site and outlet stores; amongst other aspects relating to the way LtE operates and engages with different stakeholders.

The first observed meeting was the second meeting that LtE had with this particular NPO to explore a possible collaboration. The meeting included a visit to the NPO's offices in the vicinity, but also to LtE's nearby retail warehouse and its retail outlet store, which "was well sign-posted, and in a business hub set up by the city council". The meeting was concluded with a lunch at LtE's onsite coffee shop, where coffee was served by one of LtE's beneficiaries who had completed the barista programme and had been employed in a contract position after graduating. While speaking with her she explained that she signed up for training after "[s]he found out about LtE from a friend who had been trained at LtE". The lunch, on the other hand, was "ordered from a graduate who had set up her own enterprise nearby – she does catering for LtE". The involvement of LtE's graduates in its day-to-day operations, as explained above, provides an indication of LtE's commitment to utilise the services of the beneficiaries it trains.

The second meeting that was observed was with a corporate foundation. It was the third meeting with this particular organisation, and involved the foundation's chairperson, the CSI manager, and a representative of one of its projects. This meeting was aimed at exploring different partnership opportunities and was attended by some members of LtE's leadership team. The meeting involved a visit to the training site where the prospective partners were able to interact and engage with the beneficiaries, as well as LtE's staff. Like the previous meeting, this one also took place in the coffee shop where LtE had its "products on display". Both site visits provided opportunities to gather data while observing, but also to engage informally with staff, graduates and beneficiaries, and as such it provided useful insights in terms of how LtE operates. Both these meetings with prospective partners illustrate that to set up a partnership takes time. In fact, the partnership manager, in an email exchange, described the initial process of just getting a partner on board as "a marathon rather than a sprint" due to the number of possible engagements that can take place between the two entities before a typical agreement is concluded irrespective of the partner type.

4.2.9 Learn to Earn beneficiaries

LtE's beneficiaries mostly come from the local communities where the two main training centres are based. LtE's barista programme, called GroundUP, is however based at its head office. During the 2016–2017 financial year, LtE had 1 827 beneficiaries who registered for various programmes. Of these, 583 completed their training through LtE directly, while an additional 1 095 beneficiaries were trained by the associates who used LtE's material – they achieved 86% and 95% completion rate respectively (LtE 2017, p. 3). The discrepancy in the figures between those who completed training and those who were economically active was said to be largely due to changes in the life circumstances of beneficiaries, as described below.

> They're pregnant. They've got a sick sibling to look after, or they're going to relocate … Cell phone numbers change and if we could get that right, it would be a lot easier to get a hold of them and link them to employment opportunities. (Training manager)

Of those who completed their training at LtE, 83% became economically active in 2017, implying that they were able to support their families financially and contribute to the economy. Besides the beneficiaries trained by the associates, it is evident that LtE has had an increasing number of graduates over the years with a largely consistent rate of them becoming economically active - see Appendix 4C.

LtE's beneficiaries have to complete their training by doing an internship programme in an actual organisation, either a business or an NPO. The training manager explained that while most of the placement opportunities are arranged by LtE, who "would link a graduate to an employment opportunity [while the remainder] ... will always be ... seeking their own employment". As part of its holistic development programme for beneficiaries, LtE also remains integrally involved with its

beneficiaries even after they have been trained. The retail project manager elaborated by saying "We partner with our trainees and graduates – we stay in touch with them … we follow up with them annually to hear their progress".

Besides receiving training and finding employment in line with LtE's mission, the beneficiaries also play other roles in the organisation, such as some becoming staff or service providers after they graduate, as explained above. In addition, it is their needs that inform the resources and partners required in order for LtE to offer the various programmes that it does. LtE's CEO explains:

> Our student is a product, and I say that 'quote, unquote', not that they're numbers. … So, what partners do we need to effectively get our product to 100% production … we are looking at preparing a person to be able to be a contributing citizen in society. To their family and to their community at large. (LtE CEO)

The number of beneficiaries trained and placed in employment relates to LtE's outputs and outcomes respectively, but only tells part of the story. The success stories of beneficiaries, which attest to how their lives were positively affected by the training and services provided by LtE, seem to play a key role not only in recruiting new students but also in bringing partners on board and retaining their support, and, as such, LtE's communication specialist explained that beneficiaries form "just as valuable a part of the [value] chain".

> … so it's a student story, or a graduate story or a placement story. … what I am going to be starting to look for more … would be ... a funder story … so … we've never, um, pulled stories … from funders and placement partners before. (Communication specialist)

The donor specialist explained that when taking existing or prospective partners on a site visit, the "students … sort of tell them how amazing LtE is and what it's done for them". A more extensive list of quotations from beneficiaries as to how their lives have been influenced are shared in Appendix 4.2. Included in the list are stories shared by beneficiaries who were trained by associate members, as well as stories shared by placement partners of LtE and associate members. These stories serve to illustrate the extended reach and involvement of LtE in creating social value for its beneficiaries but also for its partners.

While beneficiaries play various roles in LtE achieving its mandate, they could also have a negative impact on LtE's performance track record and its attractiveness to partners, especially when they do not take up employment for various reasons, as explained above. This, according to the donor specialist has repercussions for LtE as "funders are increasingly wanting to know ... are the people in full-time jobs", rather than how many have been trained, indicating that they want to know about outcomes and not the specific training outputs.

As can be seen from the findings above, beneficiaries play a key role in LtE's full value chain. They are involved in LtE's inputs, throughputs, outputs, outcomes, and its ultimate impact on society. Despite their positive role in the hub NPO's value creation capacity, beneficiaries were not formally interviewed as a considerable amount of data was shared about them by various participants, and further information about them was available on LtE's website and on the media channels used by various partners. The researcher also spoke to some of them informally during site visits, as indicated before.

The outline above provides an impression of how LtE operates and its diverse portfolio of partners. Having introduced the embedded partnering cases, as well as staff, site visits, meeting observations, and LtE's beneficiaries, the next section provides a conceptual overview of LtE as the illustrative case using the analogy of an ecosystem.

4.3 AN ECOSYSTEM PERSPECTIVE ON THE CASE

4.3.1 Relevance of the ecosystem as analogy

LtE is a complex case with many connections and layers. A mere descriptive analysis simply falls short of profiling its inherent dynamism of multiple interconnected relationships between itself and its partners, and that between its partners. What emerged from the research observations and data analysis turned out to be akin to a living ecosystem, kept together and extended by existing and ever-forming partnering arrangements. While Iansiti and Levien (2004) suggest that biological ecosystems provide a powerful analogy to the functioning of business networks, Zhang (as cited in Straub, 2019a, para. 4) stressed that an "ecosystem is how we create value" in the 21st century. These man-made networks involving organisations, are also referred to as a social ecology – a term coined by Drucker (as cited in Straub, 2019b, para. 2) – which aims actively to balance change and innovation with continuity.

Social ecosystems have specific characteristics such as a hub entity, which takes on what is referred to as a keystone function responsible for regulating the health of its own ecosystem – a strategy which is ideally suited when operating in an uncertain environment (Iansiti & Levien, 2004, p. 5). By acting as a hub within a social ecosystem, an organisation is able to improve its own performance through creatively and actively maintaining a platform that also allows other entities the opportunity to increase their productivity, enhance stability, and spur innovation (Iansiti & Levien, 2004, pp. 7-8). Iansiti and Levien (2004, pp. 7-8) suggest that keystones or hubs create value by creating a platform, which is an asset in the form of services, tools, and technologies that offer solutions to others in the ecosystem. Hubs also create value by sharing value throughout the ecosystem. In this regard, hubs keep some value but are generous and share with others, while members in turn share their surplus

within their communities or networks. In this way the hub expands its own healthy ecosystem which allows it to "thrive in a sustainable way".

Iansiti and Levien (2004) emphasise five principles on which the analogy of a social ecosystem rests. The first principle is that there is a degree of interdependence between different members, which is needed for effective functioning. The second one is that each of the partners, irrespective of their contribution, has an influence on the whole network. Thirdly, there can also be niche entities with specialised capabilities that could be responsible for most of the value creation and innovation. Fourthly, performance is seen holistically as the performance of the ecosystem instead of as the performance of only the main hub entity. Lastly, managing the sustainability of the ecosystem requires understanding the ecosystem and the role of the hub entity. Each of these principles are now expanded on by referencing supporting data from the illustrative case.

4.3.2   Interdependence between members

The importance of, and dependence on, a diverse range of partners, both internal and external to a hub NPO, is succinctly captured by LtE's CEO:

> Sustainability in our sector is multi-tiered. Multilevel. It's around the retention of staff. It's around tenure on your board. It's around a comprehensive engagement and understanding and internalisation of your vision and your mission as an organisation, because that's what brings in nice people and then obviously there is funding and whatever is needed, but if there is consistency [and] stability you can build your financial sustainability … They all are interdependent. You are dependent on supplies of raw material. Dependent on, you know, a whole lot of things. Transportation, networks, accounting services, auditing, marketing, you name it. Some have it in-house if they're big enough, but others have it externally … And then you're still dependent on the customer and the retailers and all the others. (LtE CEO)

The interdependence is also experienced by LtE's partners. Two of the associates describe how the value they derive from partnering with LtE is not limited to direct benefits offered by LtE as the hub, but value also accrues via others through the platform created by the hub. Acknowledging the value of the partnership, one associate says, "It would have taken me a lot longer to get on my feet and … lead the organisation well … it really is a bit of a safety net in a way in terms of knowledge and experience and, you know, a bit of a big brother relationship" (Associate W). In a similar vein, another associate describes the value of being connected with the totality of the partnering ecosystem by saying that "we also get to become part of those organisations and we look at even beyond LtE as an associate" (Associate K).

Besides the macro-level benefits associated with the social mission, it is evident that partners gained benefits at a personal, as well as organisational, level from the hub's ecosystem. Because "(a)ll members share to some extent in the consequences of organizational success or failure" (Hannan

& Freeman, 1977, p. 933), this interdependence can however also have some drawbacks (Straub, 2019a, para. 9). From the case, it is evident that, for instance, power dynamics and other tensions need to be managed so as not to result in value loss. Linked to this, LtE's CEO explains the need for being clear about what the organisation stands for and to assert the necessary authority which may result in declining funding or even in terminating relationships that do not work:

> So, you've got to be firm and bold. Many non-profits would kowtow to that. … You just need a clear understanding of why you are doing it, and that you are genuinely in a partnership and not subservient to somebody else. We are able to do that because we know in our own right very clearly what we are trying to achieve in terms of our vision and mission. … Alternatively, another organisation would have given in to the funder. (CEO at group interview)

4.3.3 Influence on the whole network

In the case of LtE, its beneficiaries are one of the segments that influence not only the value chain of the hub NPO, but also the entire ecosystem in which it operates. Through their roles, the beneficiaries influenced multiple activities that determine the success of the hub NPO. These activities included the types of training offered by LtE, the uptake of training, the training completion rates, employment uptake, and their continued employment. The donor specialist explained that it is especially the latter that distinguishes LtE from other NPOs and that is attractive to partners as "no one is interested in knowing you just trained how many people, they want to know where they went ... where they are afterwards and whether they are working". However, she regards this expectation around employment, as "very challenging … a lot of the time out of our control". Despite this, LtE appears to strive to ensure that beneficiaries can find employment and remain employed.

Besides having an impact on the social outcomes sought by partners, beneficiaries influence who the resource partners should be, and which industries to target. LtE is, for instance, "focusing on specific [niche] industries … [like] creative agencies, graphic design … [for] computer-based training" to mobilise resources, but also for employment opportunities as explained by the donor specialist.

The life-changing stories shared by beneficiaries are also an advantage. Because the stories illustrate the impact that beneficiaries attribute to LtE, they are used for prospecting and reporting purposes. The communication specialist explained that LtE has put "a storytelling process … together … [to] build up a story bank … that [staff] … can use when they communicate with … particular funder[s]" which helps to streamline the process and make it more efficient.

On the downside, it appears that beneficiaries can also have a negative effect on the hub NPO's performance and its ability to attract and retain partners, when, as the training manager explained, there potentially are some beneficiaries who are "choosing not to be employed" for various reasons which were shared in Section 4.2.9.

The examples above accentuate both how beneficiaries can influence the whole ecosystem, and how, to ensure a healthy ecosystem, a hub NPO can integrate the inputs and services of what could be regarded as a marginalised segment that is often ignored or excluded from the value creation process (Le Ber & Branzei, 2010a). Similarly, there are other niche entities that influence the whole ecosystem and are important for innovation.

4.3.4   Niche entities

The retailer seems to resemble a niche entity since, through its joint venture with LtE, it offers a wide array of value, including innovation, that benefits not only the hub NPO but also the partners in the hub's ecosystem, as well as those beyond its boundaries. Through this particular partnership, the retailer made a capital investment as opposed to a small ad hoc or annual financial donation. As mentioned in Section 4.2.4, the interest from the investment is creatively applied to cover the monthly operating costs of the project and paying for new project infrastructure. It also provides employment opportunities for the LtE graduates. However, since graduates are free to find their own jobs, it implies that the retailer, through the hub's value platform, can indirectly benefit parties who employ these graduates inside or outside the hub's ecosystem. In this way the hub, as well as its niche partner, are responsible for creating and sharing value with others – which is an important characteristic of a healthy ecosystem (Iansiti & Levien, 2004, pp. 3-4).

The retailer explained that when the joint venture project experienced stock shortages, such as when the "charity clothing sold so quickly [that] there wasn't enough", the partners co-created solutions that leveraged the distinctive capabilities as well as the networks of the retailer. The retailer elaborated by saying "that's when we started buying rejects and over-runs … we had to because customers wanted" the clothes. Another advantage of having a niche partner is that funding could be used creatively. LtE's CEO explains that unlike the barista project where there are "multiple partners … with The Feel Good Project the partner is exclusive", meaning the retailer is the core funder. As a consequence, the partnership with the retailer was structured in a way that enables other existing and prospective partners to offer cross-over value through contributing additional funding or offering other services, thereby extending the hub's services to more beneficiaries, as explained by the retail project manager here:

> … we've had interactions and partnerships with industry and corporates, the likes of [company X] have come on board and they have assisted us in offering financial, um, classroom training and services, so that we can … just offer a better product to … those who attend at LtE. (Retail project manager)

In LtE's case, it was not only the retailer that seemed to display niche entity behaviour, but a similar role is played by the foundation whose unspecified funding is used to pay for core programme costs so that, as the donor specialist explained, more appealing value propositions can be designed

around the other programme components in order to leverage additional funding and partner support. In this way undesignated funding may provide for "shortfalls and gaps" and helps to "keep our training running". Similarly, the expert volunteer, and the associates who share LtE vision, are also displaying niche entity characteristics since they have been specifically selected to assist with strategic developments to innovate and scale organisational capacity. Associates, for instance, enable the hub NPO to test its products in new market segments, as well as to enable a broader geographic reach by replicating LtE's model in the areas where they operate.

4.3.5   Holistic performance

LtE's retail project manager acknowledged that its success is due to the collective efforts of the various partners, because "for LtE to have gotten that right, they too needed to partner with individuals in the industry and I think it was a collective effort that has brought about the change". LtE, therefore, relies on a variety of partners to sustain its operation. This diverse range of partners provide financial as well as non-financial resources and support as demonstrated in the quotations below by different LtE staff members:

> We have equipment partners. We have … partners on the consumable side. We have partner coffee shops that are willing to take on job placements. (LtE CEO)

> … the majority of our funding comes from corporates of various sizes, ... but also individuals, foundations and trusts, ... both local and foreign. (Donor specialist)

> We're going to be dependent on trusts and foundations and CSI … That's never going to disappear. (Training manager)

From the examples given above, it seems that having a few long-term niche partners as part of a diverse partnering portfolio that involves each of the four sectors of society, as LtE's does, can result in innovative solutions being co-created. Through the accumulation of financial as well as non-financial value in different forms and amounts from each of the partnering entities, benefits accrue not only to the hub NPO but also to each of the partners in the system, and even to third parties beyond. This aligns with Lombardi and Laybourn's (2012, p. 32) view that 'diversity' fosters innovation and variety in solutions, and they suggest that it is through engaging processes that opportunities are identified.This reflects the holistic performance of the hub. In LtE's case, the third parties include those entities that employ its graduates, but, ultimately, broader society who gain from the involvement of beneficiaries in different ways – which is in line with its mission.

4.3.6   The role of the hub non-profit organisation in sustaining the ecosystem

For a hub NPO to enhance its value creation capacity, it needs to build and retain a healthy and vibrant ecosystem, which presents a "formidable challenge for management" (Straub, 2019b, p. 3). The role of the leader in a thriving ecosystem includes being flexible, valuing different perspectives,

and reflecting so as to bring about transformation (Duncan, Misra, & Pan, 2017, p. 4). According to Pan (2015, as cited in Duncan et al.,2017, p. 3) another requirement is that leadership needs to be decentralised, grown and redistributed. In LtE's case, the CEO plays an influential role in not only building valuable external relationships, but also in expanding the leadership team. The donor specialist remarked that the CEO's tenure of 22 years built "huge social capital and a lot of LtE's credibility as an organisation and relationships have been built through him over time". Linked to this, the partnership manager during her second interview, highlighted the amount of time the CEO has invested in building the management team and securing organisational sustainability so that should he leave "there has been enough carry over that has been done over the years".

It is evident from the earlier quotations that LtE deliberately mobilises relevant partners especially niche entities as well as their networks, including other stakeholders outside its own ecosystem, in order to expand its reach and influence as it pursues its mission. There is intentionality behind the relationships that are built and how the broader system is leveraged to access resources and support. The following quote demonstrates that LtE sees its role at the hub as that of a facilitator, playing a bridging role amongst different stakeholders (Pierce, 2002; Synergos, 2007), especially between beneficiaries and resource holders:

> LtE's role as a partner is to facilitate a link between various NGOs, corporates, individuals and government departments, with the students that are offered training in hard and soft skills ... This allows corporates, individuals and government departments an opportunity to have a social impact without direct involvement or management of the project. (Musaya & Minnitt, 2016, p. 6)

The partnership manager, during the second interview, described how it went about this facilitation process: "It's like finding … multiple synergies. … and connecting people and resources. … The trick is in finding those synergies of what resources they have and what they're prepared to allocate".

While the hub NPO initiated contact with the retailer in the first instance, it was the retailer who took the initiative many years later to approach LtE with the idea of a new project after "there was an instruction given: 'We need a CSI flagship project. Go and find us one'. … That was the trigger for me to go out and find some partner to partner with us". It was the retailer's proposal that led to that relationship transitioning into a joint venture. The example above also serves to illustrate that it is either the hub or a potential partner that can start a relationship or cause it to transition. The fact that – besides initiating and transitioning relationships – the organisation is still adding value since it started in 1989, and that it is maintaining the 18-year-old relationship with the retailer and other long-term relationships such as with the associates, is a further illustration of the robustness of LtE's ecosystem. Robustness is a key measure of the health of an ecosystem (Iansiti & Levien, 2004). The authors describe robustness as follows: "To provide durable benefits to the species that depend on it, a biological ecosystem must persist in the face of environmental changes. Similarly, a business

ecosystem should be capable of surviving disruptions such as unforeseen technological change. ... [and other] external shocks" (Iansiti & Levien, 2004, pp. 3-5). Having discussed the key stakeholders involved in LtE's portfolio, the dynamism and interconnectedness of the ecosystem with LtE at the hub is illustrated in the next section.

4.3.6.1 *An illustration of Learn to Earn's partnering ecosystem*

The following diagram (Figure 4.2) offers a partial illustration of LtE's partnering ecosystem. The diagram depicts some of LtE's relationships with entities from all sectors of society, i.e. individuals, NPOs, business and government. It specifically depicts the embedded cases in this study.
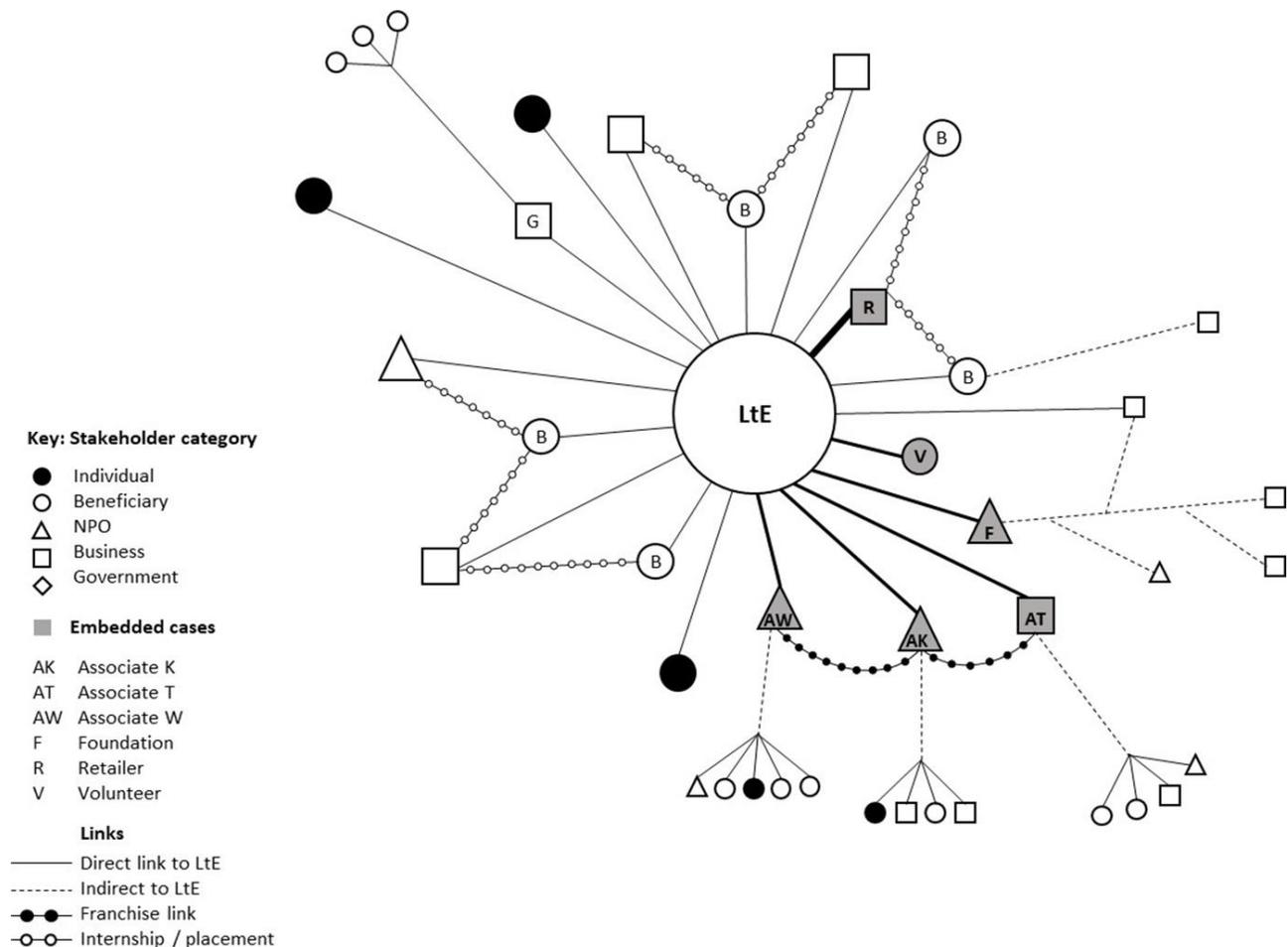
Figure 4.2: A partial illustration of Learn to Earn's ecosystem
Source: Author compilation.

The embedded cases are shaded grey, are closer to the hub, and have thicker lines indicating that these relationships have a bigger influence on LtE than the other partners. Appendix 4A gives more details on the embedded cases and their main contributions. The diagram shows that LtE had indirect links to the beneficiaries who were trained by LtE's associates (AW, AT, AK). The diagram also shows the links that beneficiaries had with companies. So, for example, the retailer offered

internship positions to two of the beneficiaries. After completing training, the one beneficiary got employed by the retailer but the other found her own employment with another company outside of LtE's ecosystem – the implication of this is that a partner and another third party benefitted from LtE's training. While LtE had a direct link with the foundation (F) it had indirect links to its network. LtE also had individuals that supported it in various ways – here the volunteer had a closer relationship with LtE than some of the other individuals. With LtE's relationship with government, it had direct access to the beneficiaries it trained. As is illustrated, all LtE's relationships with partners were dyadic. This diagram shows that LtE was managing a portfolio that contained multiple stakeholders and that its ecosystem extended beyond the direct relationships it had with its partners but it also had indirect links with partners of partners, and even other entities outside of its ecosystem.

4.3.7 Conclusion on the ecosystem perspective

It is evident from Section 4.3.6 that LtE displays the key characteristics of a hub organisation at the centre of an interconnected, multifaceted, and dynamic social ecosystem. Furthermore, the data also suggest that this is an ecosystem displaying evidence of robustness and strong organisational sustainability. Having presented the complexity of LtE with its partnering portfolio as being in line with the social ecosystem perspective, the researcher hopes to have bolstered the rationale for viewing this case as a valuable example for deeper study. This finding, however, elicits further questions about finer details regarding different partner types and types of value – which is the focus of the CVC framework, and is applied next as an additional lens to reflect on the data.

4.4 INTERPRETING THE CASE THROUGH THE COLLABORATIVE VALUE CREATION FRAMEWORK

4.4.1 Introduction

The collaborative value creation (CVC) framework, which was discussed in the literature review (Section 2.4), allows for the assessment and design of collaborations to ensure that partnerships are more productive. The CVC framework (Austin & Seitanidi, 2014) was developed around business–NPO dyads. It incorporates empirical as well as conceptual components. The five components of the CVC framework are: 1) collaboration stages; 2) collaborative value creation spectrum; 3) collaboration processes; 4) collaboration outcomes; and 5) collaborative value mindset (Austin & Seitanidi, 2014, p. 6). Each of these components can be assessed independently against the four partnership stages along the collaboration continuum. These are the philanthropic, transactional, integrative and transformational stages. Following Austin and Seitanidi's (2014, p. 125) lead, the dimensions of alignment, engagement and leverage, are used to distinguish the different partnership stages or types in the illustrative case. Alignment refers to the alignment of the vision and the mission; the strategic importance of the relationship; the extent to which value creation frames are

fused or not; and knowledge of the issue or problem. Conversely, engagement relates to the activity scope, emotional connection, focus and frequency of the interaction; the level of involvement and trust; and the managerial complexity involved. The leverage dimension relates to the types and magnitude of the resources that are created or exchanged at different levels; the synergism, learning, innovation and internal change that take place as a result of partnering; and any external system changes. In the sections that follow, it is shown how, using the above-mentioned essential components, the data provided meaning in terms of the CVC framework.

4.4.2   Collaborative value creation spectrum and collaboration stages

LtE, as the illustrative case, has over the years grown and built a diverse partnering portfolio consisting of formal and informal dyadic relationships which involve individuals as well as organisations from each of society's sectors, meaning there are both same- and cross-sector arrangements. The different partnering arrangements, as detailed in Section 4.2 and captured in Figure 4.1, include both external and internal role players such as beneficiaries and staff, respectively. While it was mentioned in Section 4.2.2 that LtE regards any entity that supports it in achieving its mission as a partner, the quality of the relationships it has with certain partners differs. The distinction is captured by this quotation below that the partnership manager made during the group interview, as it emphasises the value that LtE places on having close relationships where "there is a level of honesty, and transparency and trust":

> [a prospective partner] is an acquaintance. We have Facebook friends. …[e.g. the foundation] feels more like family – like a kind of a big brother because of the whole shared values thing, and shared learnings. You don't have to feel like you have to hide things from them. … I think our board members are very much like family. (Partnership manager at group interview)

Upon closer analysis using the CVC dimensions, LtE's separate, dyadic partnering arrangements fit the criteria of each of the four collaboration stages, while some relationships also transitioned to higher levels or displayed characteristics of spanning more than one stage at a time. The main stages of partnerships that transpire as potential arrangements in such a portfolio, from the LtE example, are introduced below by elucidating how they differ in terms of the value that is leveraged, the levels of engagement, and the extent to which there is alignment between the partners.

4.4.2.1   Stage 1: Philanthropic partnerships

The first stage is philanthropic partnerships, which involve individuals as well as churches, companies, foundations, and trusts. Twelve percent of LtE's income involves donations from a few hundred individuals and churches, many of whom contribute less than R1 000 per annum (LtE, 2015). Philanthropic partners, make up the largest part of LtE's portfolio. In terms of leveraging value, these mainly altruistic partners make ad hoc and unspecified contributions of varying amounts of money, but also offer other tangible and intangible benefits, such as material off-cuts and prayer

support respectively. Philanthropic partners tend mainly to contribute generic support in the form of smaller amounts of money or goods on a once-off, or more regular, basis, with some contributors being very consistent and loyal.

> … local church networks. … individuals that have supported LtE … say R50 a month or R100 a month … doing it consistently. (Partnership manager 2nd interview)

> … a lot if elderly people are clearing their cupboards of sewing items/ fabric for example. (Extract from group interview notes)

> … every now and then we get requests from corporates who want to … volunteer in a more … general space. … [compared to] two community volunteers … that assist ... in the sewing programme and one that assists in the admin, in the reception area. (Partnership manager 1st interview)

The flow of these benefits is usually unidirectional, flowing from the partner to the hub NPO in response to a generic direct or indirect appeal or request. Some of the support received is unsolicited. It seems that because the desired target for these funds is unspecified, and because of the limited engagement with philanthropic partners there is less of an emphasis on values alignment than in any of the other collaboration stages. Appendix 4.3 contains a testimonial from a long-term partner who is considered to be philanthropic, and only expects verbal feedback once a year. Requests from individuals and corporates to do general volunteer work would fit into this category, whereas specialist and expert volunteers best fit into the higher stages on the continuum.

4.4.2.2 Stage 2: Transactional partnerships

Based on LtE's annual report (2015) and comments made by LtE participants, there appears to be a large number of entities that can be considered as transactional partners. These are partners who are mainly involved with placing interns and providing job opportunities besides contributing larger amounts of funding towards specific projects including 'organisation-specific' (Austin & Seitanidi, 2014) items that are exchanged, for example, discounts on coffee products used in barista training, and branded vehicles (as observed on site by the researcher) – these items all help to minimise costs. As can be seen from the quotations below, transactional partners can contribute more than one resource at a time, and they can do so on a consistent basis.

> You have your smaller businesses. Your sole proprietors ... who just love what you do. They don't have a lot of money but they want to make a difference and they can contribute by hiring one or two people, um, donating some stock or some product … They can't resource you all the time … but they are definitely loyal. (Training manager)

> … they supply us our coffee at a really good rate and they've been doing that consistently since 2015 … to minimise our costs. (Training manager)

The donor specialist explained that some partnerships are cause-related and may be linked to a specific fundraising opportunity such as "part of the … [cycling] campaign … [where] LtE was the beneficiary … [for] a couple of years before as well". Volunteers who are part of a more formalised corporate volunteer programme would fall into this group. These specialist volunteers tend to be more involved, and engage directly with beneficiaries on a regular basis as part of the skills development programme, as explained in Section 4.2.7.

With transactional partners, there are higher levels of engagement than with philanthropic relationships, and their reasons for partnering mostly involve a combination of altruism and self-interest. Partners may seek associational value, including reputation enhancement through co-branding with LtE. LtE's implementers, who use its training material, would best fit this stage, while its associates, who interact more intensively while replicating LtE's model, would better suit the next stage. Usually, the expectations of transactional partners are limited and the benefits are stated clearly in advance through some type of formal or informal agreement. The engagement would largely revolve around operationalising the agreement, even though concluding the agreement may take time, as was observed during the meetings with prospective partners. Contractual relationships with government and most suppliers would also fall into this transactional category. The organisational fit between the partnering entities becomes more important since reputations are at stake and the resources sought by the hub NPO have to contribute to mission achievement. There are instances when, according to LtE's CEO, it has declined funding from donors or even terminated what was perceived as "an unhealthy partnership" largely due to misaligned values.

4.4.2.3 Stage 3: Integrative partnerships

Thirdly, there appear to be at least twelve external partnerships with individuals and organisations in LtE's portfolio which align with the description of being 'integrative'. All the embedded cases studied fit into this stage and the next. These partnerships involve some businesses and NPOs such as the business-linked foundation and LtE's associates. The relationships are more directly linked to the exchange of core distinct capabilities between the partners. The quotation below by the training manager makes reference to a valued partner who specialises in coffee equipment and services, and who can assist with co-creating innovative and integrated solutions that can enhance not only the hub, but also the partner's own mission.

> … one of our very valued and strategic partners, … they supply coffee machines, grinders… but nobody is fixing them. … so again, there is an opportunity for us to set up a coffee machine repair service. … [Company K] can help us develop that business and also benefit. … help that business grow. Whether it be giving a training. Giving it the equipment. Buying it a vehicle. Giving it premises. Incubating it on their site … so very quickly they'll be able to capitalise on that without detracting from their core business. (Training manager)

Included here are expert volunteers such as LtE's board members and the person responsible for developing LtE's stakeholder system, as also explained in Section 4.2.7.

> [Board members are] professionals who have sought to marry their passion for positive change in our country with a structure such as LtE to give them an avenue to express their passion. (LtE, 2015, p. 4)

> … [expert] volunteers … that would help us out on [developing] a … data-base system. (Partnership manager 1st interview)

These integrative relationships tend to involve more formal agreements, extend over longer periods of time, and involve the exchange of multiple benefits. Value is also co-created during the relationship resulting in many benefits only becoming obvious after signing the agreement. Value is mainly derived at an organisational level in terms of improvements in efficiency and effectiveness, while there can also be personal and professional benefits for those who get involved more intensely.

> If it wasn't for the partnership it would have taken me a lot longer to get on my feet and just, you know, um, lead – lead the organisation well. Um, and other than just the personal benefit for me just for the organisation itself, it really is a bit of a safety net in a way in terms of knowledge and experience … a bit of a big brother relationship. (Associate W)

Staff and board members (as well as other expert volunteers) are considered integral to the sustainability of the hub NPO, as referenced in an earlier quotation. They engage regularly, and appear committed, while they are also directly involved with co-creating synergistic value, such as developing new partnerships and improving processes, which is of strategic importance.

Beneficiaries, as described in Section 4.2.9, can be regarded as transactional partners who sign up for training and are integrally involved and engaged with LtE for the period of their training and beyond. After training, however, some of them can transition into the integrative stage when they get involved in supporting LtE with creating value in other ways, as ascertained during the site visits. As explained in Section 4.3.3, because LtE's beneficiaries have a broad influence on the hub NPO overall, it seems that LtE puts in extra effort to provide them with support even after training. Here the retail project manager elaborates on how LtE supports the beneficiaries and points out one of the challenges it faces doing so.

> We partner with our trainees and graduates – we stay in touch with them via bulk sms's and a group chat and we follow up with them annually to hear their progress, but some of their [cell] numbers change quite often so we cannot do so for everyone. (Retail project manager)

A key characteristic of this stage is the interaction value that is generated between partners where access is gained and shared around expertise, networks and specialised products or services of partners. Examples shared by participants include, among others, the foundation opening its

networks to LtE to tap various opportunities, as mentioned in Section 4.2.5. During the group interview, the partnership manager explained that this foundation partner, is regarded as a supportive "big brother", as they have a more relational and hands-on approach, including when they do evaluations. This relationship is illustrative of the higher levels of engagement and more complex management and accountability required at the integrative stage than in lower stages. Here the foundation partner elaborates on how they engage with LtE:

> … we're quite relationally oriented … so, it is important to be out, seeing what's happening on the ground. Spend time, because the more time you spend at the organisation the better idea you get on what's working and what's not working. Where they're at. How the community is engaging with them … We look at things like community buy-in. … leadership structures. Culture … succession planning. (Foundation)

A testimonial from the foundation in Appendix 4.1, provides further details on the extent of the assessments conducted by this particular partner, and the emphasis the partner places on good governance and finding ways to improve outcomes.

Aligning organisational fit between resources, and also mission and values, becomes very important during this stage and the next, since the benefits and co-created solutions are integral to the continuity of the hub's mandate. LtE's CEO expands on this issue by describing the values alignment that is sought, saying that "it's fine for you to say to me … there's stated values. … good I see your stated values, these are ours. We have shared values. … yes, I can see the shared values. The real divide comes in on applied values". This implies that some partners may not be living their values which could become problematic in a partnership.

4.4.2.4   Stage 4: Transformational partnerships

The fourth and final category is transformational relationships, which are regarded as the most complex from a management perspective, but they also deliver the most synergistic value. It is estimated that only the retailer partnership mostly displays characteristics that fit this stage, while the relationship with the associates shows signs of being transformational at some point resulting in these relationships spanning both this and the integrative stage. As far as could be assessed, these are the only partnerships in LtE's portfolio that meet some of the criteria of this most advanced stage. Both the hub NPO and these partners tap into each other's distinctive sectoral capabilities to improve outcomes. Furthermore, by customising its products for associates, the hub NPO is able to gain access to new markets which contribute directly to LtE being able to scale its capacity and influence.

> In terms of knowledge, them [the retailer] being the retail giants … [with LtE] focusing and specialising on human development … from a holistic point of view. (Retail project manager)

> The beauty of that for us is that we are able to have a national presence through associates … [and gain access to a] different market which we will never go into... and be able to impact. (Training manager)

An earlier reference was also made to the influence and enhanced social value of the hub NPO as a result of these partnerships, when examples of beneficiary stories were shared in Section 4.2.9. Further insights pertaining to partnership stages and other CVC components, such as the process and outcomes, are elaborated upon during the analysis of the partnership timeline which captures how the relationship with the retailer transitioned over many years to become transformational.

4.4.3   Partnership timeline and process

The timeline of the dyadic NPO-business partnership with the retailer demonstrates the stages of progression, the process involved with transitioning, and the type of value that both the hub NPO and the retailer derived over time. Some of this detail was shared earlier during the introduction of the retailer in Section 4.2.4, which showed that both LtE and the retailer value this particular partnership as strategic. The progression of this NPO-business partnership was assessed as having gone through each of the stages along the collaboration continuum and largely followed the CVC process as outlined in Section 2.4 – here though, the findings point to specific timelines as well as more detail regarding the transitioning process.

As can be seen in Table 4.1 below, the philanthropic relationship between LtE and the retailer started in 1999 when LtE approached the retailer for a donation. The retailer responded by giving LtE a donation of clothing, as it would do for the "more than a thousand charities" that approach then for support. This philanthropic relationship continued until 2003 with LtE going back annually to request increasing amounts and different resources, with the retailer responding accordingly.

Table 4.1: Transitioning timeline of the retailer partnership – philanthropic and transactional stages

CC stage	Date	Participant quotations plus information extracted from various secondary sources	Comments
Key: CF = communication file as data source			
Philanthropic	1999 to 2003	First cold call proposal from LtE to the retailer requesting donation. Clothing donation received. LtE sends a thank you letter. (CF) Annual requests from LtE for increasing levels of support. The retailer asks for more information and executive level meetings. The retailer donates more clothing (its specialised products), plus R6 000 funding and equipment. Reporting requirements increase and LtE complies. (CF)	LtE initiated a cold call to the retailer to access support. It received a donation. This pattern of mobilising support was followed annually for four years.
Transactional	2004 to 2008	Annual requests from LtE. The retailer now donates varying amounts up to R71 000, plus equipment and their specialised goods. More engagement between LtE and the retailer. LtE sends thank you letters, progress reports, plus tax certificates. (CF) Part of the research that I did before tfgP started was into that [CSI practice]. … we were actually damaging our reputation completely without intention and we actually stopped that whole process. (Retailer) And then it became increasingly strategically important for companies to have corporate social investment initiatives. … There was an instruction given 'we need a CSI flagship project. Go and find us one' ... That was the trigger for me to go out and find some partner to partner with us. … and she said I should go and do some viabilities. … that's really how tfgP was born. (Retailer) We had a relationship with LtE and had had one for some time. We knew that they did training and … they knew something about retail … they were geared … they were the first organisation that I approached with the view to partnering. (Retailer) … in our research that we've done, we haven't found many social enterprises … for us the challenge was to make this … succeed. (Retail project manager)	Between 2004 and 2008 increasingly more was requested from LtE. The retailer responded by giving more but also expecting more in return in terms of tax certificates and feedback. Engagement between the partners was limited but more than before. The catalyst for change came when the retailer was experiencing a challenge in its CSI department, and an executive instruction to find a flagship project. The retailer then came up with an idea which was proposed to LtE as a preferred partner.

It seems that, in 2004, the relationship moved into the transactional stage with more frequent engagement taking place between the partners, and LtE receiving a bigger variety of contributions after submitting requests for support annually. However, this support came with more stringent reporting requirements. The catalyst for change came towards the end of 2008, when the retailer experienced a problem with its CSI donations process. A window of opportunity presented itself when LtE received a request from the retailer to consider becoming its "flagship project". LtE was selected as the preferred partner because of the longstanding relationship between the retailer and LtE, and also because the NPO was considered by the retailer as being "geared" for such a partnership. A proposal was subsequently discussed. As can be seen in Table 4.1, even though the partners had a prior relationship, they nevertheless both conducted research to assess the viability

of the proposal before going ahead with the retailer's proposal and reconfiguring the current partnership into a joint venture.

This change signalled the transitioning in 2009 to a more advanced form of partnering, which was more closely aligned with the integrative stage. Table 4.2 below provides quotations from both LtE and the partner illustrating the integrative nature of the partnership. Besides a large capital sum which was invested, there was a significant change in the relationship which involved more complex and frequent productive engagements, and both partners also expressed a sense of belonging.

Table 4.2: Transitioning timeline of the retailer partnership – integrative stage

CC stage	Date	Participant quotations plus information extracted from various secondary sources	Comments
Key: CF = communication file as data source			
Integrative	2009	So, there is a legal contract [no end-date] and there is a real hard manifestation [staff and infrastructure] of the project. It belongs to us. (Retailer)	Agreeing on the joint venture project after conducting separate viability assessments signalled the start of the integrative relationship where partners started referring to 'us' as a collective.
		[It] creates work opportunities and provides … entry level staff with employment. (Partnership manager 1st interview)	
		Well the way it works – we provide a retail expertise and we provide access to resources for the project. That's what [company T] does. What LtE does is that they … run the project. They manage the people. They employ the people. They pay the people. They pay the rent. So, they really manage the day-to-day operations. That's the value that LtE brings to this project. (Retailer)	The project was set up with measurable goals and clear roles from the start, and the value created and captured was mutually beneficial.
		My way of keeping abreast of what is happening is to look at the monthly turnover to make sure that we are doing okay there, because if the store doesn't trade well, we don't have a project. (Retailer)	
		… part of her role [regarding placements] and why she was appointed was to facilitate the relationship between the project and store area managers. (Retailer)	Interaction value was high and valued by both partners.
		I plan my route into the store… to cut [down] on travelling costs … and if I see I've got a meeting here it's all scheduling in like that. (Retail project manager)	
		It feels like people are willing to accommodate. …. There is flexibility. There is discussion. … You need respect. … You need a common goal …You need competence, trust, good communication. (Retailer)	
		I learnt so much about the work of retail, how it works. So that was enormously exciting. At [a] personal level, such a privilege … it opened up a whole world of stuff that I didn't know. (Retailer)	

Roles and goals were clarified in advance, with the main goal, according to the retailer, being to "create work opportunities … for entry-level staff", which was in line with the social mission of the hub NPO, but also served the needs of the retailer for being invested in the community through its

CSI flagship project. The success of the partnership is largely attributed to the involvement of "senior decision makers from both entities" in the planning and development of the project (Musaya & Minnitt, 2016, p.17). Furthermore, the partnership "is rooted in each entity's core business which forges a strong link between them that cannot easily be broken" (Musaya & Minnitt, 2016, p.17). The retailer stated: "Without the partnership with LtE we wouldn't have been able to run that project because we don't have manpower to do that. And also, I think it has worked extremely well". For the retailer there were also other organisational goals such as being able to access customers at the base of the pyramid, and to have a pool of entry-level employees available to fill vacancies. For this project to work, the retailer made an investment of half a million rand, and shares the organisation's distinctive resources, i.e. its "excess stock" of clothing and retail expertise. This clothing is required for training purposes. The clothing is remodelled as part of the training programme before selling it on to a new market for both partners making it mutually beneficial. The project scope has since expanded as increasingly synergistic solutions were co-created between the partners. This had an impact on other role players such as additional funders and other resource holders, who have come on board, as mentioned in Section 4.2.4. Much of the change in scope can be attributed to the distinctive capabilities which the partners shared with each other, such as their sectoral expertise, and the trust that was built up in the process. It is evident that the new knowledge gained and the learning which took place as a result of this partnership were valued on both sides.

Since partnerships can straddle different stages, it is estimated that the partnership started showing signs of moving into the transformational stage soon after the joint venture project was initiated, since new infrastructure was set up, including the warehouse and the additional store as mentioned in Table 4.3. The following quote from the UCT report describes how the partnership evolved:

> The more they got to develop our projects like sewing, production line, business resource centre, they realised that there were actually further synergies that were possible, so that, we moved beyond just CSI funding and we look at how do we incorporate what we're already doing into their core business operations. (Musaya & Minnitt, 2016, p. 15)

The retailer, in turn, explained that as the project grew, there was a "return on investment ... as far as LtE goes", and the project team was also expanded by, for instance, employing a person to facilitate the placement of interns and graduates. Staff and partners of the NPO hub also shared examples of personal growth as a result of the project.

Table 4.3: Transitioning timeline of the retailer partnership – transformational stage

CC stage	Date	Participant quotations plus information extracted from various secondary sources	Comments
		Key: CF = communication file as data source	
Transformational	About 2010	The whole idea was to create a shopping environment that was different to like a factory shop or whatever but where the prices were really good … that was part of our … desire to build … a sense of community and kindness [for customers] … at the bottom end of the pyramid. (Retailer)

The day-to-day running costs are not funded from our CSI foundation. It completely covers, it runs itself. And, in fact, at a point in time we were making too much money. … And that's why we expanded it – we have two stores, a warehouse, a sewing centre … and it's completely self-sustaining. I think that's enormously valuable. You've got a CSI project that does not cost any money. (Retailer)

… the rule is that [all] charity clothing comes into tfgP. (Retailer)

… one of the future needs … is to keep our factories busy … They are looking to the project to give them orders to keep the production lines busy and then that stuff can be manufactured and sold through tfgP. … it means complete change in the way we do business. … much more strategic. (Retailer)

... when I look at … partnering … to have the success, it is not just at a corporate level. It is not just at a high level ... for me it is also right down to the individuals that we work with … Impacting their [beneficiary] lives and … nine out of 10 times … they actually make such a meaningful contribution to your life. … even in ways that I can't begin to share with you. (Retail project manager)

Mail & Guardian Social Awareness Competition. We entered the project and we were one of the finalists … We didn't win, but we were acknowledged and we got a certificate. (Retail project manager) | The transformational stage is associated with innovation as well as changes in processes that have a wide impact such as the retailer changing its company-wide process regarding returned clothing.

At this stage innovative solutions are co-created so as to achieve goals or address project challenges. This stage is also accompanied by a commitment to see the project through, despite conflicts which may arise. |

While in the transformational stage, both partners experienced changes, including innovation, in the project, as well as in their overall organisational processes, some of which, according to the retailer, meant a "complete change in the way we do business. … [making it] much more strategic". The project also positively affected the lives of beneficiaries and customers, and at times had an influence on more people beyond the hub's ecosystem, such as the management and staff at the factory in the retailer's network that was experiencing slow production and that was being considered as a new supplier to LtE. The retail project manager shared that the efforts of the partnership were publicly recognised when the project was selected as a finalist in a "social awareness competition".

Despite this partnership being at the most advanced stage, it was not devoid of conflict as the following extract from the UCT report illustrates:

> At times, the partners do find themselves in some sort of power struggles where [the retailer] may inadvertently "dictate" some issues or intimidate LtE, being the smaller organisation, more so an NPO. ... During these dialogues, LtE has been able to say "no" to issues that they have not been in agreement with. (Musaya & Minnitt, 2016, p. 18)

However, the mature way in which tensions and conflict were dealt with is closely aligned with the characteristics of a partnership at this stage. So, for this partnership, at times, frustrations were experienced on both sides. For example, there were differences in opinion around marketing expectations. On one hand, the retailer expressed concerns "that not enough is done to really promote the project", while, on the other, the retail project manager in one particular situation disagreed as he "felt [marketing] was not needed. ... But we do other forms of promotions".

It seems evident that the retailer's representative plays an important role as the champion (Hamann et al., 2011; Rondinelli & London, 2003) who makes sure that, from the retailer's side, the project stays on track by taking the initiative and managing tensions among her own team, who were involved in the project on a rotational basis. She related an incident where she had to intervene when an email was sent by the company to LtE which was "completely inappropriate. … no wonder this person is responding like that. But the person who drafted that email couldn't see that [there] was anything wrong with that". She also admitted that there is "a lot of ego at play as well. And [her] concern for the project is that when power and ego get in the way … the project becomes a victim of that". However, it seems that owing to the advanced stage of the relationship – moving between the integrative and transformational stages – a lot of trust has been built up, and because of the commitment of both partners, they are able to address their differences and allow the project to continue delivering value. The retailer partner explains:

> I think we're dealing with a teenager right now. … With all its trials and tribulations. … there are questions being asked about whether or not the partnership is still working and, in fact, we [are] going to be having a meeting very soon to unpack that. … All I'm interested in [is] that the project continues to survive and grow and fulfil its mandate. (Retailer)

> There is now a view, I think, that the project can be run without a partner. … We had a board meeting yesterday. … But it's good because now it's out there. We get to move forward. (Retailer)

At the time of the fieldwork, this particular partnership was still running and was described by LtE's partnership manager as "probably our most evolved and comprehensive relationship". While the retailer transitioned through all the stages to get to the most advanced stage on the collaboration continuum, it is evident that the associates and the volunteer did not. Further details on how the transitioning differed across the partnerships are described later in Chapter 5 when LtE's portfolio is elaborated upon. So, what outcomes were derived through LtE's partnerships?

4.4.4   Partner outcomes

From the discussion in Section 4.4.3, and also the earlier insights around the CVC partnership stages, it is evident that value is created and captured at an individual, project, partner and organisation level, as well as directly at a societal level through the beneficiaries who are trained and employed and the customers that are reached. Besides the partners involved in the advanced partnering relationships, others in the hub's ecosystem, as well as beyond, also benefit from having access to LtE's beneficiaries, products and services or its expertise. A list of potential benefits derived by the hub NPO and by its partners at different levels is provided in Appendix 4.4. In Appendix 4.5 the benefits derived through partnering are categorised into different financial and non-financial categories. Further illustrations of value that can be derived through partnering are presented in the next chapter in the context of 'value propositions' and 'social and environmental benefits'.

It is evident that the hub NPO and its partners involved in the more advanced partnership stages displayed a collaborative value mindset by valuing their relationships. As a result, they were able to align their values but also their different motivations which are linked to partner goals, organisational goals, and ultimately the societal goals of the hub NPO. They also leveraged their interdependence by tapping into each other's key distinctive assets to co-create mutually beneficial solutions which resulted in numerous innovations for both partners. Furthermore, the partners also showed signs of commitment and maturity in the way they managed tensions that arose, which allowed for the ongoing value co-creation of benefits, including strategic benefits.

4.4.5   Conclusion on the collaborative value creation framework

The findings show that the illustrative case contains dyadic partnering arrangements spanning all the collaboration stages, that relationships can transition differently and even span different stages, but more importantly that the embedded cases meet the criteria of being at the most advanced end of the continuum.

With the retail partnership, the transition from the philanthropic partnership to the integrative stage, when the joint venture was formed, took at least 10 years, after which it showed signs of moving between the integrative and the transformational stage. The experience with the other partnerships was different. Transitioning is therefore not a quick, easy and uniform process. However, at this advanced stage, partnerships do produce significant outcomes that can help to enhance the hub NPO's strategic efforts and improve its social value contribution as well as its influence over other entities which are either directly or indirectly involved in its ecosystem. It would appear that collaborative learning played an important role in the way the joint venture evolved, since, when approached by the retailer with the new project idea, LtE was already involved with its associates'

intervention that showed signs of being integrative. Nevertheless, it is evident that important learnings continue to take place among partners in their respective partnerships. Moreover, the examples shared illustrate that the benefits are not restricted to the partnering entities, but – by having advanced dyadic partnerships with entities from the same and other sectors, creative and innovative processes and other developments – spill over, thereby allowing a hub NPO, such as LtE, with its large, diverse and heterogeneous portfolio, to expand its reach and influence.

For an NPO the size of the illustrative case, even with a large and diverse portfolio such as LtE's, few partnerships showed signs of operating at the more advanced stages while there was only one at the transformational stage. It seems though that the transformational stage criteria as described by Austin and Seitanidi (2014) may be more aspirational, since in the illustrative case, it was only the retail partnership, where the transformation revolved around innovative processes and systems within the partnering organisations, and the fact that value was created and shared with others within as well as beyond the hub NPO's ecosystem. Nevertheless, the CVC helps to categorise and explain how partnerships can evolve progressively.

Even though the CVC was developed around business–NPO dyads, there is evidence to show that the CVC can be helpful in explaining how both same- and cross-sector dyadic partnerships evolve, including the roles of individuals, and organisations. With the use of the CVC, it was illustrated that the more complex relationships in LtE's portfolio contributed significant strategic value compared to the other partnering arrangements in its diverse portfolio. Since only a few of LtE's partnerships are at the most advanced levels on the collaboration continuum (i.e. the integrative and transformational stages) and both involve creating synergistic value that is of strategic importance, they could be referred to collectively as synergistic partnerships. While most of the partnering arrangements that LtE relied on to achieve its mandate could be categorised using the CVC, there are still some partner configurations that fell outside of the collaboration stages yet still have an influence on a hub NPO's value creation capacity. For instance, the donor specialist explained that there are existing partners who are no longer active but "have LtE on their radar" when it comes to making resources and support available.

Since stakeholders are one of the integral components of the public value theory, the focus now shifts to the strategic triangle to try and gain a more holistic understanding of the broader social change partnering ecosystem, including the role players involved in value creation.

4.5 USING THE STRATEGIC TRIANGLE AS A LENS

4.5.1 Introduction

Moore's (1995) public value theory which is captured by the strategic triangle, as discussed in Section 2.5 of the literature review, offers a different lens with which to examine the data. For ease of reference, the strategic triangle is repeated here as Figure 4.3.
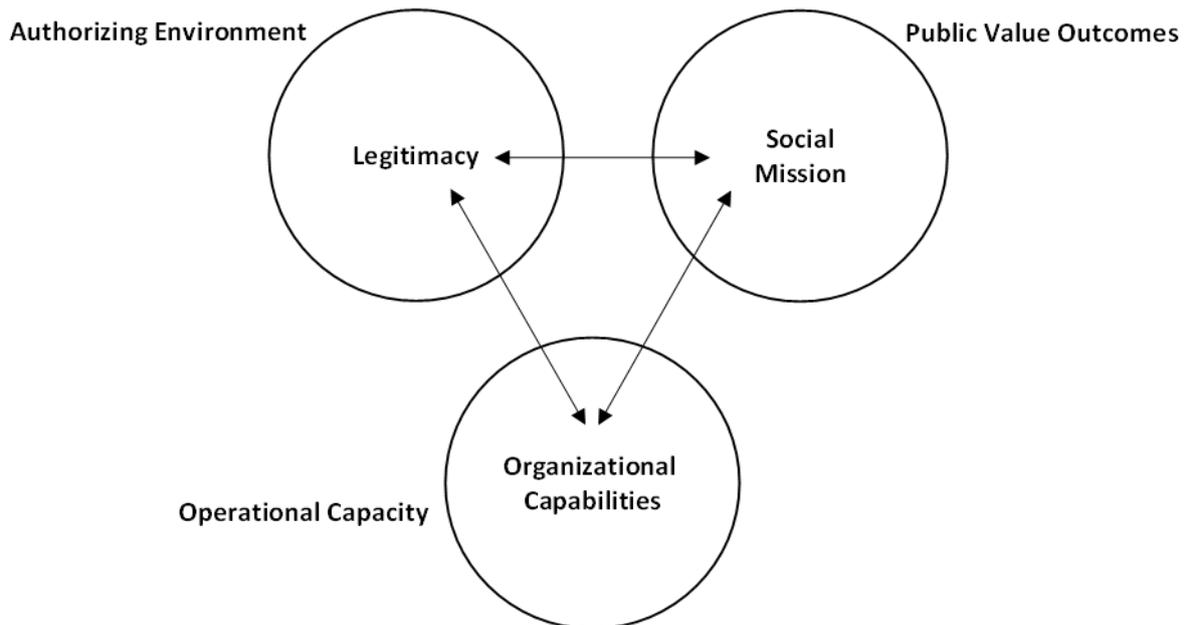
Figure 4.3: The strategic triangle
Source: Reproduced from Benington and Moore (2011, p. 5); Moore (2003, p.23);
Moore (2013, p. 103).

According to the strategic triangle, the following three components, i.e. the public value outcomes, the authorising environment, and operational capacity, need to be in balance in order to achieve societal value as the ultimate goal. The theory also advocates that managers need to be ethically responsible and conscientiously seek public value using their "initiative and imagination. But they are also expected to be responsive to more or less constant political guidance and feedback" (Moore, 1995, p. 299) from their stakeholders. In addition, the public value framework, which is aligned with the strategic triangle components, can be useful to interpret the narratives inherent in the data.

4.5.2 Public value outcomes

Public value outcomes refer to the societal benefits that result from the action of public service organisations and their managers. It is equated with the outputs, outcomes and impact on the value chain, which in the case of an NPO is about it achieving its mission (Moore, 2000). It is evident from the illustrative case that it is the achievement of societal outcomes that are core to the hub NPO's existence. In terms of the illustrative case, these outcomes revolve around providing job and life

skills training, as well as entrepreneurial support, for beneficiaries so that they can secure an income through employment, which in turn can have a positive impact on their families and the communities they live and work in. LtE's CEO describes the LtE's value chain as follows, which also draws attention to some of the challenges it faces around achieving these desired outcomes:

> … through offering skills training and a holistic approach and that holistic approach is market-driven, product-driven and the intent is then that through that, using skills development, we are looking at preparing a person to be able to be a contributing citizen in society, to their family and to their community at large. … Our input is, we've got 15 courses and we've trained 300 people and the output is that 90% of them graduate. Then, they're still not fulfilling the vision and mission. What's happened around the social aspect? What's happened around the economic aspect. Do they have a job? That's an outcome and that directly feeds back to addressing issues around employment. … Are they employed? Are they remaining employed? (LtE CEO)

It is evident from the above quotation that LtE, as the hub NPO, is creating social value which is converted into economic value, and vice versa, and its main focus is to do so directly at a macro or societal level for beneficiaries, but also indirectly for their families and communities. According to Moore (2000), maximum value can only be created if an NPO is successful at balancing its public value outcomes with gaining the right support from the authorising environment, and if it has the necessary operational capacity to do so. With LtE having been around since 1989, and still being able to deliver value, it can be seen as an indication of a hub NPO that can sustain itself. The question is: how does it do so?

4.5.3   The authorising environment

Since public value theory (Bryson, 2004, p. 4; Moore, 1995, p. 308) suggests that even stakeholders who are small and insignificant or marginalised should not be ignored with regard to their influence on value creation, it was important to get a full picture of all role players in order to fully understand the extent of the whole social change partnering ecosystem and the value creation capacity of an NPO within it. As the strategic triangle emphasises that a hub NPO should ideally be accountable upwards to its partners and other stakeholders; downwards to staff and other internal role players; and outwards to its beneficiaries, it is evident from Section 4.2, and Figures 4.1 and 4.2, where the different categories of role players in the portfolio were introduced, that the illustrative case also takes a broad view on stakeholders and takes its role of being accountable to these stakeholders seriously.

LtE's large and diverse portfolio of partnering entities that support it in various ways to achieve its mission includes beneficiaries as the primary stakeholders, but there are also secondary stakeholders, including partners. As described earlier, some of these relationships are deliberately fostered by the hub NPO, which seeks niche partners in different industries such as the coffee and retail sectors. The hub NPO was also able to build a large number of other relationships with partners

from all sectors who provide ad hoc or longer-term financial and non-financial support, as illustrated with the different partner types of the CVC in Section 4.4.2.

Because of the strategic triangle's emphasis on the authorising environment, it was evident that further insights could be gained from the data regarding partners and other stakeholders; however, it required using additional frameworks, such as the CVC, as discussed earlier, to highlight the value creation potential associated with the different partner types. Similarly, the stakeholder typology depicted in Figure 2.2 distinguishes between eight different stakeholder groups and the extent to which managers give priority to competing stakeholder claims based on how managers perceive them in terms of their power, legitimacy, and urgency of attending to them (Mitchell et al., 1997). By using this typology as an additional lens, a more in-depth understanding of stakeholders, especially partners and their roles in value creation, was gained. The data show that LtE's portfolio of partners, and the ecosystem in which it operates, includes role players that could fit the description of each of the stakeholder typology categories. It will also become evident that LtE does not have full control over who forms part of its ecosystem. Table 4.4 below provides a description for each of these stakeholder typology categories as well as representative data taken from the illustrative case.

Table 4.4: Stakeholder types in Learn to Earn's partnering ecosystem

Stakeholder typology categories	Description	Relevant participant quotations
Definitive	Beneficiaries are the primary stakeholders, and they play multiple roles that influence the hub NPO's value creation capacity.	Our student is a product and I say that – quote, unquote – not that that they're numbers. … So, what partners do we need to effectively get our product to 100% production … we are looking at preparing a person to be able to be a contributing citizen in society, to their family and to their community at large. (LtE CEO)
Dominant	Synergistic partners, i.e. that fit the transformational and integrative stages, have a direct impact on the outcomes of the hub NPO through their involvement with value co-creation internally and externally.	… one of our very valued and strategic partners. (LtE CEO) … one of the biggest factors is staff and tenure on the board. (LtE CEO) Also see Section 4.4.2.3 and Section 4.4.2.4, as well as Tables 4.2 and 4.3 for further data pertaining to these partners.
Dependent	Philanthropic and transactional partners who play a smaller but still important role in the hub NPO achieving its mission.	We've chosen them because of their product. … Because they are fair trade. … and their values align with what we are trying to do. …and … it's the best coffee. (LtE CEO) Also see Section 4.4.2.1 and Section 4.4.2.2, as well as Table 4.1 for further data pertaining to these partnerships.
Discretionary	Prospective partners who have the potential to be persuaded to come on board. Partners exploring possible relationships with the hub NPO, including entities where there is a friendly informal arrangement of, e.g., sharing resources; raising awareness of the hub NPO; spreading positive messages; and referring entities on an ad hoc basis. External entities or groups that may be linked to partners or part of partner networks that could potentially add value.	Three members of another NPO … came to visit and meet to explore opportunities for collaboration. (Observation 1) … we were invited to … sell coffee [at the conference]. (Partnership manager 3rd interview) … it's more informal … we know about them; they know about us … we often refer people, like if we get stuff that we don't need … and vice versa. … if there is an opportunity on a specific project that we can work on together then we do, but most of the time they focus on what they do and we focus on what we do. (Partnership manager 3rd interview) We have done lots of stuff with the media. … [on] radio … [in] newspapers and magazines. (Group interview) … we had other partners in the community that could sort him [a trouble-maker] out. (LtE CEO) … it's done through people speaking … just word of mouth. (Donor specialist) It's developing those ambassadors and those advocates for your organisation. (Training manager) So, we try to bring in networks where we can share with one another. Learn from one another. Use each other's things. Um, we're quite intentional with that. (Foundation)
Demanding	Donors whose self-interest dominates. These relationships are either terminated or declined.	… an unhealthy partnership. (LtE CEO) … we've broken off some working relationships with associates because they've ended up not wanting to … adopt the approach, because they say, ah, "Well I like that ... and I don't like that" ... and I just [said] ... "We're not a cherry farm". (LtE CEO)
Dangerous	Entities posing a threat to the hub NPO.	… we've had some young upstart wanting to burn our place … their view is, they don't want other people coming into their community … to be trained. They only want their people to be trained. (LtE CEO)
Dormant	Ex-partners or their individual representatives who may continue to provide support.	… even though the formal relationship [with this partner] ended, the relationship with him continues as he still helps us make good deals. (Retail project manager) [Ex-partners] still give us [resources] … and that's built on a relationship with a few individuals who know of the organisation and understand what we're doing … [they] have LtE on their radar. (Donor specialist)
Nonstakeholder	Non-target groups.	We weren't going to go into prisons. (Training manager)

4.5.3.1 Beneficiaries as the primary stakeholders

Since beneficiaries are regarded as the primary stakeholders according to the stakeholder typology (Mitchell et al., 1997), they would qualify as definitive stakeholders of a hub NPO. Without them, there would be no need for the services offered by the hub NPO. Beneficiaries therefore, directly and indirectly, play an influential role in the whole value chain of the hub NPO but also its ecosystem as pointed out in Section 4.3.3. By recognising the critical, and multi-faceted role of beneficiaries, LtE could be said to be taking a beneficiary-centric approach (Le Ber & Branzei, 2010a) to partnering.

4.5.3.2 External role players as secondary stakeholders

Dominant stakeholders: Besides the beneficiaries as the definitive stakeholders, there are dominant partners that exert power and legitimacy. They are the synergistic partners who display integrative and transformational characteristics according to the CVC. The synergistic partners are deliberately selected for their niche contribution in co-creating value and strengthening the capacity of the hub NPO while also benefiting other partners, as alluded to in Section 4.3.5. As such, they exert power and legitimacy.

Dependent stakeholders: The hub NPO also recognises that there are others, such as the philanthropic and transactional partners that it is dependent on for enhancing its social value contribution. Amongst these dependent partners, there may also be niche segments that offer greater potential for value creation, such as LtE's placement partners in the coffee sector, or academics who help with programme development. Dependent partners have legitimacy and urgency as they provide opportunities linked to mission achievement. Many of these partners are unsolicited and make ongoing financial contributions to cover critical operational costs, while others offer non-financial resources that help to defray costs, such as providing free transport for beneficiaries.

Besides the above-mentioned stakeholder groups, there are also other stakeholders that did not fit the CVC classification yet could impact value creation, either positively or negatively. These are the discretionary, dormant, demanding, and dangerous stakeholders, while there is even a category referred to as non-stakeholders on the stakeholder typology.

Discretionary stakeholders: As such, LtE also has discretionary stakeholders that it engages with, such as, prospective partners who were involved in the meetings which were observed. It is evident that LtE deliberately targets these stakeholders through the events it organises or where, for instance, it uses its mobile coffee units that have resulted in enquiries about the organisation. Since their viability as suitable partners is still being assessed, they cannot be classified using the CVC framework. However, once these stakeholders come on board as active partners, they could either be classified as dominant or dependent partners using the stakeholder typology, and then further be

classified using the CVC framework. Similarly, the focus on the authorising environment put the spot light on stakeholders such as the media, as discretionary stakeholders, who can provide legitimacy and support in the form of exposure without necessarily being partners. As can be seen in Table 4.4, LtE actively engages the media. It has, for example, gained media exposure through providing articles that the media can publish and making themselves available to be interviewed as guests on radio stations. This case has also demonstrated the importance of having relationships with the community, such as the traditional leaders, who give their endorsement but can also step in when problems arise such as with dangerous stakeholders. Importantly, these stakeholders are also not accounted for in the CVC framework but they can act as advocates for the cause and on whom LtE depends to garner support since these individuals spread positive messages about the organisation or refer people through word of mouth. As can be gleaned from Table 4.4, LtE deliberately, as one of its strategies, seeks to create ambassadors for the organisation. Other discretionary stakeholders in LtE's ecosystem involve relationships with other NPOs and role players in their networks that it gains value from without having any formal partnering arrangement with them; examples of these are individuals in the networks of the retailer and the foundation that LtE could leverage for resources.

Dormant stakeholders: From LtE's experience, it appears that there can also be dormant stakeholders. These are ex-partners, or individuals who may have worked for partnering entities or other individuals, who have supported the hub NPO in the past. However, by retaining some form of communication with them, LtE is able to continue relying on their support in different ways. In terms of the stakeholder typology, there can be subgroups of stakeholders and they can move between categories when they take on different roles in terms of power, legitimacy or urgency. Thus, in the case of a hub NPO, a dormant stakeholder could become a dependent stakeholder, and vice versa, and then also display characteristics of the different CVC stages.

Demanding stakeholders: Furthermore, there are stakeholders who can be classified as demanding and can cause the hub NPO to lose value. It appears that a hub NPO may come across donors who want things done their way in exchange for funding. This may deflect the focus away from the main mission, as captured in the quotations in Table 4.4 above. LtE has demonstrated that through being committed to its cause and clear about what it stands for, it can be assertive and say 'no' to existing or potential partners whose demands conflict with its goals and values. This stance has resulted in it terminating partnerships and declining potential funding. Depending on how these demanding stakeholders are treated, and the damage control interventions that are put into place by the hub, these stakeholders could become dangerous stakeholders.

Dangerous stakeholders: These stakeholders' actions can also result in a loss of value as they have the power to create a negative impact on the organisation by, for example, damaging the reputation

of the hub NPO and affecting its ability to attract and retain beneficiaries but also resources. In the case of LtE, its relationships with key community structures as discretionary stakeholders appeared to resolve issues with trouble-makers speedily and thereby contained potential value loss. However, while a hub NPO can manage demanding stakeholders within its ecosystem if it is assertive enough, it has little control over dangerous stakeholders and the influence they may have on the hub itself as well as on other role players within and beyond LtE ecosystem. Nevertheless, this is a risk that the hub NPO must give attention to so as to mitigate value loss.

Nonstakeholders: The last typology category is the nonstakeholder. LtE seemed clear about external target groups that it was not focusing on, for example young prisoners, that could fall into this category. By being clear about who were not stakeholders, LtE could contain its focus which is similar to saying that LtE is practising some form of specialisation, which according to Hannan and Freeman (1977) can give an organisation an advantage in terms of outcomes over one that has a more generic focus. In LtE's case, this particular group was however the target audience of one of its associates. Therefore, in an indirect way, LtE gained some value in that it recognised that it could learn from testing its product through the experience of the associates' work with this particular target group. Since LtE provides associates with customised training products, it is therefore indirectly adding societal value through these associates who train their beneficiaries to become skilled and find employment after leaving prison. In this way, LtE was once again leveraging its broader ecosystem and thereby extending its value creation potential. Beneficiary and placement partner stories in this regard were referred to in Section 4.2.9 with further details contained in Appendix 4.2.

According to the strategic triangle, a hub NPO needs both internal and external stakeholders in order to achieve its goals. In this regard, a hub NPO needs to be cognisant of the influence that demanding and dangerous stakeholders can have. At the same time, it also needs to be accountable downwards to staff who form part of the operational capacity of the hub NPO, as discussed in the next section.

Therefore, in line with the strategic triangle, from an ecosystem perspective, a hub NPO's value creation capacity is not only determined by the main partner types according to the CVC; there are numerous other role players who can significantly influence the extent of value creation, or even value loss. Furthermore, because beneficiaries, as well as other stakeholders, can create value through the multiple roles they can play, a hub NPO needs to leverage the opportunities they present, and also be accountable to them in their various roles in order to gain optimal support. Therefore, in line with the strategic triangle, a hub NPO needs to have the necessary operational capacity to mobilise and leverage the value from these stakeholders in order to achieve its social mission and public value outcomes.

4.5.4   Operational capacity

Operational capacity, i.e. the third component of the strategic triangle, entails having and leveraging the right staff with the right skills, as discussed above, but it also requires being able to leverage the organisation's technological and financial resources to achieve its goals (Benington & Moore, 2011). It is evident that LtE also pays attention to these aspects that the strategic triangle emphasises.

From a staff perspective, as mentioned in Section 4.2.3 and in Table 4.4 above, staff members are regarded by LtE as crucial role players in the sustainability of the hub NPO. As such, particular attention is paid to the way they are selected and to their professional development. LtE's CEO spells out what this process entails:

> I want this staff person to be the best staff person they can be, in terms of their skills, their gifts, whatever, so how do I make that happen. It's not about getting them to conform to how I want them to behave or whatever. I did that in my selection process of who did I think they were and their fit into the job they coming in, now I must compliment that by trying to get them to be the best in that job that they can be. (LtE CEO)

LtE also relies on its board members and expert volunteers (see Section 4.2.7) to optimise value, and they, together with staff, can be classified as integrative partners on the collaboration continuum, while on the stakeholder typology, these internal stakeholders would qualify as dominant stakeholders based on the description in Table 4.4 above. LtE's CEO explained during the group interview how he deliberately "draw[s] them [executive and board members] … into a greater knowledge of the organisation, and partnership … so they in their own right then feed into this value chain". Further complementary human resource capacity required to achieve the mission of the hub NPO is sought from partners within its own ecosystem, or beyond. For instance, the partnership manager, during the third interview, said that LtE gets access to experts such as a partner's suppliers who can do "pro-bono … branding work".

Besides the human resource support that the hub NPO derived through partnering, partners were also able to offer other forms of non-financial support in terms of strategy; system, process and operations; programme and projects; infrastructure, capital items and equipment; marketing; consumables; and relational support. There were also a variety of streams through which funding or others forms of financial support were accessed besides the hub NPO's efforts to generate its own funding. While this wide range of resources contributed to the hub NPO having the necessary organisational capacity to achieve its mandate, it also implies that the organisation had developed its capacity so as to mobilise and leverage all these resources. For a summary of the resources and capacity leveraged through partnering grouped according to different categories of capacity, refer to Appendix 4.5.

It is evident that LtE focuses on both strategic and operational issues in order to achieve its mandate. As such, partnering has contributed to providing resources and capacity to all three components of the strategic triangle as depicted in Figure 4.3. That means that partnering contributed to expanding support and authorisation, building operational capacity, and creating public value. From a process and systems perspective, it for instance, is very deliberate in deciding on niche segments that will help it to achieve its mission. Furthermore, it pays attention to making sure that there are processes in place to streamline the operation. The communication specialist, for instance, described the "storytelling process that [she] put together … [to] build up a story bank", which others in the organisation can access when preparing proposals or feedback reports. LtE also shows an entrepreneurial flair in the way it proactively approaches potential partners since, according to the CEO, their "whole approach is market driven; product driven".

As was pointed out in Section 4.5.2, it is evident that LtE focuses on performance in terms of the numerous monitoring and evaluation criteria it has in place to assess inputs, throughputs, outputs, outcomes, and impact. This information is also used to adapt products and practices. Reference was, for instance, made in Table 4.3 to do partner and project viability studies that are conducted before agreeing to partner. Linked to monitoring performance, during one of the site visits, the researcher observed an unused call centre – the call centre course was discontinued when it was assessed as no longer being viable.

In terms of financial accountability and governance, as was reported in Section 4.2.2, that "LtE is committed to reporting diligently on its funding so that partners know exactly what funding was allocated towards, and the impact of this" (Musaya & Minnitt, 2016, p. 11), and it tries to ensure "maximum mutual benefit" (Musaya & Minnitt, 2016, p. 11) for those who support it.

Finally, the strategic triangle emphasises the challenging role that public leaders have to play in managing the triangle's three components in order to optimise value for society. Here again, with the illustrative case, this point is brought to the fore by the associate from Tanzania who explained that leaders have to keep "so many balls … in the air [and] … you have to make choices". Linked to this, LtE's CEO elaborates on the day-to-day reality that leaders face:

> ... because of the diversity of challenge[s] on your time and skill set … You don't have the luxury of a big budget. You don't have the luxury of support in every facet. If we have a robbery, we have to deal with it. If we have a theft and disciplinary processes, we have to deal with it. … There is not a finance department, HR, legal … departments. (CEO at group interview)

It is evident from the above discussion that, besides contributing value at different levels as mentioned in Section 4.4.4, LtE's partners also created value all along the value chain which is what the public value theory advocates. Using the partnership monitoring and evaluation framework (Van Tulder et al., 2016, p. 10, citing Van Tulder & Maas, 2012), that allowed for measuring partnership

outcomes and impact along the value chain, it was evident that partnering contributed to improving LtE's efficiency at an operational level and its effectiveness in making a societal contribution.

LtE's partnering specifically led to strengthening all five areas of the NGDO capacity framework (Fowler, 1997) as depicted in Figure 2.1 thereby illustrating that it is a capacitated organisation. These five areas, plus examples of the resources and capacity that LtE derived through partnering, are listed below.

1) addressing a societal need, e.g. beneficiaries are skilled and employed;

2) appropriate strategies, e.g. LtE was restructured legally and organisationally so as to leverage additional resource streams;

3) well-managed and competent people, e.g. the staff are developed and committed. It also uses the services of different categories of volunteers, such as board members who leverage their networks, or expert volunteers who developed the stakeholder system;

4) linking with the external environment through mobilising resources and achieving results that can be learnt from, e.g. funding and other resources and capacity is mobilised through niche partners. LtE was also able to avert a strike through having good relationships with community leaders. Through building high levels of trust, it was able to maturely resolve differences / conflict and avoid losing the partnership; and

5) linking the results back to the vision to assess societal impact, e.g. using beneficiary stories to demonstrate societal impact.

These examples also illustrate that LtE's partnering practices have contributed to it achieving the five interdependent categories of capacity as identified by the ECDPM, and that it has resulted in the organisation achieving its mandate while being sustained. It is evident from this discussion that through partnering, both tangible and intangible value was created, and that while creating public or societal value, a broad range of other value was also created to scale or enhance operational capacity – this aligns with Moore's view (2013) as explained in Section 2.5.1.3.

4.5.5   Conclusion on the strategic triangle

Having assessed the data through the lens of the strategic triangle, the researcher concludes that LtE, as a hub NPO, demonstrates how a mandate can be effectively met and continue to enhance its social value contribution. It does so by embracing all three components of the strategic triangle in an integrated way. By committing to a cause and having an integrated and flexible suite of products and services that enable it to achieve its mandate, as LtE does, a hub NPO will have numerous leverage points to deliberately attract and retain different stakeholders, including partners who can provide the necessary resources, support and legitimacy for achieving its goals.

The additional stakeholder analysis, which was conducted using the stakeholder typology, shows that there are stakeholder groups that cannot be classified according to collaboration stages, but they can influence the ability and scale of a hub NPO's value creation capacity, such as dormant partners. Examples were presented to demonstrate that LtE leverages its own capacity but also effectively complements this capacity with resources from partners and other stakeholders within its ecosystem, as well as from entities outside. On the whole, there is data from the illustrative case to support the public value theory and show that the strategic triangle provides a useful way to capture how a hub NPO creates and captures value. The additional lenses used to understand the authorising environment provide even further nuance to the theory.

4.6 CONCLUSION ON VALUE CREATION FROM A PARTNERING SYSTEM PERSPECTIVE

In this chapter, the focus is placed on four different perspectives on the findings of the study.

- The chapter starts with providing a rich description of the not-for-profit organisation Learn to Earn and its different partnering arrangements. Details are shared on how partnership arrangements can differ in their structure, their duration, their contributions and involvement, as well as how they have evolved. The diverse resource streams and the multiple roles played by beneficiaries are also described. While these findings provide an idea of the complexity involved in having to manage a portfolio of such varied partnering arrangements, it remains a linear description and does not fully capture what partnering is about.

- As a purely descriptive, linear view was seen as insufficient for gaining useful insights, the analogy of an ecosystem was used to interpret the data, which showed that the case demonstrated ecosystem principles that pointed to its inherent dynamism and robustness as an organisation. As the hub NPO, LtE had interconnected and interdependent partnering arrangements that contributed to value creation. However, the finer details of different partnership types, the types and scope of value they created, and the value creation process were not evident when taking an ecosystem approach. Therefore, in order to answer some of the sub-questions relating to the types of partnerships, how they evolve, and the value created, the focus shifted to applying the CVC framework as a lens.

- Applying the CVC framework as an existing theoretical lens provided a richer picture and illustrated that LtE has a diverse range of partnerships that span the collaboration spectrum. Indeed, the embedded cases show similarities with the more advanced forms of partnerships according to the CVC framework. By examining the timeline of the retailer, useful insights were gained into the process and progression of partnering, and how the value changed as the relationship advanced. The case showed that the CVC framework could be usefully applied to

dyadic partnering configurations beyond business–NPO collaborations, which it was based on; however, it still did not cater for all the partnering configurations in the hub's ecosystem.

- The strategic triangle was then used to extract further insights. Unlike the CVC framework which focuses on the collaboration process between the partners, the partner engagement required, and the management complexity to maximise value creation, the strategic triangle places more attention on the importance of the authorising environment and having the right operational capacity to achieve the hub NPO's mandate. In this regard, it was evident that LtE's leadership, skilled staff, entrepreneurial focus, efficient processes, performance measurement, and financial accountability played a key role in its success and sustainability over many years. While the application of the strategic triangle lens brought the importance of having different stakeholders to the fore, as opposed to having only active partners, it was only through using an additional lens – that of the stakeholder typology – that a richer picture emerged of the different stakeholder categories and their potential role and influence in terms of value creation. Furthermore, by using the NGDO capacity framework and the EDCPM, this study was able to illustrate in more detail what organisational capacity can be built through partnering. The CVC framework, in turn, was able to provide more nuance to the types of value that can be achieved as outcomes of the partnering process.

Having applied the different frameworks, it was evident that the illustrative case is multifaceted, complex and dynamic, and that the embedded cases which formed part of the partnering portfolio showed characteristics of being at the most advanced stages of partnering. Furthermore, the case illustrated the range and scope of value that can be created through a hub NPO which proactively manages a diverse portfolio of partnering configurations. It was found that this value not only benefits the hub NPO in achieving its mandate, but also benefits partners and other role players within and beyond its ecosystem. Ultimately, the inputs of all role players involved, whether directly or indirectly, contributed to enhanced levels of social value that in the case of LtE also resulted in economic value being unlocked.

This case therefore provided useful examples that lend support to the practical usefulness of concepts like the CVC framework, the strategic triangle, the stakeholder typology, and the NGDO capacity framework. In the case of the CVC, it showed that the framework could be applied beyond the business–NPO dyads around which the CVC was developed; it showed its applicability in analysing a hub NPO's portfolio which included both same- and cross-sector dyadic partnering configurations, including the involvement of individuals. Details could also be provided on individual, project, partnership, organisational, and societal outcomes that can be derived through partnering.

In terms of the strategic triangle, empirical support was provided for its use from an NPO perspective for partnering within and across sectors, and nuance was added to each of the different components

by providing more detailed illustrations. Useful descriptions from an NPO perspective in terms of value creation were also provided for each of the stakeholder typology categories, which are used mainly in a business setting.

While each of the lenses applied in themselves provided useful insights with regard to the first three of the four sub-questions relating, respectively, to the motivations for partnering, how different relationships evolve, and the types and levels of value created through partnering, it was apparent to the researcher – based on the rich narratives that were available – that more could be gained to create a fuller picture of how partnering can be used to scale the value creation capacity of NPOs. The fourth sub-question, focusing on the strategic mindset and leadership qualities that facilitate value creation over time, has also not yet been sufficiently answered, especially in terms of visualising the full picture so as to answer the main research question, and to offer practical guidelines on sustaining a social change partnering ecosystem. The next chapter is therefore directed at the more dynamic progression of partnering, and is used to set out retrospectively how this position was arrived at.

CHAPTER 5: FINDINGS ON VALUE CREATION FROM A BUSINESS MODEL PERSPECTIVE

5.1   INTRODUCTION

The essence of the research question is how a non-profit organisation can be sustained by using partnering to scale its value creation capacity. In the previous chapter, data was interpreted from the perspective of various theoretical lenses that were detailed in the literature review illustrating that the overall case involves a diverse partnering portfolio with some partnerships at an advanced level and an increased capacity to deliver on its core mandate. In addition, further evidence was presented in Section 4.3 of how LtE, as an overarching case, comprises several embedded entities, all connected in what could be termed an ecosystem of partnering arrangements. Despite the information provided in the previous chapter, the inherent multidimensionality and the dynamic process of partnering and value creation was not described adequately to be able to provide a sufficiently useful report on the insights pertaining to the evolution and functioning of the partnering process to build greater organisational sustainability.

The examination of value creation from a partnering portfolio perspective, as described in the previous chapter, does not sufficiently address the issue of sustainable resourcing of NPOs which was raised as a concern in Section 1.2.4 prior to formulating the main research question. While partnering unlocks possibilities for mobilising resources from stakeholders other than clients, as highlighted when discussing the strategic triangle (Section 2.5.4), it also presents certain limitations, especially where there are dependencies which may put NPOs at risk. Like other social enterprises, NPOs need resource stability in order to achieve their mandates and scale their efforts. The use of business models offers a different perspective on the challenges related to organisational sustainability and led to the choice of using the business model framework as an overarching logic to observe the functioning of the case.

In this chapter the research findings are revisited from a business model perspective. It will be argued and demonstrated how such a perspective provides a high-level framework that reconciles both dimensions of the research question, namely organisational sustainability and partnering as strategy. Firstly, the resource dependency challenge of NPOs is addressed, in particular, the need for revenue. Secondly, the business model concept is applied to address the tension surrounding the unlocking of sustainable resource streams, and thirdly, the progression and maturity of a partnering portfolio is explored. Before concluding the chapter, the optimisation of value creation in the broader ecosystem of a hub NPO is examined.

5.2   RESOURCE DEPENDENCY CHALLENGE

5.2.1   Introduction

As highlighted in the literature (Section 2.2.2), NPOs are dependent on resources to achieve their mandates and to be sustained. As is the case with any social enterprise concerned with creating value for society, NPOs need revenue to achieve their mandates and funding, in particular, is regarded as a key challenge, especially in a resource-constrained environment. Linked to this, it was explained in Section 4.2.2, and visually illustrated in Figure 4.1, who LtE, as a hybrid NPO involved in social entrepreneurial activities, is dependent on for resources, and the diversity of the resource streams that contribute to sustaining its programmes and services to beneficiaries.

5.2.2   Monetising social value

According to Dohrmann et al. (2015), the mission of a social enterprise, such as a hybrid NPO, has commercial value which can be marketed (Dohrmann et al., 2015, p. 132) to unlock financial resources. Acknowledging the challenge faced by social enterprises to stay true to their social mission while simultaneously needing a sustainable flow of resources, the authors introduce the concept of monetising social value creation. This idea, according to them, suggests that an enterprise with a social mission has the ability to create revenue in two complementary ways, namely, to acquire funds 'for' the social mission, or to earn money 'with' the social mission (Dohrmann et al., 2015, p. 132). According to them, the more a social enterprise is able to monetise the social value that it creates, the greater its economic viability and sustainability will be over time.

For a social venture to be sustained, expenses (E) have to be covered either by acquiring social investments (F) in the form of private donations or public funding, or by the generation of market revenue (R) and, sometimes, by a combination of the two income streams. Their equation for a sustainable enterprise is: $R + F \geq E$, which means that where there is a shortfall in revenue to cover expenses ($R - E < 0$), additional social investment needs to be acquired to maintain the operation (Dohrmann et al., 2015, pp. 132-134).

This formula creates a continuum according to which some social enterprises will be more funding-dependent while others appear to be more self-sustained. To illustrate the point, Dohrmann et al. (2015) identify four categories of social business models along a continuum of more to less dependence on external funding. Social enterprises, where the business model is 'purely social' and where funds are acquired 'for' the social mission, typically represent traditional philanthropic-type NPOs, such as soup kitchens, that rely exclusively on funds to pay for resource inputs and where volunteers are seen as partners – the authors refer to such enterprises as having a 'one-sided social mission'. On the opposite side of the continuum are enterprises that operate according to what the authors refer to as a 'commercially utilized social mission' which is representative of enterprises with

a 'purely commercial' business model but where the social mission is secondary, such as Google. According to this model, the more the scale tilts toward self-generated income, the greater the level of financial sustainability as increased amounts of market revenue are generated from a certain target segment to cover any shortfall in revenue in serving other target groups. In between these two types are social enterprises that attract and generate more substantial social investment and market revenue from different customer segments who stand to gain from supporting the social mission. Dohrmann et al. (2015) argue that as one moves from the more donor-dependent to the more self-generating income side of the continuum, funding is gradually replaced with market revenue which makes social enterprises more financially sustainable.

The Dohrmann et al. (2015) monetisation continuum therefore clearly highlights a perennial challenge which NPOs face to remain sustainable as they grapple with the tension of creating money 'for' versus making money 'with' the mission. This continuum helps to understand the tension around organisational sustainability, and that an NPO has the option to improve its sustainability by becoming more market-oriented. When the continuum was applied to LtE at the time of the study, the organisation's range of resource streams as depicted in Figure 4.1, seemed to represent a hybrid position between the opposite ends of the continuum. Notwithstanding the funding LtE receives 'for' its mission, it also creates a significant portion of its revenue 'with' its social mission and therefore also has characteristics of a market-oriented business model. As such, it can be regarded as more financially self-sustainable than a traditional NPO that relies solely on funding. This, however, was not the case when LtE was started in 1989. At that time, it would have qualified as having had a one-sided social mission where LtE's value creation capacity was dependent upon receiving money 'for' its mission whereas, currently, it also creates value 'with' its mission. However, this shift towards a more market-oriented approach to creating value, in itself presents a further challenge.

The question which arises is how far does a social enterprise or NPO go to generate revenue 'with' its mission before compromising the integrity of the NPO and putting its social identity at risk? The primary risk is a loss of focus on the underlying social mission when, based on the monetisation continuum, an NPO moves from being too donor dependent to being too self-sufficient, which could lead to more value being created for funders and investors to the detriment of beneficiaries (Battilana et al., 2012; Osterwalder & Pigneur, 2010, p. 264), and a phenomenon that is commonly referred to as mission drift (Fowler & Malunga, 2010; Mendel, 2013; Moore, 2000). Another possible risk is that if a social enterprise is viewed as capable of, and successful at, generating its own revenue, traditional funders, such as foundations and even charitable donors, may be dissuaded from supporting the social enterprise or the NPO. The social enterprise or NPO therefore has to make a strategic decision on how far it will go to make its mission more marketable to ensure its financial sustainability as this will influence its choice of a business model.

In the case of LtE, while financial sustainability is regarded as important, this is not the only factor on which its sustainability should be assessed. LtE's CEO believes that organisational sustainability does not revolve solely around finances. It is apparent that LtE also places a high level of importance on a variety of other types of resources, especially people.

This sentiment, namely that LtE's commitment to its vision, mission and values, played a key role in not falling into the mission drift trap when creating value 'with' its mission, was also echoed by the foundation partner during an interview. The partner regarded LtE as "unwavering" in its commitment to what it was doing, implying that it was a positive trait. In addition, LtE's CEO asserted that "unhealthy partnership(s)" offerings with misaligned values will simply be declined and existing partnerships will be terminated should they no longer be regarded as viable. During the group interview, the CEO shared his view on how to avoid compromising the mission of the NPO for the sake of acquiring funding:

> So, you've got to be firm and bold. Many non-profits would kowtow to that. … You just need a clear understanding of why you are doing it, and that you are genuinely in a partnership and not subservient to somebody else. We are able to do that because we know in our own right very clearly what we are trying to achieve in terms of our vision and mission. … Alternatively, another organisation would have given in to the funder. (LtE CEO at group interview)

The broader view on sustainability taken by LtE enabled it to unlock both financial and non-financial resources through partnering and by setting up viable enterprise development projects thereby securing its continued existence. While LtE seemed to have adopted a more business-like approach prompted by the need to have market-relevant products and services in place, it is also evident that this business-like approach represents a challenge which the organisation needs to come to terms with. This entails a shift in mind-set as well as in skills-set. According to the CEO, LtE "is trying to build more of a symbiotic relationship with the business side so that the training is more business inherent ... [but this] requires a mind shift in the trainers ... to become more business orientated".

In terms of this research study, the monetisation concept clearly reveals the tension between the resource dependency and self-sufficiency of an NPO. The same concept, especially its depiction of a dynamic continuum of resource flows for social mission accomplishment, can furthermore also be applied to different types of partnerships pursued by a particular NPO, such as LtE. Considering LtE's main partner types identified in Section 4.4, philanthropic partnerships would typically fit the one-sided business model where value is created 'for' the social mission, while the transactional and synergistic partners (i.e. the integrative and transformational type partners combined) could be categorised as operating 'with' a market-oriented social mission. The differences between those who create value 'for', and 'with' the social mission will become apparent in the next section when the business model patterns pertaining to the respective partner types are examined. Of the three

business model patterns, the synergistic pattern, which provides a combination of financial and strategically important non-financial resources and capacity, would potentially be more sustainable, while the philanthropic type would be regarded as being least sustainable according to the model of Dohrmann et al. (2015), meaning that for the latter, money is sought 'for' the social mission, and as such, the NPO would be completely donor dependent as opposed to generating some of its own income.

The earlier distinction made regarding sustainability at a partnership level, suggests that the tension, in terms of categorising a social enterprise at an organisational level, could then also play out amongst the different types of dyadic partnerships within a hub NPO such as LtE. It then begs the question, who best to partner with to ensure the highest level of organisational sustainability for a hub NPO.

5.2.3 Concluding remarks on resource dependency

The social mission of an NPO has market value which can reduce its reliance on funding and improve its sustainability as an organisation. LtE's business model has shifted from being 'purely social' to one which resembles that of creating value 'with' its social mission, i.e. using a market-oriented social business model, which generates a combination of funding and market revenues making it more organisationally sustainable than if it were a traditional NPO that relied solely on funding. Despite monetising its social mission, it is apparent that LtE was able to stay true to its mandate. It is also evident that LtE's use of all three main partnership types unlocked financial and non-financial resources that not only enhanced its delivery capacity, but also allowed it to expand its social value contribution thereby securing the sustainability of the organisation. In this regard, it appears that the synergistic partnerships have more potential to build organisational capacity than either the philanthropic or the transactional arrangements. What more can therefore be learnt about the way value was created through these different partnerships to advance knowledge regarding sustainability and scaling the value creation capacity of NPOs? Considering that value creation is the inherent focus of business models, the question is what more can be learnt from the LtE case using the business model concept.

5.3 BUSINESS MODEL APPLICATION TO PARTNERING IN THE NPO CONTEXT

5.3.1 Introduction

Dohrmann et al. (2015, p. 151) argue that "relatively simple changes in the business model structure of a social enterprise can have a significant impact on the monetization of social value creation and the venture's financial output" and therefore also its organisational sustainability. By using the business model concept, they provide a framework for easing the inherent tension in the monetisation challenge of social enterprises. Their approach also offers new insights on the core

focus of this study which is how partnering can generate sustainable resources for social mission achievement in the case of NPOs.

But how do business models work, and how can they advance the thinking around creating value through partnering? These questions will be answered from the perspective of: 1) what the business model concept means; 2) the business model canvas approach as framework for application in practice; 3) the relevance of a business model approach to social enterprises, including NPOs; and 4) justifying the use of the business model concept in the reinterpretation of the research data in relation to LtE's strategic orientation to partnering and resource sustainability.

5.3.2   Theoretical and practical positioning of the business model concept

The business model concept is closely related to the concept of business strategy. Yet, while some authors use the terms almost interchangeably, others prefer a clear distinction between the two concepts (Mansfield & Fourie, 2004; Osterwalder, Pigneur, & Tucci, 2005, p. 8; Zott, Amit, & Massa, 2011).

Mansfield and Fourie (2004, p. 41) view the business model concept as the business system that underpins the process of value creation and, moreover, as a determinant of the value-creation behaviour of the business (2004, p. 42). On the other hand, Mansfield and Fourie (2004, p. 41) associate the strategy of a business with aspects such as aspiring to a desired future, having a clear strategic intent, striving for competitive advantage, knowing the industry environment, and positioning itself in the industry. Osterwalder et al. (2005, p. 7) hold a similar view about the business model concept and specifically articulated it as the "logic for creating and commercializing value" for the business.

More recently, Zott et al. (2011, p. 1031), after a comprehensive study of business model literature, concur that the business model is indeed more centred around customer-directed value creation, similar to the earlier views of Mansfield and Fourie (2004) and Osterwalder et al. (2005). Within this perspective, Zott et al. (2011, p. 1031) further suggest that the prime focus of a business model is on the economic interactions with external entities (citing Zott & Amit, 2008); and on detailing the value propositions for such entities as well as the activities needed to create and deliver such value (citing Seddon, Lewis, Freeman, & Shanks, 2004). In line with this, Zott et al. (2011, p. 1031) emphasise that business models should pay attention to aspects such as partnerships, cooperation and joint ventures (citing authors like Magretta, 2002; Mäkinen & Seppänen, 2007; Mansfield & Fourie, 2004).

Although the distinct differences between strategy and business models are acknowledged by authors like Osterwalder et al. (2005, p. 8), Chereau and Meschi (2019, p. 441), and Braun, Latham,

and Cannatelli (2019, p. 39), they emphasise the linkage and interdependence between the two concepts. Braun et al. (2019, p. 44) clarify the link between the two concepts as representing "two separate yet interrelated aspects to organizational effectiveness." Hence, they stress the need to pay simultaneous attention to both aspects. Osterwalder et al. (2005, p. 10) see the business model as the 'conceptual link' between strategy, the business as an organisation, and its systems, illustrating how the different elements of a business should work together. In doing so, they define a business model as:

> A business model is a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams. (Osterwalder et al., 2005, p. 10)

On the basis of this definition, the business model concept may offer useful insights on the value creation potential of partnering to achieve the mission of a non-profit organisation. However, before this can be further investigated and its relevance for this research project established, the business model canvas requires further explanation.

5.3.3   The business model canvas

Based on their earlier work, Osterwalder and Pigneur (2010, p. 42) introduced the *business model canvas* as a formal framework for designing business models, describing the business model canvas as "a hands-on tool that fosters understanding, discussion, creativity and analysis". The business model canvas essentially is about the 'what' and 'how' of creating value. With the nine different interrelated building blocks representing key business drivers as described above, the business model canvas describes the four main areas of business as customers, offer, infrastructure, and financial viability (Osterwalder & Pigneur, 2010, p. 15). The canvas has been designed with the components on the right-hand related to value, while those on the left relate to operational efficiency.

The original business model canvas has met with substantial interest for practical application. According to Dohrmann et al. (2015, p. 135), this framework has gone a long way towards standardising the concepts and terminology around the concept of a business model. Joyce and Paquin (2016, p. 1475) also view the business model canvas as a tool that has become a popular framework for visually capturing insights into how high-level strategies are operationalised.

In addition to their focus on mainstream businesses, Osterwalder and Pigneur (2010) also expand on the social and environmental benefits and costs which can accrue as a result of the social mandate of different organisations – whether the organisations are for-profit or not-for-profit. They expanded on their original business model canvas with two additional components which relate to

both positive and negative social and environmental impacts. They refer to their adapted business model canvas, which consists of eleven interconnected building blocks or key business drivers, as the 'triple bottom line business model' (Osterwalder & Pigneur, 2010, p. 265). The aim of the triple bottom line business model is to maximise positive benefits while minimising negative social and environmental costs, just as a conventional business model would increase its earnings by maximising income and minimising financial outlay. The triple bottom line business model therefore considers the economic, social and environmental costs and benefits emanating not only from NPOs or social enterprises that have a social mandate, but also businesses that are socially responsible and invest in society. Osterwalder and Pigneur (2010) used the triple bottom line canvas depicted below to analyse the business model used by Grameenphone, which is a for-profit company with a social goal of providing universal access to telecommunications services in remote rural areas of Bangladesh. The business model canvas representation of the business model concept is depicted in Figure 5.1, showing the triple bottom line business model canvas with its two extra building blocks added to the bottom of the original business model canvas. The questions in the different blocks are those posed by the developers of the canvas to guide the building of business models.

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?	What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? Which customer needs are we satisfying? What bundles of products and services are we offering to each Customer Segment?	What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How costly are they? How are they integrated with the rest of our business model?	For whom are we creating value? Who are our most important customers?
	KEY RESOURCES What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?		**CHANNELS** Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	
COST STRUCTURE What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?		**REVENUE STREAMS** For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?		
SOCIAL & ENVIRONMENTAL COSTS What are the social and environmental costs of the business model (i.e. its negative impact)?		**SOCIAL & ENVIRONMENTAL BENEFITS** What are the social and environmental benefits of a business model (i.e. its positive impact)?		

Figure 5.1: Triple bottom line business model canvas with added detail from authors
Source: Osterwalder and Pigneur, 2010, pp. 21-44, 265.

The eleven interconnected blocks of the adapted business model canvas illustrate how an organisation, whether a business or social enterprise, secures sustainable revenue to achieve its mission by developing value propositions for well-chosen customer segments. Resulting from such

a choice, the organisation also needs to answer several other essential questions around relationships and channels in terms of customer acquisition and retention as well as having the necessary resources and key partners to perform the key activities required for mission fulfilment. Revenue generation depends largely on who the customers are, e.g. commercial or social, and how the different revenue streams contribute to the overall revenue of the organisation required to cover the costs involved in creating the value that they seek (Osterwalder & Pigneur, 2010, pp. 16-41).

5.3.4   Application of the business model concept in non-profit contexts

As mentioned above, the business model concept has found application in non-business settings. Examples exist where business models have been designed for entities with a social mission, in particular, social enterprises. One study involved the building of business models for three social business ventures linked to the Grameen Bank, an organisation which introduced the concept of microfinance to alleviate poverty (Yunus et al., 2010). In using the business model concept, they found they had to make certain shifts in thinking. For example, the value proposition needed to extend beyond conventional customers to focus also on creating value for other stakeholders (Yunus et al., 2010, p. 310). Another realignment of thinking concerned the need to account for social profit, which, unlike financial profit, has to include consideration of the value gain of all stakeholders thereby requiring a more comprehensive 'eco-system view' of the social business (Yunus et al., 2010, p. 318).

While the above-mentioned study did not use the canvas *per se*, Osterwalder and Pigneur (2010) used the original business model canvas to analyse the business model of Oxfam, a large British non-profit organisation which addresses poverty and social injustice. They illustrate that for recipients or beneficiaries of the organisation to receive free services, donors must be sought to finance the social mission of the organisation without the donors expecting to receive direct economic benefits in return. These authors highlight the risk of this business model where donors may become the main 'customer' thereby undermining the services offered to beneficiaries, resulting in the mission of the organisation being compromised. The authors furthermore point out that while selling social services, including healthcare and education, does not always follow a conventional business-like approach, optimal solutions can still be found to ensure their organisation remains sustainable.

Two further studies that specifically used the conceptualisation of the business model canvas were Dohrmann et al. (2015) and Joyce and Paquin (2016) whose studies focused on social enterprises. The Dohrmann et al. (2015) study made use of the original business model canvas developed by Osterwalder and Pigneur (2010) to understand and illustrate how a range of enterprises were financed in order to sustain themselves. They argued that by monetising the social mission of an enterprise, greater levels of sustainability could be achieved, thereby acknowledging the tension between resource dependence on external funding versus self-sufficiency based on income

generation via commercial activity. The study of Dohrmann et al. (2015) illustrated that simple changes in certain blocks of the business model canvas could influence the level of sustainability that could be achieved by social enterprises.

While the study of Dohrmann et al. (2015) only considered financial value, the study conducted by Joyce and Paquin (2016) used the business model canvas to explore how multiple types of value, i.e. economic, social and environmental value, are generated by an organisation. Joyce and Paquin (2016) subsequently proposed an adaptation to the conventional business model canvas. Their adapted canvas for sustainability-oriented business model innovation includes a separate environmental and social layer to the business model canvas which they view as a more accurate representation of an integrated view on value creation by an organisation. Their social layer specifically includes two components called 'social benefits' and 'social impacts' which respectively refer to positive and negative social outcomes.

The shortcomings pointed out above regarding accounting for social benefits is addressed by the triple bottom line business model canvas, as depicted in Figure 5.1, which Osterwalder and Pigneur (2010) developed specifically so that for-profit organisations with a particular social mission can account for their involvement in societal issues. This adapted business model canvas focuses on maximising the social mission of 'beyond-profit' business models rather than on earnings, and it therefore considers not only financial revenue and costs, but also social and environmental costs and benefits.

5.3.5 Justification for the use of the business model concept in this research

The business model concept is pertinent for the NPO which is the subject of this research. It specifically addresses two problem areas that emerge from the findings, namely, the multidimensionality of the case and the dynamic nature of more innovative partnering arrangements. Aligned with these are the issues raised in the literature review regarding the complexity of partnering as a process, and the potential value creation that can be attributed to partnering for the sustainability of an NPO.

Firstly, there is the benefit of communicating the working of an organisation as a social system in an illustrative and comprehensible way. Osterwalder et al. (2005) are of the opinion that a comprehensive understanding of the business model of an organisation makes it easier to track its development, especially when external as well as internal pressures demand changes in the business logic. These features provide clarity on the challenges experienced to allow for the formulation of sound findings from a complex dataset.

Secondly, the business model can be useful for retrospectively analysing the existing business logic of a company (Osterwalder et al. 2005, p. 11). For instance, the study by Tankhiwale (2009, p. 126), used the Osterwalder method of mapping business models to understand the evolution of the business model of a telecommunications business demonstrating the changes in business process architecture over time. Osterwalder and Pigneur (2010) subsequently presented a range of examples where they used the business model canvas to seek a clearer understanding of different business model patterns used by various enterprises and suggested that these patterns can be used when imagining and generating new business models. Furthermore, the study of Dohrmann et al. (2015) provides a further example of how using the business model canvas to retrospectively analyse the existing social business models of various enterprises can facilitate a clear understanding of the logic of the value creation process. The authors also suggested that the visual representation of the interconnected building blocks of the canvas can be a useful educational tool to facilitate an understanding of the logic of the value creation process, which links to the next point.

Thirdly, the business model concept provides useful perspectives on innovation. Zott et al. (2011, p. 1034) suggest that the concept is not only regarded a tool for innovation but is also used as a mechanism for innovation and a means to visualise innovation. This aligns with the view of Osterwalder and Pigneur (2010, p. 15) that the business model canvas concept is an instrument for a shared language with which to discuss and 'manipulate' business models for the development of new strategic alternatives. They have also shown that the canvas could be used to design novel business models with various benefits including, for example, a competitive advantage (Osterwalder & Pigneur, 2010, p. 136).

Lastly, Dohrmann et al. (2015, p. 151), as explained earlier in this chapter, used the business model canvas to illustrate the inherent tension which social enterprises face regarding the achievement of their social mandate and how, by changing certain elements within some of the building blocks of the canvas, greater financial sustainability could be achieved.

It is evident from the above that using the business model canvas as a lens has numerous advantages and can provide new perspectives on answering the main research question regarding how partnering can be used to scale the organisational capacity of the hub NPO but also its social value contribution. An explanation follows on the use of the triple bottom line business model canvas, as depicted in Figure 5.1, to examine LtE's business model.

5.4. THE LEARN TO EARN BUSINESS MODEL

5.4.1 Introduction

As emphasised above, a business model creates the framework for how an entity operationalises its strategy. From the evidence collected, LtE has adhered to both the strategy formulation components that contribute to value creation, and to the implementation components of the strategy. In Section 5.2 it was also pointed out that LtE's business model resembles a market-oriented social mission where value was created 'with' the social mission. By using its social mission to unlock value, LtE was able to achieve its mission and sustain itself by mobilising funding and market revenue, in addition to non-financial resources and capacity.

In this section, the high-level findings on how the hub NPO's partnering strategy was operationalised according to the triple bottom line business model canvas and the main themes that emerged in each of the different building blocks of the canvas are highlighted. The themes relating to what it did, and how it did it, are elaborated upon in different ways in this chapter. As the business model represents how a strategy is operationalised, and the logic of the value creation process, it is important to contextualise these findings by first detailing LtE's strategic orientation to partnering, before presenting the main themes in the business model canvas.

5.4.2 The strategic orientation of Learn to Earn's approach

It was evident from the words of LtE's CEO that he understood the need to pay attention to strategy formulation and the operationalisation of the strategy in order to achieve the mandate of the hub NPO and to ensure the sustainability of the organisation. According to him, sustainability revolves "around the retention of staff. It's around tenure on your Board. It's around a comprehensive engagement and understanding and internalisation of your vision and your mission as an organisation". The strategic orientation pertained not only to the running of the organisation, but also to envisioning the ultimate contribution of its mandate. LtE's CEO explained that "we are looking at preparing a person to be able to be a contributing citizen in society. To their family and to their community at large... And we do that through offering skills training and a holistic approach".

The CEO of LtE recognised that funding is not the sole solution because organisational sustainability is multidimensional and integrated. He emphasised that sustainability involves leveraging existing internal resources and acquiring additional external resources and support. To do so, the CEO emphasised that partnering was therefore considered 'fundamental':

> ... obviously there is funding and whatever is needed, but if there is consistency stability you can build your financial sustainability…They all are inter-dependent. You are dependent on supplies of raw material. Dependent on you know a whole lot of things. Transportation, networks, accounting services, auditing, marketing, you name it. Some have it in-house if they're big

> enough, but others have it externally... And then you're still dependent on the customer and the retailers and all the others. (LtE CEO)

Further evidence to substantiate LtE's strategy to limit its dependence on funders while still scaling its social impact, is the fact that it deliberately chose to introduce a franchise-like arrangement to replicate its model with carefully selected NPOs and one small business that became associate partners. In addition, according to LtE's 2016 annual report it "also more recently introduced projects with self-sustaining business models" (2016, p. 20) as a way to reduce reliance on funding.

The decision to involve partners was therefore strategic. According to the donor specialist, partners are regarded as "anyone who is associated with the organisation". While LtE has a large partner portfolio (LtE, 2015) with which it has been associated since its inception in 1989, it continues to identify certain target segments. The CEO explains how LtE identifies the strategic partners that need to be deliberately targeted for the hub NPO to achieve its mandate.

> One of our strategies around fund raising and [being] sustainable, we say okay, these are the interventions we run... what sectors are they impacting? What is needed to achieve that and how do we identify the various partners in those things? (LtE CEO)

While LtE chose a flexible approach to partnering rather than having a formal partnering strategy (Musaya & Minnitt, 2016), it is evident from the statement above that LtE has a clear view on who its niche partners are and what their resource capability should be, while it has also put various measures in place to reduce its reliance on funding thereby contributing to its sustainability. Having illustrated that partnerships are important and that LtE's partnerships were strategically informed, the focus now shifts to how these partnerships contribute to the sustainability of the hub NPO by identifying the main themes that emerged in each of the building blocks of the triple bottom line business model canvas.

5.4.3 Main themes pertaining to Learn to Earn's core business model

The business model canvas has a component related to the issue of key partners, thereby recognising that partners play a key role in the sustainability of the organisation, but this individual component limits the perspective as it does not reveal the holistic nature of partnering. By asking probing questions about how LtE partners, the multidimensional and systemic nature of the partnering process becomes apparent through the various patterns that emerged from the data. Due to the varied stakeholder types identified in Section 4.5.3, it is clear that the term 'customer' is much broader than the conventional customer and includes partners that need to be attracted and retained to mobilise the requisite resources and capacity for the hub NPO to sustain itself. Amongst others, it also includes employees who have a stake in the value creation process. To capture the broader meaning of customer, the term stakeholder is included as an alternative in Figure 5.2 below.

The findings illustrate how the different aspects related to partnering play out in each of the business model canvas blocks, and reveal the nuances pertaining to the different partner types, including the possible tensions or challenges that management may encounter when deciding on where and how it is best to utilise its efforts and resources to optimise value creation. In summary, the main themes that emerged from analysing LtE's value creation process are captured in the different building blocks on the business model canvas, as shown in Figure 5.2 below.

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER / STAKEHOLDER RELATIONSHIPS	CUSTOMER / STAKEHOLDER SEGMENTS
PORTFOLIO Diverse, dynamic & evolving partner portfolio; partners play multiple roles & leverage off each other **PARTNERS** Active partners P: *majority; mostly individuals; generic inputs; general volunteers* T: *many; all sectors – niche entities; entity specific operational inputs; specialist volunteers* S: *few; individuals, businesses, NPOs - niche entities; specialised strategic inputs incl. network access; expert volunteers, incl. board members* Dormant partners *Tensions: rebalancing of partner / resource mix; interdependence*	Core activities: *e.g. beneficiary recruitment, training & placement; market relevant* Partner activities: *e.g. partner selection, leveraging & management* Portfolio activities*: e.g. portfolio coordination & resource rebalancing; partner accountability* Other activities: *e.g. research & development; performance monitoring, evaluation and reporting; environmental scanning; co-creating solutions* *Tensions: e.g. resourcing; prioritising; integration*	VALUE PROPOSITIONS FOR KEY PARTNERS P: *'for' the mission; altruistic; relief* T: *'from' the mission; altruistic & self-interest; conditional support; pre-determined contributions & outcomes* S: *'with' the mission; altruistic & self-interest; social advancement; pre-determined and unplanned contributions & outcomes* VALUE PROPOSITIONS DESIGNED AROUND: Social vision and mission: *(P, T, S)*	P: *'friends'; once-off / ad hoc / loyal support; limited arm's length interaction; informal* T: *'acquaintance'; more frequent engagement & alignment; formal / informal* S: *'family'; ongoing & intense engagement plus tight alignment; formal* *Tensions: e.g. expectations; power dynamics; institutional logics; organisational fit; management complexity*	PRIMARY STAKEHOLDERS Beneficiaries: *prospective & existing* SECONDARY STAKEHOLDERS External: *businesses; NPOs; government; individuals from civil society* *Existing & prospective partners* *Niche segments / entities* *Customers*

<table>
<tr><td colspan="2">KEY RESOURCES</td><td>Core products / services: <i>e.g. training (P, T, S)</i>
Secondary products/ services<i>: e.g. merchandise; track record (P, T, S)</i>
Portfolio-linked benefits: <i>e.g. networks (S)</i></td><td colspan="1">CHANNELS</td><td>Internal: <i>staff & volunteers</i></td></tr>
</table>

KEY RESOURCES

OPERATIONAL CAPACITY
Human: e.g. *development; succession planning; value creation mindset - leadership; staff, incl. expert volunteers*

Systems, processes, intellectual & infrastructure: *e.g. development, enhancement & innovation of database; story archive; training sites; mobile units; warehouse; training resources; model replication through franchising; creative financial options; tax optimisation; changes in legal and organisation structure and processes for value optimisation*

Tensions: resource constraints

Motivations: *society-, legitimacy-, resource- & competency-oriented*

Tension between social mission & partner goals; cold call / co-created propositions

CHANNELS

Print, electronic & mobile: *e.g. own, partners and public, incl. branding; social media; advertising*

Other: *e.g. word-of-mouth; face-to-face; site-visit; invitation; cold-call*

Tensions: e.g. reach / visibility; channel / medium; operations / CSI

Tensions: e.g. prioritisation; segmentation; resource needs

COST STRUCTURE	REVENUE/RESOURCE STREAMS (including examples of non-financial contributions)
Normal overhead costs: e.g. *salaries and wages; office space; other infrastructure costs* Project / programme costs: e.g. *training; venues; material; set-up costs; travelling* Other expenses: e.g. *development costs; marketing costs* *Tensions: resource allocation; cost containment*	Generic resources: *mostly unspecified – e.g. donations; funding; grants; goods and services (P, T, S)* Self-generated income: *e.g. sale of merchandise; consulting; membership fees; investment interest (P, T, S)* Specialised resources: *mostly specified – e.g. goods / services; discounts; pro-bono services; sponsorships; incentive schemes (T, S)* Core / distinctive resources & competencies: *e.g. sector/ professional expertise; infrastructure; networks (S)* *Tensions: diversification; financial / non-financial*

SOCIAL & ENVIRONMENTAL COSTS	SOCIAL & ENVIRONMENTAL BENEFITS
E.g. unhealthy partnerships; unviable programmes; beneficiaries not working or retaining jobs; staff retrenchments due to large funder withdrawing; community protests	Micro-level: *e.g. skills development; job opportunities; knowledge-sharing; passion expression* Meso-level: *e.g. project expansion; model replication; network access; remodelled clothing; system development* Macro-level: *e.g. impact on family circumstances & community contribution of beneficiaries*

Figure 5.2: Partnering business model canvas: An overview of the main themes of Learn to Earn's business model
Source: Compiled by author using an adapted version of Osterwalder and Pigneur's business model canvas (2010, p. 265).

These themes highlight the differences in the value creation process of the main partner types and are discussed in more detail below. In Figure 5.2, the three main partner types are abbreviated using their first letter, i.e. philanthropic (P); transactional (T); and synergistic (S) partnerships.

As shown in the key partners building block of the canvas shown in Figure 5.2, it is evident that LtE has a portfolio of active partners who are mainly philanthropic with only a few synergistic partners that provide resources to supplement and complement the resource base of the hub NPO. Due to changing needs, while efforts are made to actively retain these existing partners, the hub must simultaneously attract new so-called 'customers' in order to serve its beneficiaries who are unable to afford the full training fee. To cover financial shortfalls and access other resources to supplement and complement its existing resource capacity, LtE relies heavily on its existing portfolio of active partners, as reflected in the key partners' block. However, to ensure that it generates a constant flow of resources with which to achieve its mandate, it regards entities from each of the four societal sectors as prospective new partners – see the block relating to customer or stakeholder segments in Figure 5.2. Included amongst these entities are conventional customers who purchase merchandise produced by beneficiaries, and who, for instance, may pay special fees for the design of training programmes. More specifically, though, it targets niche segments that can provide the specific resources or capacity needed to achieve its mission, as mentioned by the CEO in Section 5.4.2.

The niche segments, such as reputable coffee shops with well-known brands, are informed by the training programmes' needs. LtE's training manager explained that, for instance, the coffee sector "supply us our coffee at a really good rate … consistently … to minimise our cost". Linked to this, LtE's donor specialist stated that "[t]his year we've looked at focusing on specific industries … creative agencies, graphic design …[for] computer-based training".

The niche segments that were strategically targeted in LtE's case included the retailer who provided a range of company-specific resources including their retail expertise. The LtE partnership manager, during the second interview, explained that the associates who "replicate" the LtE model were intentionally selected, as were the "specialist kind of volunteers" such as the volunteers who assist with the mentoring of beneficiaries. As shown in the key partners block on the canvas in Figure 5.2, there are also expert volunteers, such as board members, whose fundamental involvement relates to creating value at a strategic level.

While entities from each of the societal sectors are potential or existing resource partners who contribute to sustaining the organisation, it appears to be the value propositions which are designed for these so-called customers that determine what their resource contribution will be and the type of partnering arrangement that will be agreed upon. The value proposition is one of the key features

that distinguishes the different types of partners and this informs the distinct business model patterns that emerge.

5.4.3.1 Distinguishing business model patterns of the different partner types

The overarching distinguishing feature of the three main partner patterns found in the LtE case revolved around the value proposition designed to create value by unlocking resources 'for', 'from' and 'with' the social mission, as depicted in the value propositions block of LtE's canvas in Figure 5.2.

To categorise the value propositions and gain a clearer understanding of what influenced these patterns, the inferences from the interviews and the reasons given by LtE and its partners were used. The categories applied were the Gray and Stites (2013) motivational categories described in the literature review (Section 2.3.5) – society-, legitimacy-, competence-, and resource-linked motivations. It was evident that the motivations for partnering involved a combination of altruism and/or self-interest, and that some partners could have multiple motivations spanning the full range of motivational categories. In most cases, when entities approach the hub or the hub approaches them via different communication channels, the motivation and the partner type is not immediately evident and may only be revealed during the value proposition discussion, if such a discussion takes place. An explanation of the business model patterns of the different partner types will follow, while further details on the motivational categories can be found in Appendix 5.1.

5.4.3.2 Philanthropic business model pattern

The inherent characteristics of the philanthropic business model pattern (P) shown in the partnering business model canvas in Figure 5.2, indicate that the value proposition that would suit partners in this category revolved around altruism. Their interest in providing support 'for' the mission of the hub NPO (i.e. a society-oriented motivation) can be likened to a gift that allows the organisation to continue doing its work. Their contributions, as reflected in the revenue stream building block, consisted mainly of smaller generic resources, such as financial donations and material off-cuts, and general volunteering support which could be used at the discretion of the hub NPO. Considering that some of these partners might have made their anonymous contributions online, their level of direct engagement tended to be low, therefore requiring minimal management effort. Due to their limited impact on the hub NPO, less emphasis was also placed on the organisational fit between the hub and the partner concerned. These partners, some of whom were loyal supporters, tended not to expect much back in return, yet they nevertheless received a thank you letter and, in some cases, also an annual progress report. The testimonial from the so-called philanthropic partner in Appendix 4.3 illustrates that some partners may prefer annual face-to-face progress updates to make a decision on their continued support. However, as their usually smaller contributions could be ad hoc

or of a short duration, these contributions from philanthropic partners are uncertain therefore necessitating the continual search for new resource providers.

5.4.3.3 Transactional business model pattern

The transactional business model pattern (T) largely represents niche segments such as coffee and retail shops. For them, the value proposition was designed around a mix of altruistic and/or self-interest goals which tend to be conditional upon what they could gain 'from' the mission. For instance, they were motivated by the core products and services of the hub, such as being able to employ trained baristas to improve their business efficiency (i.e. resource-linked motivation); or its secondary products such as the merchandise produced by trained beneficiaries (i.e. resource-linked motivation); but also to gain associational benefits such as branding (i.e. legitimacy-linked motivation), or to access the expertise (i.e. a competency-linked motivation) of the hub to, for instance, design a customised barista training course. Entities showing a preference for this pattern generally collaborate with LtE, to co-create their unique value propositions and these value propositions generally involve a combination of their goals as partners with the social mission of the hub. This usually results in either a formal or informal agreement to support a particular project or programme, and as such, the agreed outcomes tended to be pre-determined.

Transactional partners tend to make larger financial contributions or to make more funding available. As can be seen in the revenue streams block shown on the canvas in Figure 5.2, they also tend to make specialised resources or capacity available to sustain specified projects and programmes. The goods and services they contribute pertain specifically to their entity specialisation or core business, e.g. coffee shops providing employment to baristas, or a car dealer sponsoring a vehicle, or offering mentoring skills to their beneficiaries as part of a formal programme, or providing discounts on coffee products as substitutes for cash as a way to support the social mission per se (i.e. society-oriented motivation). Due to the closer levels of engagement with transactional partners, and the degree of exposure involved when interacting directly with beneficiaries, a higher level of organisational fit was required by LtE, making the management of partners who display this business model pattern more complex. As a hybrid NPO, the conventional customers who purchase the hub's merchandise, would also form part of this category due to their commercial-type transaction with the hub. Similarly, beneficiaries who sign up for skills training and pay a nominal fee, as in LtE's case, can also be considered as contracting with the hub in exchange for its services and, while in training, could therefore also qualify as transactional partners.

5.4.3.4 Synergistic business model pattern

Like transactional partners, partners who follow the synergistic business model pattern have a combination of social- and partner-specific goals involving altruism and self-interest. While they are

also interested in accessing resources, their over-riding emphasis is on advancing social change. They choose to pursue very particular partner goals which are intermeshed 'with' the social vision and mission of the hub NPO. As can be seen in Figure 5.2 under revenue streams, synergistic partners provide resources and capacity that are distinctly linked to their core business or professional expertise. They also provide generic resources but these include significantly higher amounts of funding, or even large interest-bearing investments, and the partnership is of strategic value to them. So, for instance, synergistic partners, like the retailer, make their retail expertise, infrastructure, and networks available to expand projects. Associates, for instance, replicate the hub NPO's model and enable the hub NPO to expand its geographic reach, while saving on infrastructure costs.

Due to their intense engagement and longer-term commitment, synergistic partners are also involved with co-creating mutually beneficial solutions which often lead to innovation, thereby also expanding the overall operational capacity of the hub NPO. Because of their level of engagement and involvement in strategy-related activities, a higher organisational fit in terms of vision, mission and values is required of them by LtE. Likewise, synergistic partners seek to be involved with a hub NPO that has a good performance track record (legitimacy- and competency-linked motivation). In the case of associates, for instance, they sought an accredited and tested product (i.e. competency-, legitimacy-, and resource-linked motivations).

While synergistic partners tend to formally agree on key contributions and outcomes at the outset, these outcomes could change during the course of the relationship. This is because many outcomes may not have been foreseen, either at the outset or at the point when value propositions are renewed, as certain outcomes only emerge when responding to opportunities and dealing with challenges. Because of their commitment to advancing social value and their direct involvement in certain core activities of the hub NPO, synergistic partners, are potentially able to co-create the widest variety and scope of strategically important benefits together with the hub NPO.

Due to their high level of ongoing engagement, it is inevitable that synergistic partners are more complex to manage and the individuals involved with these partnerships at a strategic level need to establish sound relationships and have a thorough knowledge of mutual goals in order to negotiate value propositions, co-create solutions and nurture these strategic relationships. This underscores the value of niche segments, such as retail clothing, because the knowledge pertaining to these segments can be contained and specialised so as to facilitate the design of value propositions.

As shown in Figure 5.2, the value proposition is not the sole distinguishing feature and other features are also determinants, such as the level of productive engagement and need for organisational fit shown in the customer relationship block of the canvas, both of which influence the level of

management required for acquisition and retention of partners. Furthermore, it is evident from the above descriptions that each pattern has a particular resource configuration which contributes in different ways to the capacity of the hub NPO to achieve its mandate.

From the patterns described above, the synergistic pattern appears to be the most suited to attract sufficient strategic resources to directly scale the value creation capacity of the hub NPO and also provides the most resource stability due to its long-term nature.

5.4.4 Managing the value proposition tension

The value proposition proved to be a useful indicator for categorising the different business model patterns for creating value 'for', 'from' or 'with' the social mission. It is also valuable for determining the quantity and quality of resources required and the capacity that can be unlocked when a partner's goals or needs are met. This process, however, is not simply a matter of matching the social mission of the hub with the specific goals of partners.

It is evident that attracting and retaining partners and the various criteria related to value propositions are not exclusively dependent on the social mission or even the core products and services of the hub NPO but also involve There are also other assets of the hub that are attractive to partners. These include the purchasing merchandise produced by beneficiaries, accessing sector expertise, having a good performance track record – most of which the hub NPO has direct control over. In addition, it was evident that some partners, especially the synergistic partners, derive value from opportunities presented within the portfolio of partnerships that the hub NPO has established. This partnership portfolio therefore forms an important part of the hub NPO's asset base as a platform for value creation. In this regard, the hub NPO acts as a catalyst or link between partners and potential opportunities, such as accessing their networks, as in the case of the retailer involved in the study. Here the retailer explains how partners in the LtE portfolio could assist to expand the reach of the project which potentially has mutual benefits for all concerned.

> ... we were hoping to make the project scalable and what LtE were doing they would partner with their partners because they have other NGOs that collaborate and they would then appoint or identify who those NPOs/NGOs were and they would run tfgP stores in their areas because LtE is local as well but they do from part of a network. (Retailer)

Definite assumptions therefore cannot be made about what will appeal to partners. It seems that LtE has learnt that under these circumstances, it is best to co-create the value proposition with the partners concerned so as to creatively 'package' the offer, in other words, to customise the value proposition to suit the unique needs of each partner. To do so more effectively, it appears that LtE adopted a two-step approach. Firstly, it focused on niche segments which provided the opportunity to research and become knowledgeable about how the segment operates and its particular needs,

providing an informed starting point for the negotiation. An example is the research done by LtE before the introduction of the barista programme by talking directly to the people involved in operations within companies about the efficiencies that could be achieved by using a trained barista. In that way, they could offer solutions relating to improving the partners' core business efficiencies, rather than engage the corporate social investment team about improving social issues which were secondary to the core business of the entity concerned. LtE did the same in the retail sector, where having a synergistic partner from the retail sector gave the hub access to not only their core products, such as returned clothing, but also their operational capacity, such as logistics, warehousing, and sector expertise which helped the hub to refine and expand its training to make sure it was market-relevant. It was also able to expand the project by setting up new stores and a warehouse to advance its capacity. Furthermore, through co-creating solutions with the retail partner, it created the potential to access in-house expertise and supplier networks, to introduce further innovations, such as a new clothing range, and to launch the hub's first radio advertisement. This is the type of capacity that is of strategic importance and cannot be purchased or afforded by a not-for-profit entity.

Another initiative undertaken by LtE was to 'invite' prospective partners on a 'journey' – this is reflected in the communication channels block in Figure 5.2. The donor specialist explained that, rather than send a written proposal, partners were invited to attend site visits and experience the operations of the organisation first-hand, and also hear the stories of beneficiaries. This opportunity of meeting the prospective partner face-to-face was regarded as an extremely valuable opportunity to explore possible synergies so as to customise the value proposition for a particular partner. The donor specialist explains:

> Well first prize as I said is …we would try and set up a meeting or a site visit. … where we would present kind of what we do and what we're about. Get an idea of what they're looking for in a partner to try and establish if there would be synergy or shared values and that kind of thing…. … And that's also the great thing about getting them to visit LtE, because they get on board more. ... that's often a time when we can identify other synergies … whether they can do a product donation in addition or instead of a financial contribution. (Donor specialist)

Having knowledge about a particular niche segment or partner improves the quality of the engagement that ensues and while LtE used a wide variety of channels to communicate with different stakeholders, it regarded face-to-face contact as the ideal. This channel allowed for creating awareness, gauging stakeholder needs and interests, and advocating for support. LtE's CEO explains how inviting prospective partners to join it on a possible journey changed the relationship dynamic:

> To change from the begging mentality to that of putting on the table an invitation for you to join me in what we are trying to do… and that is vastly different in terms of your mental approach. I'm

not begging you because once I start begging then I'm on your terms, but when I give you an invitation to come to my party, then you're still on my terms. (LtE CEO)

Managing the value proposition tension created when trying to combine the hub's social mission with the goals of partners to derive optimal value, requires that the hub is flexible and capable of holding productive and quality engagements. This, in turn, impacts on the maturity of the relationships that ensue and the type of resources and capacity which could be mobilised. It is evident that to have a productive engagement that can create value 'with' the social mission, a hub NPO needs to have a good understanding of its own needs and offerings, as well as those of its partners, in order to identify synergies and co-create solutions that are mutually beneficial. This again emphasises the skills and experience needed to manage such engagements and relationships – both of which add to the management complexity involved.

5.4.5   Concluding remarks on the Learn to Earn business model canvas

The business model canvas provides a more nuanced understanding of how an entity operationalises its strategy to sustain itself. The canvas illustrates the interconnectedness of the different building blocks with regard to the value creation process involved when partnering for social change. By identifying the distinguishing features relating to the relationship components on the right of the canvas, and the operational components on the left, different value creation patterns emerged that resulted in distinct resource configurations. By taking a more integrated view on partnering, it is evident how the different business model patterns can be leveraged to better serve the hub NPO as there are more opportunities for attracting different resource configurations. Unlike the Dohrmann et al. study (2015) which only considered financial resources, this case study shows how a hub NPO, such as LtE, through partnering both within and across sectors, can potentially access significant financial as well as non-financial resources and capacity. Some resources are in the form of intangible capacity which is of strategic value to supplement and complement its existing asset base. Many of these are resources and capacities which a traditional or start-up NPO is unlikely to be able to acquire or afford.

Synergistic partners show the highest potential for advancement and being sustainable due to using the value proposition to create value and unlock strategic resources 'with' the social mission, compared to philanthropic partners who contributed generic resources 'for' the social mission mainly to ensure that the hub NPO could survive and continue its services. In terms of this study, the latter was considered likely to be the least sustainable type of partnership in terms of their resources and capacity contribution considering the monetisation model (Dohrmann et al, 2015).

Key distinguishing features of the different patterns seemed to revolve around the design of the value proposition and the level of productive engagement between partners which resulted in different

resource configurations. While LtE had the advantage of simultaneously using all three business model patterns to create value, it also demonstrated that it had the capacity and creativity to manage to managing the tension around the design the design of value propositions. Furthermore, it was able to build and actively leverage relationships at the synergistic level which resulted in it mobilising strategically important resources to continuously advance its capacity to create social value within and beyond its ecosystem of influence. Although, from a management perspective, these synergistic relationships appear to be the most complex, they resulted in increased strategic resources and improved capacity with which the NPO can expand its asset base, achieve its mission and sustain itself.

It seems unlikely, though, that a hub NPO involved with social change can be sustained and enhance its social value contribution if it only pursues one of the dyadic partnership types or business model patterns. There are various patterns and advantages associated with having a portfolio where all the different business model patterns co-exist and feed off each other, as is discussed next.

5.5 PARTNERSHIP PROGRESSION AND PORTFOLIO MATURITY

5.5.1 Introduction

According to the business model canvas developers, key partners play an important role in supporting the existing resource base of an entity as they contribute towards the efficiency of the entity (Osterwalder & Pigneur, 2010). From the analysis, it was evident that LtE's portfolio, as reflected in the key partners block of the canvas in Figure 5.2, comprises the full range of partnering types on the collaboration continuum (Austin & Seitanidi, 2014) – see Figure 1.1. As discussed earlier, based on the Dohrmann et al. (2015) categorisation, the synergistic type, which combines the integrative and the transformational partner types, was potentially the most sustainable due to the nature of resources it contributed. The trajectory followed by this partnership type represents another of the features of the Dohrmann model, i.e. that, like a social enterprise, a partnership can also transition into a more sustainable partnership by changing certain elements in the different building blocks of the business model according to the different business model patterns that were discussed earlier.

A social enterprise, such as a hybrid NPO like LtE, can create a mature and sustainable portfolio where partnerships with different levels of sustainability can co-exist. Having all three partner types co-existing in a partnering portfolio offers various benefits for the hub NPO and, as such, the portfolio can be uniquely configured to reflect the needs of the hub NPO in question. The portfolio also forms an important part of the hub NPO's asset base that can be leveraged to attract and retain partners. The maturity and configuration of the portfolio would therefore be vitally important as this influences

the operational capacity of the hub NPO to achieve its mission and its ability to be sustained as an organisation.

As described in Section 4.2, LtE, which was established in 1989 and changed hands in 1995 when the current CEO took over from its founder, had a large and diverse portfolio of partners – both active and dormant. The following extract from LtE's annual report (2015, p.15) provides an indication of how the organisation has changed and matured: "the organisation has progressed from a [rent-free] double garage to numerous campuses with significant facilities and multiple courses that are consistently bringing about significant change in people's lives". This change can be attributed to LtE's having changed it legal structure and its strategy from using a purely social business model when it was established, until now, using a market-oriented model. Furthermore, this change can also be attributed to the resources and capacity that LtE acquired though evolving its portfolio of partners.

In 2015, it stated that over 145 entities from all societal sectors had made varying contributions during that particular year (LtE, 2015) – this excluded all those who made financial and non-financial contributions below a certain amount. A similar position is reflected in LtE's annual reports prior, and subsequent, to this date. Linked to this, Appendix 4B shows how LtE's financial profile changed over a certain period. In addition, the summary of LtE's key milestones dating back to 1989, as depicted in Appendix 5.2, illustrates how over time, partners played a key role in expanding LtE's capacity through the tangible and non-tangible resources and capacity they contributed. Some of these partners, such as the retailer, had continuously supported LtE since 1999. LtE has therefore built up and manages a mature portfolio which continues to sustain it. The findings pertaining to LtE's large, diverse, dynamic and evolving portfolio that contributed a myriad of benefits will be expanded upon in the following section.

5.5.2   Portfolio diversity

The findings reflected in Figure 5.2 show that the portfolio is heterogeneous as it included entities from each of the societal sectors. The diversity of partners in LtE's portfolio is also evident from Figure 5.3 below which aims to map findings shared earlier about LtE's portfolio and partnering process with a view to illustrating the proportions of the different active partnering arrangements and how, especially the synergistic ones evolved over time. While the aim of this study was not to quantify the contributions of the different partner types, it is estimated that at the time of the study about 70% of LtE's portfolio of active partners were philanthropic whereas 25% followed the transactional business model pattern, while only about 5% were synergistic – these proportions resonate with the work of Austin (2000).
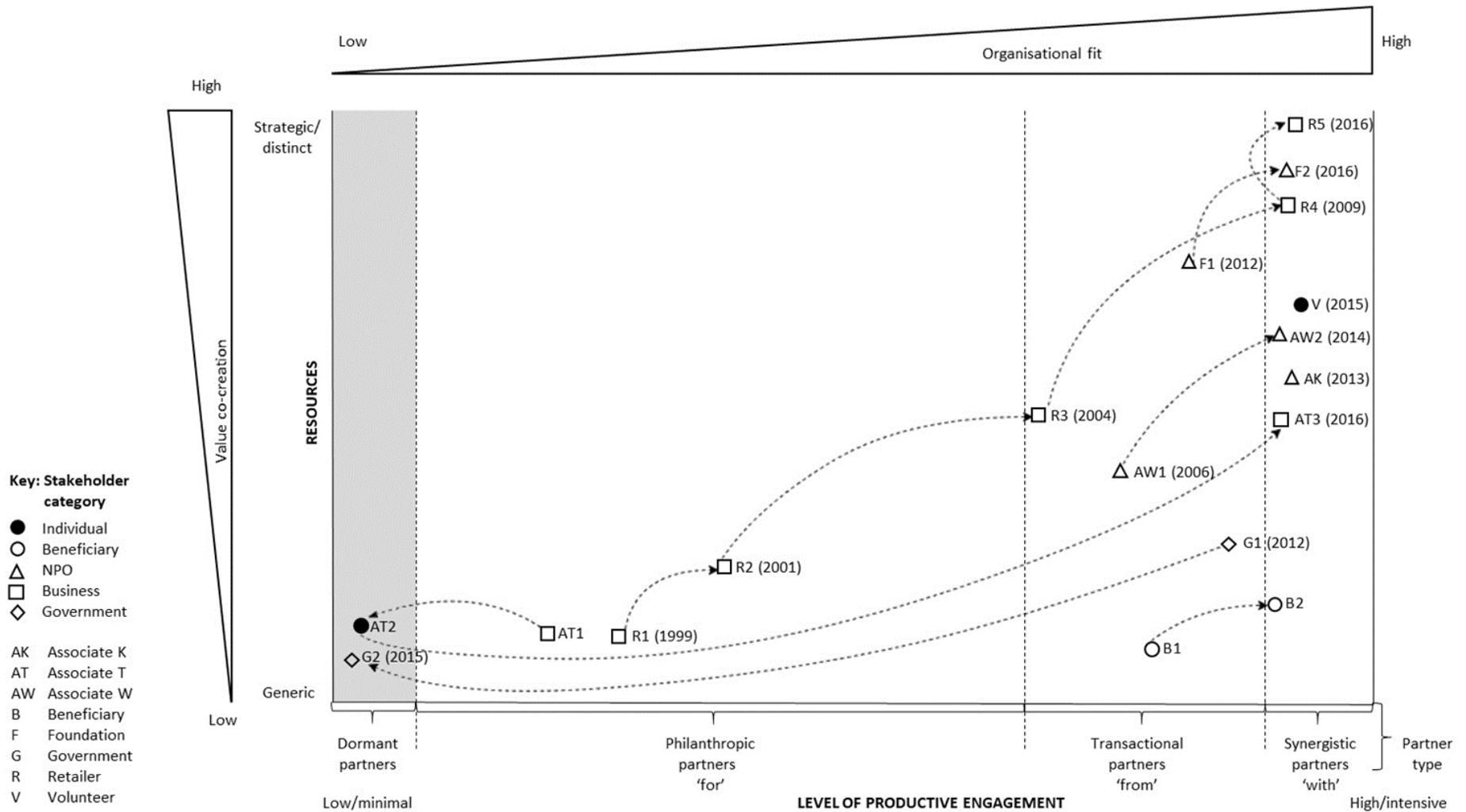
Figure 5.3: Mapping Learn to Earn's portfolio of partners and their evolution
Source: Author compilation.

The donor specialist explained that individual philanthropic type donors, even though they mostly make smaller donations, are nevertheless regarded as "very important" as they provide "undesignated funding ... [used to] cover shortfalls and gaps, um that allows us to sort of keep our training running". While transactional partners mainly funded designated projects, such as barista training, LtE was able to apply the larger unspecified funds received more creatively, such as the grant from the corporate foundation. The donor specialist explained that this particular grant which had been renewed for a further three-year period, "provide[s] us with a bit more flexibility in terms of our other corporate relationships where there might not be as much appetite for a life-skills or a spiritual aspect". The evolution of this particular partnership with the foundation is shown on the map as starting out at position F1 as a transactional partner in 2012, and then moving to position F2 in 2014 as a synergistic partner when it got much more involved engaging with LtE and giving it access to its networks, for instance. This grant from the foundation was used by LtE to fund the core lifeskills programme which then provided the opportunity to design different short-term value propositions that would appeal to other partners. The map shows that as a synergistic partner, the foundation (F2) was involved in high levels of productive engagement, high levels of value co-creation and contribute varying levels of the most strategic and distinct resources. As a synergistic partner, it also had a high level of organisational fit with LtE as reflected in the relationship block of Figure 5.2.

Then there are dormant partners in the portfolio as shown in Figure 5.2. LtE, for instance, had government (G) that became dormant in 2015 after the partnership ended. According to the donor specialist, dormant partners tend to "have LtE on their radar", and either refer others to the hub NPO by acting as advocates, and/or they get reactivated to provide support of different kinds, or even make new contributions or assume different roles.

Besides dormant partners, other entities played multiple roles in value creation. The beneficiaries, in particular, played multiple roles in the value creation cycle of the hub NPO. By completing their training and securing work the beneficiaries provided evidence of LtE's successful track record and also supported LtE's reputation by sharing their life changing stories during prospecting. As observed during the researcher's site visits, besides recommending the services of LtE to others, some of the qualified beneficiaries were employed by LtE, or were contracted as service providers in different capacities, such as caterers. On the map, is an example of a beneficiary (B1) that became a synergistic partner (B2) and now productively engages with LtE but also creates more value than in the previous position. Similarly, some staff also played multiple roles in creating value, as besides working for the hub, they also made charitable donations, acted as advocates, and offered to volunteer their services at special events in which LtE participated.

As explained above, business model patterns representing the different partner types each have unique features which add to the diversity they offer in terms of resources and capacity with which

the hub NPO was able to supplement and complement its existing resource and broader asset base. Synergistic partnerships, despite having the most potential to add to the sustainability of the hub NPO, are however, unlikely to sustain an NPO on their own. The need for an NPO to have a diverse portfolio was succinctly captured by the partnership manager during the researcher's first meeting with her and remained an intriguing feature of this study. She stated that "for transformation to happen you need philanthropy". The potential of tapping a diverse range of partners adds to the dynamic nature of the portfolio.

5.5.3   Portfolio dynamism

Due to inevitable changes, either internally and/or in the external environment, a portfolio must be dynamic to ensure that the current portfolio provides the right resource mix to supplement and complement the existing resource base for the hub NPO to achieve its mission and sustain itself. To remain flexible and responsive to changing needs over time, it is evident that LtE took deliberate action to rebalance and diversify the partner and resource mix including, at some point, restructuring the organisation and shifting its strategy from creating value 'for' to 'with' its mission. There seemed to be three main catalysts which influenced the dynamic nature of the portfolio, i.e. 1) changes in existing partnering arrangements; 2) internal changes requiring a different set of resources; and 3) changes in the external environment presenting new windows of opportunity or challenges linked to value creation.

5.5.3.1   Changes in partnering arrangements

When the term of a partnering arrangement, whether formal or informal, comes to an end, or when relationships are terminated by either party for various reasons, a resource imbalance is likely to result, therefore requiring the hub NPO to rebalance the resource mix to suit its needs. With philanthropic partnerships being ad hoc and short-term, this rebalancing exercise must be ongoing to cover any financial and other resource shortfalls.

It is apparent that LtE chose to renegotiate existing relationships with a view to renewing, revising, or transitioning them to retain existing relationships and resources, before seeking new partners. The foundation and the retail partnerships, for instance, both had an initial term specified, yet they both renewed their commitments. It is evident from the following quote shared by the donor specialist during the group interview, that LtE not only deliberately renewed value propositions in order to retain customers, but also tried to transition some partnerships which resulted in both partners leveraging more value than existed previously, and over a longer term.

> I think we also need to transition these partnerships into new structure. … So, if you always typically engage with LtE in terms of this value that you are adding, are there other opportunities or new opportunities or is that value going to fall away? (Donor specialist at group interview)

In LtE's case, it appears that the lessons learnt and experience gained from other interventions proved useful when introducing the associates' franchising intervention to operate at the synergistic level. As a result, this intervention immediately provided strategic benefits such as being able to replicate the LtE model and expand its geographic reach without a long transition period. This intervention was devised to allow for existing partners to transition, thus providing more opportunities for optimising value by leveraging existing relationships rather than embarking on new relationships. As this intervention commenced before the retail joint venture, it implies that LtE already had some experience as well as the necessary operational capacity to manage more complex partnerships even though they involved different sectors. This example, like partner AK in Figure 5.3, illustrates that it is possible to recruit synergistic partners without having to transition them, but looking at the dates on the map, it is apparent that they commenced many years after LtE was founded, implying that the hub needs the necessary experience and the right asset base to support such partnerships.

Linked to this is a further insight which is potentially related to LtE having gained experience with partnering over the years. While LtE used volunteers that could be categorised into the different partner types, it was able to immediately employ the services of an expert volunteer as a synergistic partner – partner V in Figure 5.3 – to add capacity at a strategic level, where he, for instance, redesigned and developed the stakeholder system to suit LtE's maturing portfolio and operation.

5.5.3.2 Internal changes

Dynamism is also required during the life of a hub NPO so that it can respond efficiently and effectively to internal changes, such as when a main funder withdraws, or when introducing new entrepreneurial services or activities. A portfolio must be dynamic enough to serve existing needs but the resource mix also needs to constantly be rebalanced in order for the hub NPO to remain viable. As demonstrated in Appendix 5.2, LtE regularly introduced new programmes to remain market relevant. For example, when the barista and the computer design programmes were added to LtE's suite of existing training offerings, both programmes required specialised inputs from niche segments which resulted in LtE purposely seeking new partners that could contribute such specialised resources. These niche partners, amongst other things, made the requisite capacity available to place baristas in internship and employment positions. By introducing the franchise-like associates' initiative, LtE was able to replicate its model and broaden its geographic and market reach. By bringing new NPOs and a company on board in this way LtE was able to scale its capacity but also facilitate capacity building amongst its partners where they, for example, shared knowledge and best practices. These ongoing organisational changes presented opportunities for new partnerships to be set up using all three business model patterns.

5.5.3.3 External developments

External developments can also influence the need for dynamism underscoring the need for agility to respond to the opportunities and/or challenges in the external environment, such as legislative changes. Linked to this, LtE deliberately restructured the organisation from being a volunteer organisation to non-profit company that included a trust and a for-profit company so as to leverage opportunities presented by changes in legislation. This particular opportunity, that coincided with a large funder withdrawing its support, enabled LtE to diversify its income streams and attract new customers/investors with different value propositions that included various tax concessions. The implication of the above is that while strategy can shape how partnering is operationalised, partnering can also influence the strategy of a hub NPO.

A further example of an external factor shaping the dynamic nature of a partnering portfolio, relates to the retail partnership. After having worked with LtE over many years, the retailer needed a flagship community intervention and approached LtE as their preferred partner. This led, amongst other benefits, to the existing relationship being transitioned into a joint venture and for innovative interventions to be implemented. While the above examples indicate the need for having a dynamic portfolio and a partnering strategy, the findings show that over time the strategy can change and the portfolio can also evolve and mature.

5.5.4   Portfolio evolution and maturity

Due to LtE innovating its business model, it moved from creating value 'for' the mission to 'with' its social mission. By becoming a hybrid NPO it started generating an increasing portion of its own income as well as other resources and capacity, as a way to limit its dependence on resource holders. Over time, LtE's portfolio evolved and matured as it constantly rebalanced the resource mix to suit its needs.

According to the UCT report, LtE has "a 27-year track record of sustainable, measured and impactful results" (Musaya & Minnitt, 2016, p. 11). Besides the insights gained from the timeline analysis of LtE's partnership with the retailer, a more in-depth look at LtE's history (Appendix 5.2), and the examples shared during interviews, reflect an ongoing and consistent approach of leveraging partnerships across all sectors for tangible and intangible resources. It illustrates how over the years, LtE had changed its strategy and structure by leveraging internal and external developments to expand its offering to beneficiaries but also to resource providers. By using the three business model patterns it was able to unlock different resource combinations. In doing so, it diversified its resource streams and grew its portfolio of partnerships at different stages of collaboration. It showed the value of accessing expertise through partnering with entities from different industries (e.g. graphic design and retail) (Musaya & Minnitt, 2016). It also showed that by taking advantage of opportunities in the

external environment and taking risks, lessons can be learnt and usefully applied in future endeavours while also gaining market exposure, such as LtE did, when participating in different trade shows and exhibitions.

As depicted on the map in Figure 5.3, a portfolio can evolve due to the transitioning of partnerships. The map particularly shows the key movements of the embedded cases over time. For instance, based on the transitioning timeline of the retailer as outlined in Tables 4.2 to 4.4, position R1 at the bottom left of the map indicates that the partnership with the retailer started out as a philanthropic one in 1999 after which it continued to be philanthropic but moved to position R2 in 2001 when it donated an increased number of generic items (funding and limited returned clothing) on an annual basis. In 2004, it progressed into a transactional relationship at position R3. Then in 2009, the relationship progressed to position R4 with the signing of the joint venture agreement that came with a significant capital investment plus a range of other resources and capacity linked to the retailer's specialised capabilities and core business – these resources in turn were of much more strategic value to LtE and directly contributed to expanding its capacity. At the time of the study in 2017, it was estimated that the partnership with the retailer could be plotted at position R5 in the top righthand corner of the map as both partners were increasingly engaged in co-creating innovative solutions that were mutually beneficial. Furthermore, at position R5, the partners, who had built up a lot of trust through engaging productively, were also able to amicably resolve their differences through extensive talks which allowed the project to continue.

The map also shows where the other embedded cases started and how they progressed and transitioned over the years. It is evident that while some of the synergistic partnerships transitioned through each of the different partner types their evolution depended on how they were initiated and prior relationships. As a result, some started out as transactional (F, AW) and subsequently became synergistic, whereas others immediately started out as being synergistic (AK and V). The current synergistic relationship with one of the associates (AT3) even moved from being a dormant individual (AT2). She became dormant after engaging with LtE while she was an employee with a philanthropic business partner (AT1) whose partnership term has since ended.

At the time of the study, all the embedded cases were on the righthand side of the map indicating that they had high levels of organisational fit with LtE, that they involved high levels of productive engagement, that they had varying levels of value co-creation, and that they contributed higher levels of strategically important resources and capacity than other partnerships. It was interesting, from a time perspective, that LtE formed the joint venture with the retailer in 2009 after already having had experience with associates as integrative partners. This, and the partnership formed with the volunteer (V) in 2015, implies that LtE's prior experience allowed for a faster transitioning process with the retailer, and for taking on and managing the expert volunteer in a way that allowed for

optimal value creation. Furthermore, it implies that a partnership, such as with the associates, can reach an integrative stage without transitioning. In addition, while the retail transitioning took place at the request of the partner, the associates were approached by LtE to join albeit after they expressed interest in replicating LtE's model. These examples demonstrate that each partnership is unique.

As the partnerships with the highest potential to be sustained, synergistic partnerships offered opportunities for expanding the capacity of the hub NPO, including scaling of infrastructure and skills, but also for innovation, which contributed to the hub NPO being able to grow its operation, and expand its social value contribution. With LtE as the facilitator at the hub of the ecosystem, partners who gained value from the partnership with LtE, were able to leverage additional value through engaging with other partners in the portfolio. As these relationships evolved, these partners also independently gained value from the relationships which LtE exposed them to. Progression and maturity were also evident from staff movements at LtE. Over time, LtE promoted its donor specialist to the role of a partnership manager to oversee the entire partner portfolio, and appointed a donor specialist as her assistant. Their main responsibility was to attract, retain and transition partners. Progression and maturity were also evident in the way processes and systems were implemented and improved upon to deal with its growing, diverse, dynamic and evolving partnering portfolio.

As is demonstrated in some of the examples throughout this chapter, the scope of value created, especially through synergistic partners, was not limited to scaling the operational capacity and societal impact of the NPO at the hub of an ecosystem, but it also extended to its partners, the networks of partners, and even third parties outside of its ecosystem.

5.5.5 Portfolio outcomes

Regarding the social and environmental benefits and costs components at the bottom of the triple bottom line business model canvas shown in Figure 5.2, it is apparent that LtE derived societal value from partnering while also incurring costs. The above examples illustrate that a hybrid NPO, such as LtE, as the hub of a partnering portfolio, has the potential to expand its social value contribution by meeting its social mandate. Appendix 4C also demonstrates that LtE consistently impacted the lives of beneficiaries over the years. When the associates came on board, they in turn impacted even more lives after using LtE's training material and placing their own beneficiaries in jobs. From the beneficiary and placement partner stories in Appendix 4.2, it is evident that the beneficiaries trained by LtE and the associates have had a positive influence on their families, in their workplaces, and in their communities. The value was extended even further when the spare capacity of the trained beneficiaries was utilised by other partners as well as third parties beyond LtE's partnering portfolio. From this example it is evident that social value can be converted into economic and even environmental value, and vice versa within an ecosystem.

Through partnering, benefits can accrue at a micro (individual), meso (project, organisational or partner) and macro (societal) level, both internally and externally. In the case of LtE, it benefited at all these levels, internally and externally. Appendix 4.5 lists different categories of financial and non-financial benefits that LtE gained through partnering. Furthermore, based on the value propositions made to partners, and the examples and inferences shared by LtE and its synergistic partners regarding the value they derived, it is apparent that LtE's role benefited its partners in terms of them also gaining value at all levels, both internally and externally. A few examples of the benefits created and captured by LtE and its partners, including its beneficiaries, are outlined below according to the different levels of value.

5.5.5.1 Micro level value

At a micro level, outcomes were achieved by individuals who were either directly or indirectly involved with a particular dyadic partnership. In the case of the NPO, therefore, internal staff and external volunteers or mentors benefited psychologically by pursuing their passion working for a hub NPO involved with a cause which appealed to them. Similarly, individual charitable donors were able to express altruism by contributing to LtE and could potentially gain a sense of doing good.

The beneficiaries, as primary external stakeholders, were able to gain as individuals from the training and support provided by LtE. Partners representing different organisations, such as the retailer, the associates and the foundation participants, in their personal and professional capacities, obtained a sense of value due to mutual interaction and learning opportunities, thereby creating interaction value and possibly even synergistic value.

5.5.5.2 Meso level value

It was observed that through partnering, meso level benefits can be gained in three ways. Specific projects by partnering organisations can benefit, as well as the organisations more broadly, but even third parties can benefit. At a project level, the joint venture retail project benefitted due to an injection of capital and was able to set up stores and create spare capacity but, as it could not place all the qualified beneficiaries, the additional capacity allowed for LtE to expand its product offering. The remaining capacity was offered to other partners and also to third parties beyond its portfolio thus benefitting the broader ecosystem.

As a partner, the retailer was able to utilise its returned clothing more sustainably and also gained by having access to qualified beneficiaries who were specially trained for the retail sector. As the hub NPO, LtE was able to replicate its model and gain experience by having its model franchised via its associates who worked in different target markets in other localities, thereby allowing the hub NPO to expand geographically.

At an organisational level, by partnering with synergistic partners, the hub NPO was able to expand the capacity of its staff and enhance or innovate its systems and processes, while also advancing its knowledge about creating synergistic solutions to attract and retain partners in order to expand its social value contribution. Similarly, associates were able to expand the product offering of their organisations by utilising LtE's tested product suite, while the retailer was able to support a flagship project that could reach customers beyond its usual target markets.

5.5.5.3 Macro level value

LtE's ability to achieve its social mandate with the help of partners ensured that its beneficiaries were afforded the opportunity to secure employment and become economically active. Based on the accounts given by beneficiaries, including those trained by LtE and by its associates, it was evident that beneficiaries were able to improve their economic circumstances as a result of the training. This enabled them to provide good quality produce which they could sell to the broader community thereby improving their own financial and home situations. For examples of beneficiary stories refer to Appendix 4.2.

According to the retail partner, their partnership with LtE enabled them to reach poor customers and allow them to purchase good quality clothing as a result of the mutually beneficial arrangement. Another example of a macro level benefit that transpired as a result of the retail partner suggesting that one of their own suppliers who was experiencing factory downtime could produce a new clothing range to address a shortfall in LtE's supply, thereby allowing the factory to remain in production ensuring continued employment for staff who may otherwise have had to go on short-time. For further examples of outcomes at different levels, refer to Appendix 4.4.

5.5.6   Concluding remarks regarding partnership progression and portfolio maturity

It appears that a partnering portfolio can grow and mature over time and does so by the hub NPO continually assessing and rebalancing its resource mix to suitably supplement and complement its asset base to meet its changing needs. As evidenced by LtE's case, it is clear that by leveraging a diverse and mature portfolio of partners that includes all the main partner types from the same and across other sectors, a hub NPO has the potential to create and capture value which is greater than the sum of the value derived from individual dyadic partnerships. As such, the partnership portfolio is an important asset. The findings indicate that to achieve the levels of partnering maturity and outcomes described above, effective management is required to efficiently leverage and optimise value creation within a broader ecosystem.

5.6 ECOSYSTEM OPTIMISATION

5.6.1 Introduction

Having outlined the diversity and dynamics of the partnering portfolio, as well as the process by which it evolves and matures, it is evident that value creation is not limited to the hub NPO, its beneficiaries, its partners, or even third-party role players, but that there is a broader ecosystem within which partnering arrangements can be configured with the potential of further optimising value creation. This view seems to concur with that of Zott, Amit, and Massa (2010, p. 25) who point out that business model scholars recognise that it is the firm's "ecosystem of exchange partners" that contributes to creating value. The concept of an ecosystem, with a hub NPO at the centre, will be investigated from a different perspective to that provided in Chapter 4. In this section that focuses on how such an ecosystem can be optimised, the different blocks of the partnering business model canvas (Figure 5.2) are elaborated on in terms of the value creation process when partnering for social change. From the LtE case, it is clear that optimising such an ecosystem requires attention to be paid to each of the interconnected building blocks of the canvas. From Figure 5.2, it is evident that each building blocks involves particular activities, and presents opportunities but also tensions that need to be managed. For instance, the tensions around managing partner goals and motivations with the social mission of the NPO were discussed in relation to value proposition design. But this did not, for instance, consider choices that need to be made around which segments to target and the potential power dynamics that need to be managed with regard different relationships. To better optimise value, it is important to first understand how the value creation cycle works.

5.6.2 The value creation cycle using the canvas

The generic value creation cycle followed by LtE, involving sequentially numbered steps, is depicted in Figure 5.4 below. The cycle commences with identifying which segment the hub NPO will target so as to design a unique value proposition that will unlock the resources and capacity needed to achieve its mission. Depending on which of the three business model patterns it decides to follow, the hub NPO needs to assess the status of its relationship with the particular resource holder (1) and then determine the most appropriate communication channel (2) to use to reach and engage them.
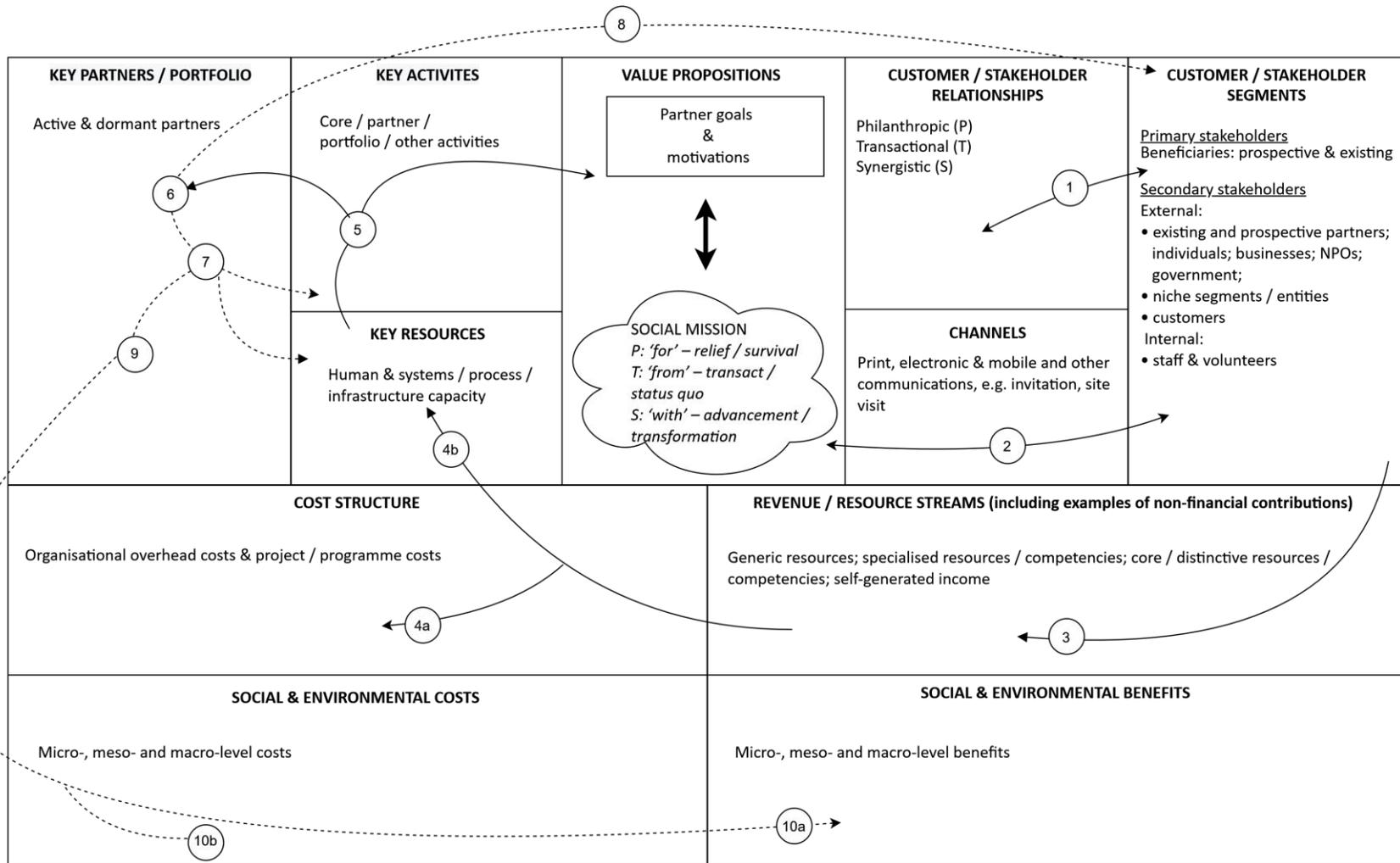
Figure 5.4: Learn to Earn's generic value creation cycle
Source: Author compilation using the adapted business model canvas of Osterwalder and Pigneur (2010).

So, for instance, LtE approaches a new relationship by inviting people to come on a site visit where synergies are explored so as to find the right value proposition (2). With the more established relationships, it may just require a phone call. After a partner buys in, they make their agreed revenue / resource contributions (3) which go towards defraying costs (4a) or supporting the hub's resource base (4b). With the right resource mix, the hub is then able to perform the necessary activities (5) so as to achieve its mission and fulfil the value propositions made to partners. The partner then joins the portfolio as a key partner (6). The synergistic partners would, for instance, get involved in a continuous process of providing resources and / or co-creating value with the hub (7). Other partners could continue to be active and renew their agreements (8) and then repeat steps 1 to 6 of the cycle.

Some partners will become dormant and remain in the portfolio until they are potentially reactivated. At the end of the day, the combined efforts of the key partners in the portfolio (9) contribute to adding social and environmental benefits (10a) or they can incur costs (10b) for the hub NPO. As explained earlier, due to the nature of the portfolio being dynamic and evolving, the hub NPO needs to be managed in a way to ensure that the right resource mix is available to ensure mission achievement and benefits for society. If the resources required are not forthcoming from either active or dormant partners, then the hub NPO needs to seek and acquire new partners using the relevant business model pattern and repeat the value creation cycle from steps 1 to 6. Steps 1 and 2 can also be initiated by partners or prospective partners as demonstrated with the synergistic partners. This cycle continues on an ongoing basis as long as the hub NPO pursues its mission. To ensure that the cycle continues and value creation is optimised, there are very particular activities to be performed and the right capacity is required to do so. The following two building blocks on the canvas are therefore discussed in more detail below: i.e. 1) key activities; and 2) key resources.

5.6.3   Key activities

While each of the building blocks of the canvas involves certain activities, there are also other key activities, linked to operational efficiencies, for the hub NPO to remain viable. The main elements pertaining to the key activities are captured in the relevant block on the partnering business model canvas shown in Figure 5.2. Because of the different business model patterns which can potentially exist as part of the overall business model of a hub NPO, agreements with and obligations to beneficiaries and partners must be honoured. The likelihood of the organisation achieving its mandate depends largely on the inherent interdependency of the constituent partners, and staying attuned to both internal and external developments. Based on the many references made by LtE's staff and its partners who provide strategic resources, it was evident that research, and monitoring and evaluation of performance, are essential for LtE to optimise its value creation potential and its capacity to learn, adapt and innovate. The importance of having a variety of evaluation criteria in place is captured by LtE's CEO who stated, "if you really want to measure the success of the

organisation ... is it fulfilling its vision and mission and not just through inputs and outputs ... There is a correlation between the outcome and your vision and mission". The key activities requiring management can be grouped as follows: 1) core mission-linked activities; 2) partner-related activities; 3) portfolio-related activities; and 4) other activities.

5.6.3.1 Core mission-linked activities

Some core mission-linked activities include recruiting, training, and placing beneficiaries in jobs. It is evident that LtE made an effort to understand the needs and goals of its beneficiaries and, for instance, provided extensive support to achieve optimal take-up results in terms of employment and, in so doing, enhanced its own successful track record. Linked to this, LtE adopts a business-like approach by underscoring the need for market relevant products and services. LtE's CEO explains that beneficiary programmes follow a "holistic approach [that] is market driven, product driven", so that after training, the skills acquired by beneficiaries will be attractive to those who can provide employment to its beneficiaries. In balancing the interests of beneficiaries and partners, LtE was required to initiate, adapt, or even discontinue programmes. An example of the latter is the call centre training programme which was discontinued as the programme turned out to be unworkable for its beneficiaries, despite prior assessment indicating a gap in the market. The fully equipped and unused call centre training room was pointed out to the researcher during the site visits. Due to the interdependence on partners, there were also partner-related activities that needed to be attended to.

5.6.3.2 Partner-related activities

Earlier in the chapter it was pointed out that the different business model patterns followed when acquiring and retaining partners require different levels of engagement and management. For instance, LtE's training manager explained that it does "an audit and an assessment of who they [partners] are and where they're going and why they want to partner with us and then we explore whether that partnership is viable". According to the partnership manager, the "trick is in finding … those synergies of what resources they have and what they're prepared to allocate".

It was explained how synergistic partners play in key role in boosting LtE's capacity to co-create solutions in response to opportunities and challenges that emerge. The value of having synergistic partners from different sectors or interest areas is that they provide different perspectives, they contribute in terms of resources and exposure to their networks, and they increase operational capacity.

While LtE generally had a long and successful partnership track record, in some cases partnerships had been less successful and had incurred costs, as shown in Figure 5.2, including social costs. LtE's experience in partnering provided the expertise on how to manage these relationships

effectively. This sometimes meant having to say 'no' or even terminating what the CEO referred to as 'unhealthy' partnerships. Besides managing different aspects relating to partner relationships, there was also the need to manage the broader partnership portfolio that formed an important part of its asset base.

5.6.3.3   Portfolio-related activities

The tension of simultaneously managing different business model patterns of creating value 'for', 'from', and 'with' the social mission appears to be exacerbated when managing a large, diverse, and dynamic portfolio. This requires constant rebalancing of the resource mix of the portfolio to ensure that it adequately supplements and complements the hub's needs in terms of resources and capacity. To achieve an effective mix, management must constantly be aware and make decisions on which partners to review, renew, transition, bring on board, or even terminate, as this could influence the level of sustainability of the entity.

5.6.3.4   Other activities

To optimally create value requires the hub NPO to be proactive and market focussed as depicted in Figure 5.2. In this regard LtE has emphasised market and product research, and performance monitoring, as this enabled the NPO to make informed and assertive decisions to optimise value while limiting value loss. Monitoring performance also helped to ensure that it could report on progress to various stakeholders. Being accountable and reporting to partners is regarded as a complex activity (Bryson et al, 2015) and it reflects an organisation that is capacitated (Fowler, 1997). Examples of how progress reporting can differ is illustrated in Appendix 4.1 and 4.3 which highlights the varying expectations and requirements of synergistic and philanthropic type partners respectively. Managing a large portfolio can therefore be challenging. In this regard, LtE negotiated goals up front and then diligently reported on them. Due to its emphasis on performance measurement and its stakeholder management processes, it was able to coordinate activities and effectively communicate with partners.

Another key activity is scanning the environment. Examples were shared of how LtE optimised value by adjusting its programmes, introducing new resource streams, changing its legal and organisation structures, and introducing innovation in response to, both internal and external, opportunities and challenges. This links directly with having the necessary resources and capacity in place to efficiently and effectively attend to each of the elements in the interrelated building blocks of the business model canvas.

5.6.4 Operational capacity and key resources

Having the necessary operational capacity to create value is emphasised in the business model canvas and is termed 'key resources'. In Figure 5.2, the key themes of this particular building block include the need for adequate human and systems capacity to operationalise the business model, i.e. to attend to the requirements in each of the building blocks of the canvas.

5.6.4.1 Human capacity

From a human capacity perspective, it is clear that LtE relied on its leader and that he was well respected by staff and partners. It is evident that over the years LtE's CEO and his team had established a good track record which is illustrated with this extract from the testimonial, in Appendix 4.1, by the synergistic foundation partner: "On all accounts, Learn to Earn, under the very hands-on, visionary, and knowledgeable custodianship of Roché van Wyk (and his committed team) has fared excellently, which has given us full confidence in our funding commitment to them".

LtE's CEO made a wise investment in human resources by developing the leadership team and staff. From the quote below, it is clear that this development was carefully considered in order to ensure continuity. According to the partnership manager, the CEO "has invested a lot of ... quality time into working with each of the management team. … So, I think there is enough sustainability that has been built in and created. … to ensure … that the organisation doesn't fall apart". Based on the observations of the researcher, the CEO also shared the leadership responsibilities with his senior staff who were encouraged to engage directly with prospective partners from the outset of their relationships. In the second observed meeting with the prospective partner, it was noted how the training manager and the communication specialist could, for instance, confidently step in for one another, implying that there was teamwork involved when exploring synergies and establishing partnerships. It was also interesting that different members could provide information on strategic aspects and projects for which they were not directly responsible, once again demonstrating the ethos of shared responsibility and teamwork. These findings resonate with the view that staff need the knowledge, skills, values, and attitudes to be able to effectively engage with both primary and secondary stakeholders (Fowler, 1997).

Referring to LtE's change in strategy when it innovated its business model to be more market-oriented, the CEO stated that LtE "is trying to build more of a symbiotic relationship with the business side so that the training is more business inherent". He mentioned that this "requires a mind shift in the trainers ... to become more business orientated". This illustrates that when an NPO innovates its business model to become more market-oriented and also potentially more organisationally sustainable, a change in the ways in which staff think and act may be required. This need for change aligns with the view of Osterwalder and Pigneur (2010) that "certain business models call for people

with particular mindsets" (2010, p. 270). This idea of a particular mindset resonates with public value theory which suggests that public managers must use their "imaginations" (Moore, 1994, p. 296) when seeking appropriate solutions and managing tensions when dealing with partners.

It is evident that both staff and partners, especially the synergistic partners, were purposely upskilled in terms of their capacity to continue creating value. The CEO of LtE refers specifically to such upskilling as being an ongoing process so that even newly appointed trustees can contribute optimally to value creation on behalf of the hub NPO:

> I feel that my relationship with the trustees is nowhere near what it used to be with the executive. So, one of the things I have been trying to work on is to draw them in into a greater knowledge of the organisation, and partnership, and uhmm so they in their own right then feed into this value chain. So, this needs to happen over the next few years. (LtE CEO at group interview)

Besides having the appropriate human resource capacity, the following quote from the CEO illustrates his commitment to the cause, his willingness to share knowledge and information, and his recognition of the importance of having relevant systems and processes in place to reduce resource dependency:

> ... the "desire of seeking to work ourselves out of a job in our vision to eradicate unemployment and poverty" has been the key driver for "the task and ensuring systems and approaches are not designed for creating dependency. It has also influenced my approach to sharing information and knowledge that I have acquired over the years". (LtE CEO, LtE Newsletter, August, 2010, p. 5)

For a business model to be effective, aside from having the necessary human resource capacity, attention also needs to be paid to having relevant processes and systems in place to optimise the value creation capacity of the hub NPO.

5.6.4.2 Systems and infrastructure capacity

Based on the evidence in the LtE case, it seems that the effective management of separate dyadic partnerships in a large partnering portfolio requires the development of new and strengthening of existing processes and systems to deal with the needs of all partners, including beneficiaries. This also serves to provide the requisite information for efficient management of the portfolio and for the entire organisation to facilitate the leveraging of opportunities for optimal value creation.

In this study, it was found that LtE worked with its synergistic partners to document and enhance its processes and systems. Most, if not all, of the operational capacity was developed directly and indirectly with the support and contributions of partners, whether it was to set up a warehouse or to fund leadership training. As mentioned, LtE opted to replicate its model through its associates. This franchise-like approach enabled LtE to gain access to additional infrastructure and provided opportunities for testing its accredited and branded products in new markets and, in the process,

saved on operational costs. These entrepreneurial type activities can be seen as contributing towards scaling and enhancing the hub NPO's social value contribution and its sustainability as an organisation.

LtE also implemented the use of integrated systems and processes, some of which it continued to improve upon to meet its needs, such as the stakeholder system developed by the expert volunteer. As mentioned, this system, for instance, helped with managing the partnership portfolio by tracking the development of beneficiaries and partners, and provided the necessary information to be able to account to partners according to their unique reporting requirements. In addition, a new repository for beneficiary stories was set up and a new process involving all staff was introduced to collect these stories. For examples of these beneficiary stories, refer to Appendix 4.2.

As mentioned previously, in terms of financial management LtE created funding structures that provided a broader range of opportunities to appeal to a wider audience, thereby reducing reliance on specific revenue streams. By keeping abreast with both internal and external developments, LtE was, for instance, able to adapt its legal and organisational structure by taking advantage of a window of opportunity which presented itself when a key funder terminated its agreement and certain legislative changes allowed for the introduction of a new revenue stream.

Despite the periodic need for change and innovation to ensure the sustainability of a hub NPO such as LtE, optimising value does not mean having to constantly strive for innovation but also involves the consolidation and refinement of systems and processes that have been found to be fit-for-purpose. In response to the researcher's question on LtE's plans for the future, the CEO identified gaps and pinpointed areas for development following LtE's recent organisational restructure.

> Given our current funding constraints, and by implication our human resource constraints, it would be detrimental if we go down further new routes other than focusing on what we have in place. … A lot of our national relationships are … still under-utilised and can be maximised more. So, nothing radical in next 5 years. I think it's a refinement, and improvement and enhancement. (LtE CEO at group interview)

The words of the CEO demonstrate that partnering and value creation remain important to LtE, and the roles of individuals and entities in the value chain and the broader ecosystem should be understood and leveraged. Linked to this, it is evident from LtE's partnership practices that staff and partners are encouraged to play an active role in creating value for the organisation and that they pursue partnerships and fulfil their roles with a particular value creation mindset. For more details on the value creation mindset attributes that emerged from this study, refer to Appendix 5.3.

5.6.5   Concluding remarks on ecosystem optimisation

It is evident that to optimally create and capture value creation opportunities within the hub NPO as well as in its broader ecosystem, each of the interdependent building blocks in the business model canvas need to be attended to. Amongst these components is the continued efficient functioning of the key activities of the NPO to fulfil its promises to all stakeholders, including its partners. By improving its efficiency and effectiveness, a hub NPO has the potential to advance its social value contribution and to facilitate the contribution of other entities in and beyond its ecosystem.

5.7   CONCLUSION ON VALUE CREATION FROM A BUSINESS MODEL PERSPECTIVE

In this chapter the business model canvas was expanded upon and used as an interpretive lens to answer the main research question. This provided a comprehensive understanding of the dynamism and interconnectedness of the essential components involved in the value creation process.

This chapter commenced by describing the tension that is inherent in the resourcing of NPOs and which was corroborated by the literature review. Utilisation of the monetisation framework (Dohrmann, 2015) shows how an NPO can improve its financial sustainability by using its social mission to generate income thereby reducing its reliance on funding from donors. At the time of the study, it was established that LtE had evolved and resembled a social enterprise with a 'market-oriented social business model' thereby making it more financially sustainable than an entity with a 'one-sided social business model' as is the case in a traditional NPO dependent exclusively on funding – similar to the position that LtE was in when it started out. Simple changes in the business model therefore influence the financial sustainability of a social enterprise (Dohrmann et al., 2015). One of the challenges identified was the extent to which the mission should be marketed to generate income versus funding acquired to avoid potential compromising of the NPO's integrity and its development focus.

The business model canvas, which captures how an entity operationalises its strategy, provided insights, from the perspective of an NPO, into the dynamics and interconnectedness of the essential components of creating value by partnering for social change. It also revealed that LtE's main dyadic partnerships had distinct business model patterns that resulted in different configurations of financial and non-financial resources. The synergistic pattern appears to be the most sustainable as it unlocks resources and capacity which is of strategic value and enables a hub NPO to scale its capacity and its social value contribution. This suggests that a hub NPO's sustainability is not dependent on financial resources alone, but that non-financial resources play a crucial role in the value creation capacity of a hub NPO and its sustainability.

By examining the case according to the key business drivers in the canvas, a multifaceted and holistic system emerged and the significant elements, as well as the contingencies and tensions in

each of the building blocks, were revealed. Furthermore, the different business model patterns representing the main partner types indicated that an NPO operating as the hub of its partnering ecosystem can attract and retain a myriad of resources and capacity, the sustainability of which depends on whether the value proposition was designed to create value 'for', 'from' or 'with' the social mission. Considering the nuances reflected in the various business model patterns of the partnerships, it seemed unlikely that any of the partner types could sustain an NPO on their own, as it was their co-existence in a dynamic partnering portfolio, involving entities in same and different sectors, that optimised their potential for value creation.

This led to applying the maturity perspective from the Dohrmann et al. (2015) model to LtE's portfolio, which illustrated that, over time, the value creation capacity of a hub NPO can be enhanced by intentionally building a diverse, dynamic and evolving portfolio of partners, including transitioning partners, to contribute more strategic resources. Also included in the portfolio were dormant partners and it was recognised that all partners can play multiple roles with regard to creating value. Due to the dynamic nature of partnering, and in line with the NPO's strategy, the resource mix resulting from the different partner types within the portfolio had to constantly be rebalanced to ensure a consistent supply of resources to supplement and complement the hub's existing resource base. Furthermore, having a diverse and mature portfolio, that included synergistic partnerships, also offered the chance for the hub to act as a catalyst. By providing partners with opportunities to access the capabilities and networks of other partners in the portfolio, it created a much wider platform from which to create value and co-create the design of unique value propositions to attract and retain partners. Even though the LtE portfolio mostly had philanthropic partners, collectively the partners in the portfolio added to LtE's asset base which also progressed and matured over time with the help of partners. As a result, value was created at a micro, meso and macro level which not only benefited the hub NPO, but also other partners in the portfolio, and even third parties in LtE's broader ecosystem. However, to gain optimal value from an evolving and maturing partner portfolio, and also to scale capacity, required efficient and effective management to deal with the complexity of creating value in a broader ecosystem. To deal with the interdependence of beneficiaries and partners, and the complexity of managing separate dyadic partnerships, within and across sectors, as well as having to constantly rebalance the resource mix in the overall portfolio, it was essential for a hub NPO to expand both its human and operational capacity. It is evident that LtE's partners played a key role in contributing directly to capacity enhancement. Moreover, it was evident that a particular value creation mindset was required to achieve optimal value. These findings show that a hub NPO's capacity for scaling value creation at an ecosystem level could expand over time, and had the potential to lead to innovation as well as to enhance opportunities for creating and capturing value within and beyond its ecosystem on a sustained basis.

In the final chapter, the implications of the findings are discussed in relation to the underlying research question regarding how partnering can be used by NPOs to scale value. Furthermore, details relating to how the secondary research questions and the aim of the study have been accomplished are elaborated upon. Perspectives on the contribution of this study is provided, followed by the conclusion and suggestions for future research.

CHAPTER 6: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

6.1   INTRODUCTION

For NPOs to achieve their mandates, to enhance their social value contribution and to be sustained they must mobilise the necessary resources and capacity. The aim of this chapter is to share the insights on new theoretical and practical knowledge that emerged from this exploratory study to answer the main research question: *How can NPOs use partnering to scale their value creation capacity?*

Due to the complexity and maturity of its partnering portfolio, Learn to Earn provided a valuable research opportunity to learn from, specifically about how value creation can be scaled through advanced partnering arrangements. Insights obtained on this basis may then serve as useful knowledge for other NPO leaders and decision makers in similar contexts. In pursuit of this objective, primary data was collected via in-depth interviews with key role players representing the hub NPO and selected partners, together with observations noted during meetings and at site visits. This was supplemented by a range of secondary data that included the UCT report and historical data pertaining to a longstanding partnership.

The findings presented in Chapter 4 provided a conceptual explanation of the case by using different theoretical frameworks to understand interactions in various partnering relationships. In Chapter 5 the business model canvas was explained, outlining its inherent potential for creating value in order to sustain an organisation and provided greater insights on the multifaceted and systemic nature of partnering.

In this chapter, the discussion will focus on the four sub-questions that steered the investigation. The first question pertains to the motivations for partnering. The second relates to the types and levels of value created through partnering. The third focuses on how different types of relationships evolve in a partnering portfolio, and the final question deals with the strategic mindset and leadership qualities that facilitate value creation. Due to the types of value created being closely associated with the motivation for partnering, the first two questions are combined and discussed first. Following the discussion, the various contributions of this research are outlined. The chapter concludes by answering the main question and identifying further research possibilities.

6.2   MOTIVATIONS AND VALUE ASSOCIATED WITH PARTNERING

Two questions are addressed here: What are the motivations for partnering? What types and levels of value are created and captured through partnering?

Using the Dohrmann et al. (2015) monetisation model, this case illustrates that if an NPO transforms from a purely social business model to a market-oriented model with money being generated 'with' its social mission, a hybrid NPO can become less funding-dependent thereby enhancing its potential to be financially sustainable. This shift in emphasis can influence the motivations for partnering with a more market-oriented hybrid NPO and the resulting types of resource configurations which, in turn, impact on the types of value that can be created and captured for the benefit of the NPO.

An analysis of the motivations for partnering indicates that there may be multiple motivations as categorised by Gray and Stites (2013), i.e. society-, legitimacy-, competency-, and resource-linked motivations. It is evident, though, that partner motivations do not only involve the social mission, but partners, who could be individuals, NPOs, businesses, and even government, may also be motivated by what they can derive from the assets of an NPO in terms of: 1) its core products and services; 2) its secondary products and services, including its track record; and 3) the platform of potential opportunities that exist in the NPO's partnering portfolio, such as the value they can derive from interacting with other partners in the portfolio and by accessing their networks, amongst other benefits.

While the collaboration continuum (Austin & Seitanidi, 2014) was useful for identifying the main dyadic partner types, their value contribution and their ability to transition between types, utilisation of the business model canvas (Osterwalder & Pigneur, 2010) highlighted the different interrelated components required to create value and was useful to distinguish the different business model patterns for the different partner types. The partnering business model canvas, as depicted in Figure 5.2, helps to categorise and clarify the partnership patterns by distinguishing the relevant relational and operational activities and processes according to the eleven building blocks of the business model canvas, e.g. value propositions, customer / stakeholder relationships, revenue / resource streams, and channels. It also acts as a stimulus to discuss the necessary elements and changes that may be needed to optimise value.

Three business model patterns, representing the three main partnership types, emerged, illustrating that the patterns can result in different resource configurations of increasing strategic value. These patterns are distinguishable by the value propositions used to attract and retain partners. The value propositions, in turn, are designed around creating value 'for', 'from' or 'with' the social mission of the hub NPO and represent the philanthropic, transactional and synergistic partner types and also the respective business model patterns. As mentioned, the word hub merely describes an NPO that has a portfolio of partners that it relies on for resources to achieve its mission.

Synergistic partners for whom value is created 'with' the mission of the hub NPO, are committed to advancing the vision and mission of the NPO concerned rather than providing relief 'for' the mission

through charitable or philanthropic contributions. Synergistic partners tend to provide resources and capacity according to their own distinctive core expertise or competence. The findings show that due to the strategic nature of their resource and capacity contributions, synergistic partners can have a direct influence on specific projects, but more so on the overall capacity that an NPO builds up over time. They tend to provide large investments for particular projects, or undesignated funds which can be used at the hub's discretion, for instance, to cover the costs of a universal training component. With these longer-term funding commitments, the hub NPO has the means to design more appealing value propositions to suit the preferences of the other partner types whose contributions then allow for project expansion. These synergistic partners are also integrally involved on an ongoing basis with co-creating mutually beneficial solutions, including innovation, in response to emerging opportunities and challenges facing the hub NPO. This study shows that with the distinctive capabilities, including knowledge and expertise, that synergistic partners, in particular, bring and share, a hub NPO has the potential to progressively build up its operational capacity and manage the value creation process more efficiently and effectively to achieve its mission and be sustained.

As a result of having synergistic partners co-existing with other types of partners in the partnering portfolio of an NPO, a myriad of financial and non-financial resources or benefits can accrue, as depicted in Appendices 4.4 and 4.5. Irrespective of the type of partner or their differing potentials for creating value, the individual partnership inputs resulting from different business model patterns can accumulate, and directly or indirectly amplify both the operational capacity and the societal contribution of the hub NPO, but also that of its partners. Such benefits can even extend to third parties who may be indirectly involved through, for example, employing beneficiaries who have received special skills training from the hub, or beneficiaries who have been trained by associates who use LtE's training material.

The findings align with those of Austin and Seitanidi (2014) and indicate that as a result of these dyadic partnerships, value can be created and captured at an individual (micro) level, project, partner and organisational (meso) level, and societal (macro) level, both internally by the partner and the NPO involved. The findings also resonate with the partnership monitoring and evaluation framework of Van Tulder and Maas (2012, as cited in Van Tulder et al., 2016, p. 10), thereby illustrating that synergistic partnerships, that create value 'with' the social mission, have a direct influence on expanding operational capacity and project efficiency. These capacity enhancements can lead to improved outputs and outcomes for the hub NPO indicating 'strategic mission-related performance' (Van Tulder et al., 2016, p. 11) or enhanced societal value. While community impact or 'issue-related performance' (Van Tulder et al., 2016, p. 11) cannot directly be attributed to this particular partnership type or business model pattern alone, it is apparent from the stories shared by beneficiaries that when these synergistic arrangements form part of the larger partnership portfolio, a hub NPO can directly contribute to enhancing community impact through partnering. At the same

time, when looking at portfolio-derived benefits, these can accrue to partners, to partners' partners, and even to other third parties outside the NPO's ecosystem. There is further evidence to suggest that synergistic partners, in turn, provide access to their partners who can then also contribute to enhancing the hub NPO's capacity – this aligns with the finding that organisations are more likely to form partnerships with their partners' partners especially if they are working in the same issue area (AbouAssi, Wang, & Huang, 2020). Synergistic partners also find value in interacting with other partners in the hub NPO's portfolio, including role players from the same and other sectors. Such interactions contribute to their personal and professional advancement, besides benefiting the organisations they partner with. These findings corroborate the view of Davidson, Harmer, and Marshall (2015, p. 8) that each entity in a business ecosystem can influence its performance as they "intersect and intertwine with each other". As such, this NPO-focused study extends the application of these findings beyond the business sector, and furthermore demonstrates the influence that role players beyond its partnering ecosystem can have in terms of creating value at different levels.

It is evident from the study that while the motivation for partnering is to support the social mission of the hub NPO, partnering has the potential to not only create social value but also economic and potentially even environmental value and vice versa. This ties in with the view that synergistic value can result in a virtuous value cycle (Austin & Seitanidi, 2012b). These findings support the argument that by expanding the concept of value to include non-economic value, all stakeholders involved with creating value can also share in the capturing of value (Argandoña, 2011). It also supports the argument of Porter and Kramer (2011) that shared value of different types can be created when businesses and social sector organisations collaborate, benefiting both the role players involved as well as society in general.

The above discussion addresses two of the secondary research questions underpinning this study by illustrating that motivations for partnering can influence the types and levels of value that can result from a hub NPO involved with a diverse portfolio where all three partner types co-exist and benefit collectively thereby scaling the value creation capacity of the hub NPO in a variety of ways.

6.3   EVOLVING RELATIONSHIPS WITHIN A PARTNERING PORTFOLIO

This section deals with the question: How do different types of relationships in a partnering portfolio evolve. The case in this study shows that by having a diverse portfolio of partners, an NPO can access essential resources and capacity to supplement and complement its existing resource base.

There is evidence that, over time, the profile of an NPO's portfolio of partnering relationships can change for various reasons, and it can progressively involve more managerially complex partnering relationships, which have the potential to directly scale its organisational capacity to create more societal value. A portfolio therefore reflects the unique needs of the NPO in question. According to

the findings, different partner types co-exist in a hub's portfolio and benefit collectively. LtE's case, for instance, illustrates that a hub NPO can be sustained by having a large diversified portfolio, consisting mostly of philanthropic partnerships, some transactional partners, and a few synergistic partners.

The value of a dynamic portfolio is that partners can play multiple roles in the value creation process thereby enhancing the value creation capacity of a hub NPO that proactively leverages these opportunities. It was evident at LtE that its beneficiaries, in particular, amongst other stakeholders, are actively involved with supporting the hub with creating additional value. The multiple roles played by beneficiaries provide empirical support for Le Ber and Branzei's (2010a) concept of beneficiaries having 'voice' and their argument that beneficiaries can influence the value creation process. They, however, found that beneficiaries were often ignored or excluded from the value creation process, which was not the case in this study. These findings, from an NPO perspective, also provide empirical support, with practical examples, for the multiple roles that beneficiaries and various other stakeholders can play by creating value of different kinds which answers a call by Freeman (2017, p. 18) "to account for the variety of stakeholder relationships that exist for twenty-first century businesses. ... to understand how real stakeholder relationships evolve, [and] the causes of actual behaviour".

This study indicates that, for various reasons, some partners may become dormant but can still continue to play an important role with regard to creating value. Dormant partners can be reactivated to add value for the hub NPO by providing a variety of resources, and/or they could become advocates for its cause. However, to do so they need to be kept informed or engaged about the NPO's needs. If communication is not maintained, any potential value that the dormant partners may have is likely to remain untapped. Dormant partners are not recognised in the CVC that focuses on partner dyads but they can be identified when examining a portfolio of partners. Aside from identifying dormant partners, this study also pointed to the need for terminating any partnerships that may be regarded as unhealthy as they are likely to result in value loss

True to the nature of dynamic ecosystems, roles within partnering portfolios will change over time. With active partners always at risk of becoming dormant, and new products and developments at the hub NPO requiring resources, there is a constant need for rebalancing the resource mix within the portfolio to ensure that it adequately supplements and complements the existing resource or asset base of the hub NPO. While this requires the coordination of activities to fulfil obligations to partners, it also requires that existing partner arrangements be assessed, revised, and transitioned before new resource partners are sought.

The findings show that there are times when partners may not have considered the possibility of either increasing or changing their contribution, so unless synergies are actively sought by the hub NPO and pointed out to partners, an opportunity for creating and capturing value could be lost. There may also be existing partners that hold specific resources required by the hub which the hub is unaware of. It was found that partners are likely to renew and even extend the term, level, and variety of their commitments, provided they are approached to do so. The potential for renewing, revising, and transitioning should therefore not be assumed and taken for granted, but should instead be actively pursued by the hub on a regular basis, as was done by LtE.

A transition to a more advanced relationship can also be initiated by a partner such as when the partner has a need for a more in-depth relationship or a specific outcome. An example of this was found in the relationship between LtE and the retailer partner (see Section 4.4.3) which shows how a partnership can change from a philanthropic relationship to a synergistic one. As illustrated in Figure 5.3, it can take many years for synergistic partnerships to transition from creating value 'for' and 'from' the mission before they start contributing strategically important resources 'with' the mission.

On the other hand, the transitioning process can be circumvented when an intervention is introduced using the synergistic business model pattern, which can almost immediately allow the hub NPO to scale its value creation capacity, such as happened when LtE introduced the franchise-like arrangement to replicate its model. These findings resonate with the work of various authors regarding the experience needed to manage more advanced partnering relationships (Gray & Stites, 2013, p. 55; Murphy et al., 2015; Seitanidi et al., 2010) and that, with the requisite experience, transition can rapidly occur (Austin, 2000). Furthermore, in LtE's case it was not only its experience that played a role in setting up synergistic partnerships but partners also expressed their willingness and preference to partner with LtE because of its social mission and what it had to offer them in terms of value propositions. The findings regarding the relationship with synergistic partners support the contention of Austin and Seitanidi (2012, p. 730) pertaining to business–NPO dyads, that "the more both partners integrate their resources conjointly, the greater the potential for value creation" and their view that the CVC framework is not limited to dyadic business–NPO collaborations but is applicable to other partnering configurations (2014) as illustrated with this case involving same- and cross-sector dyads. Once again, this study extends these views to both same- and cross-sector dyadic partnering arrangements from the perspective of an NPO at the hub.

It is evident, in terms of the resources and capabilities of partners, how these resources are applied by the hub NPO. Synergistic partners who co-create solutions with the hub NPO, directly create most of the value, including innovation in the portfolio and the broader ecosystem of a hub NPO. In this regard synergistic partners act in a similar way as niche entities within an ecosystem of a firm (Iansiti

& Levien, 2004), or within a market (Kotler, 2005). As previously mentioned, with the synergistic partners in the LtE portfolio, it is possible to recruit other partners who can contribute at a level appropriate or affordable for them and who could assist with operational issues that could contribute to scaling a particular project, such as LtE's barista project. This study shows that with the help of synergistic partners, in particular, a hub NPO has the potential to progressively expand its operational capacity to more efficiently and effectively attend to each of the building blocks of the business model canvas as these partners co-create not only solutions to emerging issues within particular projects but also contribute more to the organisation generally.

Depending on the needs of the hub NPO, new partners may have to be specifically identified, especially those representing specific niche segments who hold specialised resources. The findings suggest that having prior knowledge of the needs, interests and operations of selected niche segments can be advantageous when seeking synergies to align with partner goals, especially when designing value propositions as partner motivations are not only centred around the social mission of the NPO but also involve balancing the social mission with partner goals. The study also shows that by involving partners, either new or existing, in the co-creation of value propositions, the more willing they are and the more productive their involvement will be.

The decision to evolve a portfolio by reviewing, transitioning, or attracting and acquiring partners is ultimately determined by the needs of the hub, and the portfolio should be regarded as a growing and maturing asset that can contribute to creating and capturing value and sustaining the NPO. In LtE's case it is evident that having synergistic partners in the portfolio is an asset that can contribute to enhancing LtE's track record of success giving it more leverage to design unique value propositions with which to transition or acquire niche partners and to it becoming a preferred partner. The composition of the portfolio with its different partner types and the ways in which the partners co-exist and are leveraged to offer the right resource and capacity mix, requires not only prudent coordination and leveraging of the portfolio but also requires sound strategic management of the NPO's resource base.

6.4   LEADERSHIP AND MANAGEMENT ORIENTATION

Having discussed how partnerships evolve and scale value creation, this section expands on what is required of leaders and managers to optimise value creation through partnering. This section therefore deals with the last question which is, "What are the strategic mindset and leadership qualities that facilitate value creation over time?"

With LtE largely being an autonomous entity with a narrower and largely self-determined issue and geographic focus, it may be less vulnerable to donor demands than a large scale multistakeholder partnership. Contrary to the views of Stern et al. (2015), operating on a smaller scale does not

necessarily make it easier for a hub NPO to manage a large and diverse partnering portfolio. The complexity of managing a portfolio of partners was revealed when the business model canvas framework (Osterwalder & Pigneur, 2010) was used as an analytical lens. The canvas highlighted the systemic, multidimensional, and complex nature of operationalising an entity's partnering strategy. The themes that emerged in the different blocks of the partnering business model canvas in Figure 5.2, and the value creation mindset attributes outlined in Appendix 5.3, align with the different success factor categories for partnering identified in the Section 2.3.7 of the literature review, i.e. factors linked to purpose and commitment, organisational aspects, relational situations, including, power dynamics, attitudinal factors, and leadership-related factors.

The study revealed that besides attending to the specific building blocks on the canvas that relate to relational aspects, such as selecting customer segments and building relationships, the hub NPO also has to attend to operational issues, such as undertaking certain key activities to sustain itself. Because of the interdependence between beneficiaries and resource providers – including conventional customers in the case of a hybrid NPO – a hub NPO has an obligation to fulfil its promises to all stakeholders. It is evident that with a market-oriented business model, where value is created 'from' and 'with' the mission (Dohrmann et al., 2015), it is important that the NPO's core products and services are market relevant to ensure demand for its products by beneficiaries and resource providers alike. Most partners are likely to be interested in the hub's outputs (e.g. number of beneficiaries trained), its outcomes (e.g. number of beneficiaries employed), and/or its societal impact (e.g. beneficiaries using their skills to improve their own situation and to make a contribution to their families and communities). It is evident that through partnering there are improvements and learnings that can result all along the value chain (Fowler, 1997; Moore, 2013; Taylor & Soal, 2010), or the impact chain (Van Tulder et al., 2016). Measurement and evaluation of performance should therefore not be neglected and neither should efforts be spared to use learnings to improve the NPO's performance track record. Attention also needs to be given to partner dyads in terms of attracting, retaining and transitioning partners for optimal value creation. When necessary, a hub NPO may even be required to terminate relationships when they are assessed as being potentially detrimental and value draining.

As the design of value propositions to attract and retain resource holders involves different aspects of an NPO's asset base, attention needs to be given to expanding its asset base, including its partner portfolio, amongst other aspects, to ensure that it is balanced and diversified to advance the NPO's goals. This should be done in an integrated way from an ecosystem perspective by considering that partners can play multiple roles and that each has their own ecosystem which can be accessed for potential resources, thereby allowing for greater flexibility and variety, and increased potential for synergies to be created and leveraged. The importance of strengthening the ecosystem for improved performance is echoed by Iansiti and Levien (2004) from a business perspective, and more recently,

this is reinforced by Myres, Mamabolo, Nyasha, and Jankelowitz (2018) from a social enterprise perspective. According to the latter authors, "strengthening the ecosystem is likely to have a significant impact on the current and future development of social enterprise in South Africa, to the benefit of all its people" (Myres et al., 2018, p. 53). Having a wider platform from which to design value propositions and create value can enable a hybrid NPO to uniquely customise value propositions to meet the needs of each partner and to account to them without compromising its own mission.

Due to the systemic and multifaceted nature of partnering, as demonstrated with the business model canvas, the findings indicate that the responsibility for scaling value creation through partnering, requires leaders who can harness support, who are flexible to find and create synergies, and who can bridge differences between stakeholders (Pierce, 2002; Synergos, 2007). Leadership should ideally be devolved and requires a coordinated team approach. Therefore, attention and recognition must be given to the role (or roles, as individuals can play many roles in value creation) and development of each member of staff. It is evident that the dedicated champions associated with synergistic partnerships not only play an important role in maintaining the relationship, but also share their expertise and networks thereby contributing to value creation. Having dedicated champions amongst the partners is one of the key partnering success factors identified in Section 2.3.7.6 and advocated by Rondinelli and London (2003) and Hamann et al. (2011).

While it is essential for all staff of an NPO and the partners to be fully aware of the importance of value creation through partnering, the findings show that involving staff in the value creation process has the potential to instil a particular mindset (see Appendix 5.3) that can contribute to optimising value creation. The case suggests that when shifting from a purely social to a more market-oriented business model, not only staff, but also synergistic partners, who may have become accustomed to conventional operating methods need to be re-oriented towards leveraging more business-related synergies in order to optimally create value through partnering using the new business model. Specific actions may need to be taken to refocus attention on the way in which partnering is approached, and may include a change of mindset. These findings resonate with Osterwalder and Pigneur (2010) who suggest that changing a business model may require a mindset change. While Austin and Seitanidi (2014) also refer to a collaboration mindset that can influence value co-creation, their focus is on the mental frames of partners who collaborate rather than that of a hub NPO and its staff, and how they go about partnering and creating value as found in this study.

The evidence suggests that while such an awareness process should be ongoing, a business model change of this nature may require a change in the profile of staff to better suit the business model and the needs of the organisation, or may even require a change of organisational structure. In LtE's case, the organisational change was prompted by the withdrawal of funding by a major funder. In

the process, the change took advantage of changes in legislation which permitted the introduction of a new resource stream thereby providing access to a new target market. This example illustrates that while strategy can influence how partnering is operationalised, partnering-related issues can also shape its strategy.

By looking at LtE's key milestones (Appendix 5.2), the findings resonate with the description of an entity that is resilient (De Weijer & McCandless, 2015). In this regard, LtE demonstrated that is able to "cope, adapt and transform" despite challenges. Linked to this, the value creation mindset attributes that were identified during this study (Appendix 5.3) seem to have created, what De Weijer and McCandless (2015) refer to as, the right conditions for an organisation to expand its capacity. As such, the value creation mindset attributes align with each of the ECDPM's interdependent categories (as outlined in Section 2.2.3.2) for building the organisational capacity of an NPO. The ECDPM categories are highlighted below while the relevant mindset attributes appear in brackets to demonstrate that LtE: 1) was committed to its cause and could assertively manage any donor challenges, including saying 'no' (being committed to a cause); 2) had the capacity to meet its programme and project goals to further its mission and vision (being committed to a cause); 3) was able to adapt and self-renew its programmes and even its structure to leverage developments in the internal and external environment (being integrative; being proactive; being entrepreneurial; being adaptive; being attuned); 4) had the ability to engage a wide range of stakeholders, both internal and external, to leverage capacity and resources (being facilitative and nurturing; being adaptive); and 5) was able to build and strengthen human and system capacity for more enhanced levels of efficiency and effectiveness (being integrative; being quality- and cost-conscious) resulting in the organisation scaling its capacity and sustaining its impact on society. As the ECDPM's framework for NPO capacity was regarded as complementary to and adding more nuance to both Kaplan's work and Fowler's capacity framework (Figure 2.1), this study also provides new insights which support and strengthen these works.

Partnering portfolios inevitably involve a degree of complexity and tension. Maintaining a clear vision and resolutely focusing on the social mission creates an environment within which the value creation potential for the partnering portfolio can be sustained and optimised. It is in this context that a business model approach, and the business model canvas in particular, provides the means and the focus to handle complexity while optimising the value creation process. This corroborates the study of Frankenberger and Sauer (2019) on business model antecedents which found that the performance of an organisation can be enhanced by changing the attention pattern of the top management team (what they pay attention to) rather than on changing the design of the business model itself to achieve the desired outcome. They also found that the design of innovative business models could be done by managers and was not reserved for a "creative genius" (2019, p. 299). This implies that focusing on transitioning partnerships using the different business model patterns

to leverage more strategic resources has the potential to galvanise the attention of management and staff. In terms of this study, there is clear evidence that conscientious commitment to a cause can provide the leadership and management of an NPO with the necessary focus and drive to pursue its goals in an integrated and flexible way to fulfil its obligations to a diversified audience.

Looking into the future, it is evident that the search for synergies does not simply entail looking for new opportunities or new partners. The findings suggest that there is also a necessity for consolidation and to explore existing relationships in order to derive the full benefit from them while optimising its portfolio. In this regard it is encouraging to hear that LtE plans to leverage its national relationships to further its mission. Besides using the different business model patterns to rebalance its portfolio, this study illustrates that with the kind of experience that LtE has in partnering, interventions can be introduced so as to immediately access and leverage strategically important resources through the synergistic business model pattern while transitioning can also happen. By using the synergistic pattern, a hub NPO has the most potential to become increasingly entrepreneurial and improve its overall sustainability as an organisation. By adopting a business model perspective, the composition and dynamics of a partnering portfolio are more intelligible and strategically manageable thereby facilitating the creation of value for the hub NPO and those stakeholders within and beyond its ecosystem.

As scope, operations, and age are significant predictors of partnership formation (AbouAssi et al., 2020), the question that may be asked is, so what can smaller, less experienced NPOs learn from this case study? Irrespective of size and experience, all NPOs have to adjust to the dynamic internal and external environment in which they operate. They need to build the capacity and their asset base so as to create a surplus with which to pursue their purpose. This study showed how a small NPO can transition to scale its operational capacity and thereby enhance its societal contribution and its overall sustainability. The retailer timeline in Tables 4.2 to 4.4, offers insights regarding the steps an NPO can take to transition over time, how a partnership is shaped, and how a business partner, in particular, can change its involvement from making philanthropic donations to synergistic investments. Then, the map in Figure 5.3 and the findings illustrate how partnerships involving entities from all sectors, and even how dormant partners, can transition to become synergistic. While the partnership value creation framework could also be used as a guide to assess and design suitable business models, this case has shown that building capacity requires being intentional, creative, and willing to take risks. Linked to this, it requires developing the appropriate skills and adopting a value creation mindset. It also seems that to gain capacity does not mean that an NPO must generate its own income, as capacity can be gained in its absence such as via the infrastructure and reach that LtE gained through partnering with associates. Self-generating income does, however, help to diversify income streams and provides more options for designing unique value propositions to attract, acquire, retain, and transition partners.

Another question that may arise is whether the findings of this study would be relevant for large-scale multistakeholder interventions such as those that address the SDGs. Even though this study focused on the portfolio of a single NPO, managing such a portfolio comprised of different partner configurations, involving entities from different sectors, and relationships at different stages, it could be similar to managing a multistakeholder initiative on a larger scale that, for instance, has been set up to address a SDG. As mentioned, an entity with LtE's experience and capability could well be an asset in such an initiative. Exploring the applicability of the findings in such a context could therefore be a useful extension to this study.

At the end of the day, whether it is about building capacity to partner, or to strengthen the organisation itself so as to improve its outcomes, or to become more entrepreneurial as an NPO, it will largely depend on the skills, experience, and mindset that the leadership of the NPO apply when making decisions, and planning actions, to advance their organisation, or their role in a social change intervention.

6.5 CONTRIBUTIONS OF THIS STUDY

This exploratory study provides new perspectives on the partnering process and value creation, and offers a theoretical, practical, and leadership and management development contribution that aligns with the aims of this study, which is to offer theoretical insights and strategic guidelines to NPO leaders and decision makers involved in similar social purpose contexts. The theoretical contribution is discussed first before expanding on the practical contribution.

6.5.1 Contribution to theory

As far as can be assessed, no study to date has empirically researched how a hub NPO with a partnering portfolio focused on social change, and involving entities from various societal sectors, can potentially advance its value creation capacity and improve its sustainability through partnering.

By adopting a business model perspective, this study illustrates the multidimensional and systemic nature of partnering, and provides a more dynamic and transformative view on how a partnering strategy, focused on social change from an NPO perspective, is operationalised and how a partnering portfolio can evolve allowing for more mature levels of value creation. The partnering business model canvas in Figure 5.2 highlights the intrinsic processes and tensions involved in each of the business model canvas building blocks so as to better manage a heterogeneous partnering portfolio where different business model patterns co-exist. The framework also expands on the three specific business model patterns that can unlock distinct resource configurations comprising a myriad of financial and non-financial resources and capacity. As with the Dohrmann et al. (2015) study that explains how a social enterprise can enhance its financial sustainability by monetising the social value it creates, this study demonstrates how by designing value propositions around the

social mission, different business model patterns can result in increased levels of more strategically important resources. The synergistic pattern that creates value with the social mission directly contributes to building capacity at an organisational and societal level thereby allowing the hub NPO to scale its capacity beyond its portfolio of partners.

This study addresses a gap in the literature identified by Austin and Seitanidi (2012b) by providing a more in-depth exploration of how and what value accumulates, especially at the more advanced levels of partnering, such as in the case of synergistic partnerships, which combine the integrative and transformational partner types. In addition, it was mentioned in Section 6.3 that the findings from this study support the authors' contention that "the more both partners integrate their resources conjointly, the greater the potential for value creation" (Austin & Seitanidi, 2012a, p. 730). Furthermore, this study extends the application of the collaborative value creation framework of Austin and Seitanidi (2014) by demonstrating its applicability to both same- and cross-sector dyadic partnerships, as opposed to only business-NPO dyads. In addition, this study adds nuance to the collaborative value creation framework by illustrating how the different dyadic partner types, involving individuals and organisations from different sectors, can co-exist and lead to maturing a diverse, dynamic and evolving partnering portfolio of an NPO as a hub organisation, and potentially enhance its sustainability.

In terms of the public value theory (Moore, 1995), this study provides empirical support for how the three imperatives of the strategic triangle can be operationalised using the business model canvas which illustrates the key building blocks inherent in value creation and their interconnectedness. By over-laying the strategic triangle onto the partnering business model canvas in Figure 5.2, the building blocks on the left of the canvas largely correspond with the operational capacity imperative, while the ones on the right to a large extent align with the relational aspects linked to the authorising environment. The blocks at the bottom of the canvas, i.e. the social and environmental benefits and costs that result from pursuing unique value propositions align with the public value outcomes angle of the strategic triangle. The findings captured on the partnering business model canvas in Figure 5.2, highlight the different management themes and tensions in each of the building blocks from the perspective of an NPO that engages in same- and cross-sector partnerships. Just as each of the strategic triangle imperatives has to be managed and balanced, so too, each of the blocks associated with the different imperatives has to be effectively managed for optimal value to be created. Further distinctions pertaining to the authorising environment are offered illustrating how different stakeholder categories can influence the capacity of an NPO to create public value. In addition, insights relating to the different types and levels of societal and organisational value, but also individual value, that can be created when partnering for social change are expanded on, providing empirical support for the argument that in creating public or societal value, other value, such as scaling the capacity of the NPO and its partners, is also created.

In addition, the findings of this case study reveal that by applying a particular value creation mindset, synergies can be identified and distinct value propositions can be designed by the hub NPO in conjunction with partners to potentially unlock resource configurations that are strategically beneficial to advance the capacity and contribution of the hub NPO. As such, the hub NPO also has the opportunity of improving its sustainability, while potentially becoming more influential and sought after as a social change partner.

This study, furthermore, fills a research gap with regard to how a hybrid NPO mobilises resources (Jäger & Schröer, 2014) by illustrating how, from an NPO perspective, a hub organisation can scale its capacity through partnering by creating and capturing value within and beyond its ecosystem.

6.5.2   Contribution to practice

This study offers lessons learnt (Rundle-Thiele et al., 2008) about partnering at more advanced levels that can be used by those wanting to optimise value through partnering. By offering rich contextualised explanations (Welch et al., 2011), the findings of this study are made more manageable from a practical perspective in line with the aim of this study. At a practical level, this study offers guidelines on how the business model canvas can facilitate analysing, designing, and communicating how to create value through partnerships. It also offers a common language (Dohrmann et al., 2015; Osterwalder & Pigneur, 2010) which is likely to be familiar to resource holders, especially those from the business sector who tend to comprise a large part of an NPO's partnering portfolio. In addition, a diagram similar to the one in Figure 5.3 can be used to map the existing partnership portfolio while identifying resource gaps as well as those partners with the potential to transition. Furthermore, NPO leaders and decision makers involved with social change interventions may find that with the evidence-based insights and the real-life, contextualised examples described in this case they can assess the relevance for their context and then use the information for managing, evaluating, and reflecting on their partnering practices. Similarly, the findings can be used for designing innovative business model solutions for non-profit organisations to enhance their societal contribution and ensure longer-term organisational sustainability through partnering.

While the synergistic pattern of creating value 'with' the social mission may not be immediately and readily accessible, especially to smaller and less experienced, traditional NPOs, this business model pattern that requires more experience could be used as an ideal future scenario. It could provide the necessary focus for planning how to evolve a portfolio by firstly transitioning existing partners and thereafter deliberately acquiring new niche partners with specialised and distinctive resources and capacity that can potentially scale the capacity of the hub NPO. By combining the use of all three business model patterns within a portfolio, a hub NPO has the potential to achieve its mission on a more sustained basis.

The evidence-based findings could also be beneficial for resource holders and grant makers/funders when evaluating and deciding on NPOs to support and partner with, as the partnering business model canvas could be used to evaluate proposals but also identify opportunities for co-creating value through partnering with NPOs involved in social change.

6.5.3   Contribution to leadership and management development

One of the ways to address the lack of knowledge and experience of NPOs regarding partnering to advance their delivery capacity, their social value contribution, and their organisational sustainability, could be through offering formal development programmes at different tertiary institutions, such as universities and business schools. Programmes could be developed around designing partnering strategies, practices, and processes for building and expanding a partnering portfolio as an asset that can strengthen the capacity of an NPO and improve its social value contribution. Using the partnering business model canvas, the different dimensions and tensions involved with partnering can be explored for optimal value creation, and to facilitate managing and evaluating partnering practices. In addition, practical sessions could entail designing innovative business model solutions for NPOs that not only align with their organisational strategies for improving their sustainability, but also for shaping strategies for becoming influential and sought-after social change partners. These programmes could be incorporated into NPO leadership and management courses, or designed as stand-alone short courses. Furthermore, as partnering involves all societal sectors, and partnering for social change at the more advanced levels is also a challenge in, for instance, the business and public sectors, aspects of such a programme could even be incorporated into business and public management and executive level courses so as to advance their understanding of how, through partnering for social change, they can enhance their level of value creation at a micro, meso and societal level, both internally and externally.

6.6   CONCLUSION

Through partnering, an NPO has the potential to scale its organisational capacity and its social value contribution while improving its sustainability, and its influence. Partnering is essential for the existence and sustainability of NPOs and needs an integrated strategic and operational response for optimal value creation.

The real-life case of a hybrid NPO at the hub of a partnering ecosystem, demonstrates that by simultaneously using a combination of different business model patterns that reflect the main partnership types, an NPO can unlock distinct financial and non-financial resource configurations with which to scale its capacity and its social value contribution at different levels. The three business model patterns that were identified are distinguishable by the value propositions that are designed to create value 'for', 'from', and 'with' the social mission of an NPO.

Value propositions, however, are not designed solely around the social mission of the NPO, but importantly, also involve its vision and the different aspects of the NPO's overall asset base, which include its core and secondary products and services, its track record of success, and its portfolio of partners. Being a hybrid NPO, which also generates a portion of its own income, offers a distinct advantage as it helps to renew the organisation and to expand the opportunities for mobilising new, or encouraging existing, partners to continue or even transition their relationships. These aspects all need to be carefully considered when NPOs and partners, ideally, co-design unique value propositions to meet diverse partner goals without compromising the social mission of the NPO.

The ideal portfolio comprises partnering dyads which reflect the co-existence of each of the three business model patterns, where individuals and organisations have the potential to provide an NPO with the diversity of resources necessary to supplement and complement its existing resource and asset base. The dyadic partnerships can be established with entities from each of the four sectors of society – business, NPO, individuals from civil society, and government.

To enhance capacity, the portfolio must evolve, diversify, and constantly be rebalanced by trying to transition existing partners before intentionally seeking new partners. Transitioning partnering arrangements to the more advanced synergistic pattern is the ideal, where value is created 'with' the mission, and strategically relevant resources and capacity can increasingly be mobilised and leveraged. The distinctive capabilities and core resources of synergistic partners and their relationships with the hub NPO have the potential to contribute most effectively to the scaling of capacity and value.

This empirical study suggests that while introducing social entrepreneurial type activities or programmes, and transitioning partners to more advanced levels, can take place in different ways, the adoption of a business model framework facilitates managing the evolving partnering portfolio that can become an integral part of an NPO's asset base. As such, the portfolio needs to be proactively, creatively, assertively, and strategically managed for the optimisation of its critical resources and capacity in order for the hub NPO to scale its capacity and its social value contribution, and also, directly and indirectly, to impact on its immediate partners, and even on third parties beyond its ecosystem.

As management, staff, and synergistic partners play a collaborative role in scaling the capacity of an NPO, they need to be actively engaged in the value creation process but also the analysis and redesign of business model solutions to ensure longer-term organisational sustainability through partnering. To do so, they need a shared understanding, language, and value creation mindset to enhance value optimisation in and beyond their NPO's ecosystem. Failing to make use of these

opportunities to optimise value through partnering, "constitutes collaborative negligence" (Austin & Seitanidi, 2014, p. 9), especially as resources are constrained.

This study complements the existing literature and empirical works which focus on business model design, ecosystem functioning, portfolio management, cross-sector collaboration, social enterprise development, and value creation. In addition, by providing evidence-based insights and real-life examples from the perspective of an NPO, this case can offer lessons learnt which NPO leaders and decision makers in similar contexts can use to manage and evaluate existing social change partnering practices and also design new partnering solutions for ensuring the longer-term sustainability of NPOs. NPOs that are able to scale their organisational capacity and enhance their societal contribution through combining the different business model partnering patterns, could become important role players in national or even regional multistakeholder interventions, thereby making a contribution on a much larger scale.

6.7   FURTHER RESEARCH POSSIBILITIES

This exploratory study involved a specific case, in a specific context and country, that presented unique opportunities to examine specific partnering arrangements with the aim of developing guidelines for NPO leaders and decision makers. The lessons learnt (Rundle-Thiele et al., 2008) and the rich contextualised explanations (Welch et al., 2011) provided by this study allow various role players to evaluate how, in their context, they can apply the findings to advance their work. In addition, the knowledge gained can be offered for building theory, including from an emerging market perspective (Mazonde & Carmichael, 2020). Furthermore, there are opportunities for extending this study.

It is suggested that future research could, for instance, examine the portfolio of newly established NPOs versus more mature NPOs to determine the particular resource mix, dynamics, and resultant resource combinations that can result within a partnership portfolio. The influence of a different mission focus and vision could also be studied, for instance, if the focus was health, or poverty alleviation, rather than employment. Even though having a value creation mindset was shown to be important, additional research could further investigate the mindset characteristics or reasoning which advances value creation when partnering for organisational sustainability or for social change as highlighted by this study. This could be done by means of further qualitative or quantitative research.

Another possible study could look into whether the findings of this study are applicable to entities at the hub of large-scale multistakeholder sustainable development interventions, and if the business model patterns identified in this study are applicable in the case of entities belonging to such interventions.

While this study highlighted the multiple roles that different entities can play in value creation, future studies could explore and expand on the roles of different stakeholders, including beneficiaries and staff, in more detail and, in particular, their contribution to creating value within and beyond the ecosystem of a hub NPO. The role of niche segments in the value creation process of NPOs could provide valuable insight and would involve investigation of the value propositions that could potentially unlock strategic resources. Furthermore, considering that value proposition design involves more than creating value for the social mission, it would be useful to know what assets of an NPO are used when creating value from and with the social mission, especially as value propositions are crucial to acquiring and retaining the support of partners (Osterwalder & Pigneur, 2010, 2013).

Finally, while this study illustrated how a small, traditional NPO can transition into a hybrid NPO that resembled a market-oriented social business model (Dohrmann et al., 2015) with the potential to achieve greater financial sustainability and an enhanced social value contribution (Doherty et al., 2014), future research could examine different levels of hybridity to determine the tipping point at which a hub NPO may be regarded as too market focused to warrant the support of individuals, foundations and trusts, or even social investors. Further insights regarding this can be advantageous considering that there is a growing trend towards NPO hybridisation as a way to diversify income streams while limiting donor dependence (Battilana et al., 2012).

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APPENDICES

Appendix 3.1: Extract from research data process spreadsheet

	Ite m no.	Date	Duration (start and end times)	Activity	Name Code	Title / position	Organiz ation	Organizat ion	Other comments	Organizat ion	Location / venue	Consent given (Y/N)	Level of anonymit y selected	Duration	Data collectio n source used	Data record
1	RESEARCH PROCESS STEPS															
2	CONTACT LOG															
3																
4	Key: see separate sheet															
5																
6			12h43				NPO	Partner		Other				Minutes		Voice recording plus
13	7	2016/07/21	14h00	Prelim interview	V George	Consultant	MIGS	n/a	Keep clothing store under wraps for now	n/a	Oakhurst Farm Stall	N	2	60 min	Intervie w	n/a
14	8	2016/07/21	19h45 - 21h00	Prelim interview	G White	Ex CEO of NPO	MTC	n/a	NPO closed down	n/a	Research er's home office	y	3	105 min	Intervie w	no
	9	2016/07/27	11h00 - 12h00	Discussion re student researchers	J de Wet	Convener Development Practice studies	UCT	n/a	Disucssed involvement of Masters students in conducting prelim research at 2E	n/a	Vida Café, Rondebo	n/a	n/a	60 min	n/a	n/a

Appendix 3.2: Example of the 1st level analysis as at 30/3/2017

Appendix 3.3: Thematic data structure illustration

| No.	Themes / Second-order themes	Categories / First-order categories	Data
			Representative data (linked to first-order terms)
Aggregate theoretical dimension 1: OVERALL			
	Committing to a social cause	Aligning purpose, values and strategy	When I started with the research, and I engaged with all the main players … We've chosen them because of their product. … and their values align with what we are trying to do. (LtE CEO) Their values … are very closely aligned with LtE's, … that is one of our most significant partnerships. (Donor specialist) Their vision might be very clear and their mission … but the operational objective related to achieving that mission, if it's not clear, they almost never grow. (Training manager)
		Embracing passion	… they run it with heart, you know. … They remind us of you need to do things with heart. It's not just about, yah, making money. It's about treating people with heart. (Retailer) … there are individuals that feel passionate about what we do and buy into the vision. (Partnership manager 2nd interview)
		Making tough choices	If the partnership or the product or the training course is not viable then it's not viable. (LtE CEO) … so, we've turned away funding. (LtE CEO)
	Encouraging a joint action mindset	Being integrative	… we've partnered with a lot of people because everything that we did we always looked at it. How can we best leverage? Get the biggest bang for our buck for example. So, we were always looking at everything in that way. (Retailer)
		Being proactive	… we've got international accreditation for our Barista program. (Training manager) I plan my route into the store … to cut … travelling costs or transportation. (Retail project manager)
		Being adaptive	… that customisation is quite easy to do. (Volunteer) They select from our menu and that's often what attracts folk. (Training manager)
		Being nurturing	I don't think it can be only one thing. … The ones that work best for us are the ones where you feel you have a genuine partnership. … It feels like people are willing to accommodate. …. There is flexibility. There is discussion. … You need respect. …You need a common goal…You need competence, trust, good communication. (Retailer)
		Staying attuned	It's about translating the [BBBEE] changes we made into the value chain. (CEO at group interview) Given our current funding constraints, and by implication our human resource constraints, it would be detrimental if we go down further new routes other than focusing on what we have in place. … So, nothing radical in next 5 years. I think it's a refinement, and improvement and enhancement. (CEO at group interview) … we've come to see over the years. (LtE CEO) A lot of our national relationships are … still under-utilised and can be maximised more. (CEO at group interview) We have seen a trend of reduced funding available from CSI ... over the last few years. (LtE, 2015, p. 17)

Appendix 3.3: Thematic data structure illustration (continued)

No.	Themes	Categories	Data
	Second-order themes	**First-order categories**	**Representative data (linked to first-order terms)**
Aggregate theoretical dimension 2: INSIDE THE HUB			
	Growing a reliable and versatile team	Diverse team make up	I do think one of the biggest factors is staff and tenure on the board in our industry. (LtE CEO) I want this staff person to be the best staff person they can be … I did that in my selection process of who did I think they were and their fit into the job they coming in. (LtE CEO) LtE are very particular about the volunteers they use. … Longer term volunteers are preferred. (Notes from observation 1)
		Clear, evolving roles in cross-functional teams	Everyone was clear on what they were doing. … how we were going to achieve it? (Donor specialist) … so, you know, hopefully all of us. ... are familiar with each of the areas … and are able to cross some of them. (Partnership manager 2nd interview)
	Building efficient and integrated operations	Processes, systems and infrastructure	But it keeps a record of our communications with you … on the database. …. From a student's perspective … you did this course and this is your track, … so, we've gone the online route and … it's working. (Communication specialist)
		Beneficiary programmes and services	So, we do have the guys that come back and they do ask questions and we don't ever turn anybody away. If any of the previous Students come back and ask for help, you know, we give it because the idea is to build community. Build relationships and build our country. (Communication specialist) … the holistic … focus on human skill development, part of that theoretical basis and a hand up not a handout philosophy was also really important to me. (Donor specialist)
Aggregate theoretical dimension 3: IN-BETWEEN			
	Engaging productively to unlock value	Onboarding partners	… folk contact us, … we do an audit and an assessment of who they are and where they're going and why they want to partner with us and then we explore whether that partnership is viable. (Training manager) … mainly financial ... funders or … product partners or placement partners or ... I mean we also have just kind of general supporters who I would also classify as partners who attend events. ... you know will purchase LtE goods on occasion. … so, I mean it's anyone who is associated with the organisation you know. ... There are obviously very specific partnerships that are quite self-evident. (Donor specialist) We will send a ... [generic] paper-based proposal … but that generally isn't very effective. (Donor specialist) … putting on the table an invitation for you to join me in what we are trying to do. (LtE CEO)
		Transitioning relations	I think we also need to transition these partnerships into new structure … So, if you always typically engage with LtE in terms of this value that you are adding, are there other opportunities or new opportunities or is that value going to fall away. (Donor specialist at group interview) … for transformation to happen you need philanthropy. (Partnership manager 1st interview)
		Linking entities	… a good partner that we can link with to add more credibility and also more skills in terms of what we wanted to do in the community, because they have been doing it for years. (Associate K)

Appendix 3.3: Thematic data structure illustration (continued)

	Themes	Categories	Data
No.	**Second-order themes**	**First-order categories**	**Representative data (linked to first-order terms)**
	Co-creating solutions / creating joint solutions	Finding synergies	… that's often a time when we can identify other synergies … whether they can do a product donation in addition or instead of a financial contribution. (Donor specialist) It's like finding … multiple synergies. … And connecting people and resources. … The trick is in finding …those synergies of what resources they have and what they're prepared to allocate. (Partnership manager 2nd interview)
	Leveraging capabilities	Tapping existing networks	… what LtE were doing they would partner with their partners because they have other NGOs that collaborate. (Retailer) Hopefully there might be some funding opportunities … through some of their partners. (Partnership manager 2nd interview)
		Track record	… your own product it takes years for people to buy in … it was better to … have a product with a track record. (Associate T)
		Experience / social capital	He has been at the helm 22 years now. … and obviously that tenure has … huge social capital and a lot of LtE's credibility as an organisation and relationships have been built through him over time. (Donor specialist) LtE's success is due to the stability of leadership team, their experience, networks and knowing how the system works. (Notes from observation 1)
Aggregate theoretical dimension 4: BEYOND THE HUB			
	Balancing the ecosystem mix	Diversification vs concentration	Sustainability in our sector is multi-tiered. Multilevel. It's around the retention of staff. It's around tenure on your board. … there is funding and whatever is needed. (LtE CEO) … we know that our different type of partners that engage with LtE can vary. (Partnership manager 1st interview)
		Passive vs deliberate	… so, that was a very deliberate partnership. … We looked for what equipment we were wanting to use. … [We] found who were the suppliers and then sought to engage them. (Training manager) We're actually the preferred port of call. (Partnership manager 3rd interview)
	Garnering support	Above the line	… we are actually in the process of getting a radio ad. (Partnership manager 2nd interview)
		Below the line	… the core of our marketing strategy has been relationship building. (Partnership manager 2nd interview) … it's done through people speaking … just word of mouth, mentioning what LtE does and the opportunities. (Donor specialist) Well first prize as I said is …we would try and set up a meeting or a site visit. … the great thing about getting them to visit LtE [is] because they get on board more. (Donor specialist) ... beneficiaries will speak about impact without you having to ask, … having that material [merchandise] …it makes your cold calls less cold. (Donor specialist)
	Managing tensions	Relationships / expectations	Partnerships can get strained. Partnerships can end up in a divorce …sometimes partners need a wake up. (CEO at group interview)
	Monitoring progress	Assessing performance / learning	LtE is "supported with a 27-year track record of sustainable, measured and impactful results". (Musaya & Minnitt, 2016, p. 11) … if you really want to measure the success of the organisation, … [is] it fulfilling its vision and mission and not just through inputs and outputs, but through its outcome. (LtE CEO)

Appendix 3.4: Mind map providing an overview of the high-level thematic analysis
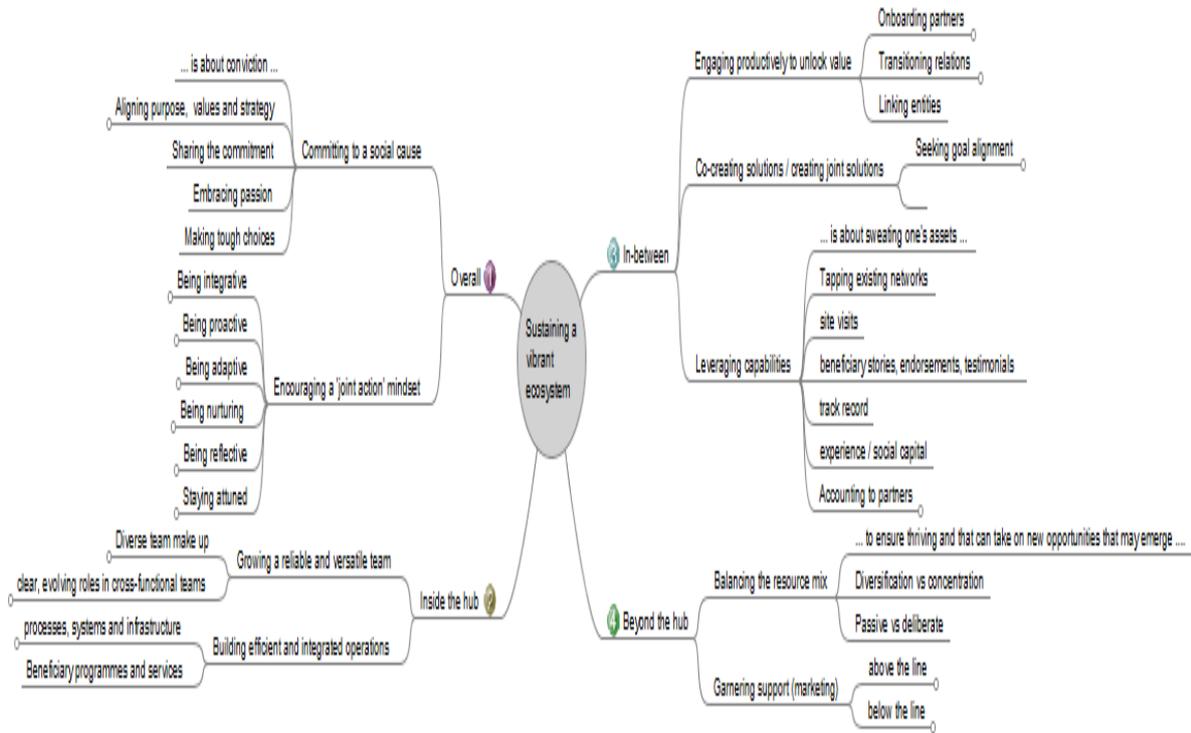
Appendix 3.5: Ethical clearance letter

USB

Universiteit van Stellenbosch Bestuurskool
University of Stellenbosch Business School

17 June 2016

Dear Desiree

Re: Ethical screening: Desiree Daniels - Approved with stipulations (SU-HSD-001835)

US ID No	:	16398173
Research programme	:	PhD
Title	:	Partnering for public value: a case study of a NPO in the context of South Africa Note title change to "Partnering for value creation: a multiple-case study involving South African NPOs
Supervisor	:	Dr Arnold Smit

The Departmental Ethics Screening Committee of the University of Stellenbosch Business School (USB DESC) reviewed your application for the above-mentioned research. The research as set out in the application has been approved with stipulations as per the attached explanation.

We would like to point out that you as researcher are obliged to maintain the ethical integrity of your research. As such, you should adhere to the ethical guidelines of Stellenbosch University, and remain within the scope of your ethical clearance application and the supporting evidence submitted to the USB DESC. Should any aspect of your research change from the information as presented to the USB DESC, which could have an effect on the possibility of harm to any research subject, you are under the obligation to report it immediately to your supervisor. Should there be any uncertainty in this regard, consult with the USB DESC.

We wish you success with your research, and trust that it will make a positive contribution to the quest for knowledge at the USB and Stellenbosch University.

Should any research subject, participating organisation, or person affected by this research have any questions about the research, feel free to contact any of the following:

Researcher	:	desireed@sun.ac.za
Supervisor	:	Arnold.Smit@usb.ac.za
USB DESC Chair	:	Mias.deKlerk@usb.ac.za

Yours sincerely

Professor Mias de Klerk
Chair: USB Departmental Ethics Screening Committee

2/...

UNIVERSITEIT STELLENBOSCH UNIVERSITY   Universiteit van Stellenbosch Bestuurskool • University of Stellenbosch Business School
Adres | Address: Posbus | PO Box 610 Bellville 7535 Carl Cronjé Rylaan | Drive Bellville 7530
Tel: +27 (0)21 918 4111 • Epos | Email: usbinfo@usb.ac.za • Webwerf | Website: www.usb.ac.za

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STIPULATIONS

Please note that the following stipulations apply to this research:

- Fieldwork may only start in a particular organisation once proper permission has been received in writing from that organisation.

Please send these documents, once available, to the USB Departmental Ethics Committee.

Appendix 3.6: Permission letter from Learn to Earn

Learn to Earn
Est 1989

A **hand up** not a **hand out**

Head Office: Claremont
Tel: 021 671 2230 Fax: 021 671 0773
Email: rvw@learntoearn.org.za

Hermanus Branch
Tel: 028 313 0564 Fax: 028 312 4265
Email: hermlte@learntoearn.org.za

Khayelitsha Branch
Tel: 021 361 5972 Fax: 021 361 5957
Email: info@learntoearn.org.za

To whom it may concern   2 August 2016

This is to confirm that Ms Desiree M Daniels (Student No: 16398173), is authorized to conduct research at Learn to Earn, in order to complete a joint PhD in Business Management and Administration at the University of Stellenbosch Business School and the Vrije University of Amsterdam. The working title of research is: *Partnering for value creation: a multiple-case study involving South African NPOs.*

The intended benefit of this research is to provide NPO practitioners and policy makers with insights on how to effectively leverage partnerships so as to improve goal achievement, as well as to contribute to existing literature on the topic.

In line with the above mentioned research topic, Ms Daniels is given permission to collect data in various formats from relevant Learn to Earn stakeholder groups, both internal and external. She is furthermore given permission to refer to Learn to Earn by name in her study.

Should you require any further information about Learn to Earn or this research project, please do not hesitate to contact me. I can be reached on 021 671 2230, or by email at donordev@learntoearn.org.za.

Kind regards,

Aleks Jablonska
RESOURCE & PARTNERSHIP DEVELOPMENT

Appendix 3.7: Sample of informed consent document

USB :::
Universiteit van Stellenbosch Bestuurskool
University of Stellenbosch Business School

VU VRIJE UNIVERSITEIT AMSTERDAM

CONSENT TO PARTICIPATE IN RESEARCH

Title of research project	:	**Partnering for value creation: a multiple-case study involving South African NPOs**
Researcher	:	**Desiree Margaret Daniels**
Research supervisors	:	**Prof Arnold Smit, Prof Dr Rob van Eijbergen and Dr Pieter Veen**
Universities	:	**University of Stellenbosch Business School and the Vrije University of Amsterdam**
Qualification	:	**PhD in Business Management and Administration (joint degree)**

You are asked to participate in this research study. You were selected as a possible participant in this study because you play a key role in one or more of Learn to Earn's partnerships.

1. Purpose and benefits of the study

The aim of this research is to provide NPO practitioners and policy makers with insights on how to effectively leverage partnerships so as to improve goal achievement. This research is also intended to contribute to existing literature on the topic. ,

2. Procedures

Should you volunteer to participate in this study, I would like to conduct a face-to-face interview with you lasting no more than 1h30. The interview will be recorded to ensure the information is accurately captured, and you will have the opportunity to request to verify the information. I will also be taking notes during the session. This interview will take place at a place and time that is convenient to you.

3. Potential risks and discomforts

The research should pose no risk to you, and is not intended to disrupt your work nor inconvenience you in any significant way.

4. Confidentiality and protection of participants

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law. Confidentiality will be maintained by means of using a code instead of your name when referring to or publishing this information and only those in my team will have access to the codes. Any information that you feel uncomfortable with sharing will be deleted. All the data collected will be stored in a safe place as is required by a study of this nature.

5. Payment for participation

There will be no payment for participating in this research, and neither I nor my supervisors will benefit directly from the research. We may however use the published findings during the course of our work.

6. Participation and withdrawal

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw at any time without any consequences. You may also refuse to answer any questions you do not want to answer.

7. Contact detail

If you have any questions or concerns about the research, please feel free to contact me, Desiree Daniels (cel. 082 459 1102; email:desireed@sun.ac.za) and/or my local supervisor, Prof Arnold Smit (tel. 021 918 4404; cel. 083 301 8713; email arnold@sun.ac.za).

8. Rights of research subjects

If you have questions regarding your rights as a research subject, contact Ms Maléne Fouché [mfouche@sun.ac.za; 021 808 4622] at the University of Stellenbosch Division for Research Development.

DECLARATION AND SIGNATURE OF RESEARCH PARTICIPANT

The information above was explained to me by **Desiree Daniels** in clear terms. I was given the opportunity to ask questions and these questions were answered to *my* satisfaction.

I hereby consent voluntarily to participate in this study. I have been given a copy of this form.

Name of participant: █████████ Signature: _____ Date: 28/7/16.

DECLARATION AND SIGNATURE OF RESEARCHER

I, **Desiree Daniels**, declare that I explained the information provided in this document to ████████████ e was encouraged, and given ample time, to ask me any questions.

Signature: _____ Date: 28/07/2016

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Appendix 4A: Details of purposefully selected embedded cases

| Descriptor	Retailer	Foundation	Associate T	Associate W	Associate K	Volunteer
Societal sector	Business	NPO (business foundation)	Small business (CSI)	NPO	NPO	Civil society member
Partnership type	Dyadic	Dyadic	Dyadic	Dyadic	Dyadic	Dyadic
Commencement date	1999	2012	2016	2014	2013	2015
Partnership duration	18 years	4 years	1 year (+1 year)	3 years (+8 years)	4 years	1+ years
Geographic focus	National	National	Tanzania (Local)	W. Cape (local)	KwaZulu-Natal (local)	N/A
Issue focus	National retailer flagship project	Business/NPO collaboration – capacity development	Corporate social responsibility – model replication	Social development – model replication	Social development – model replication	Computer / systems development
Type of agreement	MOU to joint venture	MOU	MOU	MOU	MOU	MOU
Nature of relationship	Specified	Unspecified	Specified	Specified	Specified	Specified
CC stage	Transformational	Integrative	Integrative	Integrative	Integrative	Integrative
Initial inputs to LtE	Initial annual clothing donations repeated; various other donations; R500 000 capital investment for a self-sustaining project in 2009; management fee	Three-year financial grant – unspecified – used to cover compulsory life skills training component	Membership fee; access to new market; geographic expansion	Membership fee; access to new market; geographic expansion	Membership fee; access to new market; geographic expansion	One-day a week volunteering technical expertise to develop stakeholder system

Appendix 4A: Details of purposefully selected embedded cases (continued)

Descriptor	Retailer	Foundation	Associate T	Associate W	Associate K	Volunteer
Examples of added inputs to LtE	Main project funder allowing others to contribute; reinvest profits; sector expertise; network access; sponsorships; equipment; infrastructure development; internship and employment placements; staff volunteers; co-create solutions; exposure	Main project funder who renewed grant for further three years; membership fee recipient; funding for leadership development; network access; co-create solutions; exposure through nomination for national award	Sector expertise; shared learning; co-create solutions	Sector expertise; shared learning; co-create solutions	Sector expertise; shared learning; co-create solutions	Expanded system requirements
Examples of benefits sought	Exposure / association; flagship project; retail skills development; recruit trained beneficiaries; reuse damaged clothing; customers at base of pyramid		Business plan development; market assessment; marketing; access to customised, accredited training material; model replication; best practices;	Access to accredited training material; model replication; best practices; mentoring	Access to accredited training material; model replication; best practices; mentoring	
Note: The two prospective partners whose meetings were observed were both NPOs. Government was not examined as a sector as LtE did not have an active relationship with government at the time of the fieldwork.						

**Appendix 4B: Learn to Earn's annual income: 2008 to 2010**

This is an example of how LtE's income pattern had changed and improved over a three-year period. While this particular breakdown by revenue source was not accessible for later years, subsequent annual reports showed that LtE's overall income largely remained the same or increased from R5 million in 2008/9 to R8 million in 2020/11 and to R18.5 million in 2016/17.
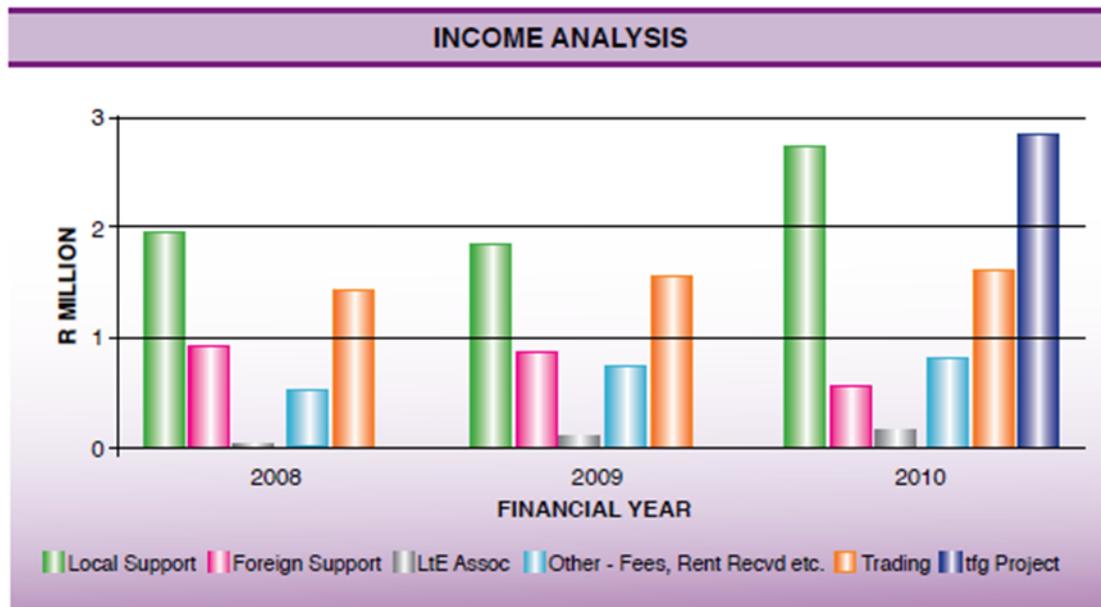
Source: LtE 2009 – 2010 Annual Report, p. 32.

Appendix 4C: Learn to Earn's beneficiaries becoming economic active: 2007 to 2015

The number of beneficiaries that graduated from LtE's specific training, and have become economically active has almost consistently increased.

	2007 2008	2008 2009	2009 2010	2010 2011	2011 2012	2012 2013	2013 2014	2014 2015
No. of unemployed people trained (graduates trained internally only)	298	320	312	307	432	460	394	505
Graduates economically active OR given access to further education	256	256	241	231	312	369	316	416
Businesses started by graduates	19	26	25	39	68	62	58	58
Economic activity* graduates	85%	80%	77%	76%	72%	80%	80%	82%

LtE: economic impact in last 8 financial years

growth in actual numbers of unemployed people trained & economically active!

Source: Learn to Earn's Talk to Rotary, 2016.

Appendix 4.1: Partner testimonial – Integrative partner

20 Nov 2015

Dear Sir or Madam

COMMENDATION FOR LEARN to EARN, WC, South Africa

The █████████████ on is a private philanthropic Trust that has been a funding partner for Learn to Earn for approximately 4 years.

Each year we assess the beneficiaries and our funding commitments based on a number of factors such as leadership and vision, financial health, impact, credibility (within the community, with other donors, with government and other sectors of civil society), the ability to mobilise local community members (and therefore local community ownership of the initiative), their resourcefulness, their progress towards sustainability, as well as the transparency and accountability in the partnership between ourselves and the recipient of our funding.

These are not just theoretical, "written in paper" perceptions or puffed up summaries from self-assessments. The █████████ on spends time personally conducting site visits and interviewing leadership (as well as community members) to ascertain the real heart, motivation, progress as well as to understand the challenges and real impact – and also to ensure that they are doing what they say they do in a manner that reflect good governance practices and are continually seeking to improve and develop best practice standards.

On all accounts, Learn to Earn, under the very hands-on, visionary, and knowledgeable custodianship of Roche van Wyk (and his committed team) has fared excellently, which has given us full confidence in our funding commitment to them.

I will be available for you to contact me to independently ask me any further questions or details should you require any additional information.

Yours sincerely,

████████████   Manager and Executive Director of the ███████████

[Source: LtE Partnership Manager, personal communication, March, 22, 2017]

Appendix 4.2: Examples of beneficiary stories

These are examples of beneficiary stories were published in different channels or used as part of LtE's promotional material.

A beneficiary story shared by one of LtE's graduates:

It's got a story from ▮▮▮▮▮ and she did the Bake for Profit course in 2014 … Her husband had died, passed away and she came and ... A lot of women come to Learn to Earn and they've had some kind of experience in that way. Somebody close to them has passed away and they find a lot of healing and restoration through, through the life skills and just the affirmation of who they are and that they've got value and worth. Sometimes seems to be a trend that comes out um, it often comes out, I had trauma and healing was started in that space. Um, anyway that ... We digressed, but she did a Bake for Profit course, and um yeah, it's been really ... She's tried very hard and gained ... Done a lot with what she's earned. Managed to finish building her house which they had to put on hold because there wasn't money um ... she um, comes to Learn to Earn every week or so to come and sell on campus and what have you, but she walks around the neighbourhood and sells her products. Um, and walks and uses public transport to buy her material to make the product, so obviously that is a lot of time, so she has started saving up for a car and came um, that week that we wrote story, with her driver's licence. She had passed her driver's licence. Um, came to show us that, you know, this is where she's gone. What she's done and this is where she is planning to go and why she wanted to do that was because it would impact her business, so instead of walking and having to manage how she was buying. How much flour how many eggs, milk, that, that, that, because she had to carry it all and be on public transport. … If she had her own car it would save time. It would mean she could buy more because she wouldn't have to carry it. Um, and it would also mean that she could go further and cover a greater area with her, you know, selling her products and what have you, so that's the latest story that we have there. (Communication specialist)

A story shared on one of LtE's partners' websites regarding a beneficiary they employed:

▮▮▮▮▮▮▮▮▮▮ a recent graduate, lives with her mother and her four-year old son in ▮▮▮▮▮ Khayelitsha. ▮▮▮▮ is now employed as a Sales Associate at ▮▮▮▮▮▮ store in Bayside Mall, Table View. "My goals are to be the best mom to my son and to excel far beyond being a Sales Associate. I believe, I will continue to grow within ▮▮▮" says ▮▮▮▮. "Never give up on your dreams and don't forget where you come from," is her advice to others who want to better their circumstances. (http://www.financial-tfglimited.co.za/csi/feelgood.htm as at 27/6/2016)

Story shared by a graduate who completed the training through an Associate member:

▮▮▮▮▮▮▮ has experienced an impressive growth in his business after completing the Bake for Profit course. He says that his regular tuck-shop customers are enjoying the improved quality of his products. This in turn is leading to better sales. ▮▮▮▮▮▮, Kuilsriver, Bake for Profit (Extract from ▮▮▮▮▮ News, Issue 1, 2017 – beneficiary perspective)

Comments from a placement partner about a beneficiary who was trained by an Associate member:

████████ completed a job shadow at ████████ Hardware store and was subsequently appointed by the store as a general assistant based in the receiving department. "████ versatility makes him suitable to work in all areas of the store, including relieving as a sales consultant" says ████████████████ Delft, Job Readiness (Extract from ████████ News, Issue 1, 2017 – Placement partner perspective)

Appendix 4.3: Partner testimonial – Philanthropic partner

Comments about Learn to Earn

████████████ Northfield, Illinois, USA

My wife, █████ and I were privileged to spend a full day with Roche van Wyk and the Learn to Earn staff during our visit to South Africa in 2010. We had met Roche through our mutual friend, ████ ████, during one of Roche's visits to the United States.

Through our small family foundation, we support LtE and several other organizations that meet four important criteria. These include:

1.) those with a focus on bringing the Christian message of salvation to heal and change the lives of people who are lost, broken, poor, underserved and often without hope;

2.) those with inspirational leadership that develops programs to help such people become self-sufficient economically, as well as confident and mature from a spiritual and emotional standpoint;

3.) those which are conservative and prudent in the use of funds provided by others and who measure and report financial and program results with full transparency; and

4.) those which have both a track record of success and a vision for future growth.

Our visit to Learn to Earn in Khayelitsha Township, near Cape Town, in 2010 and our subsequent annual meetings with Roche in Chicago, have clearly demonstrated that LtE meets or exceeds all of our criteria and is more than deserving of our continuing support. The facts are simple and the results are measureable and impressive: LtE counseling and training programs change the lives of some of the neediest people on earth. Recognizing that "everything begins with the Lord", LtE counseling helps change attitudes, reduce or eliminate at risk behavior, restore confidence and lead to a sense of hope.

With this preparation, LtE's outstanding training programs can then build the skills necessary for participants to get a job, start a business, earn a living and thereby be lifted out of poverty and despair. We feel very blessed to have become good friends and supporters of LtE and are truly inspired by Roche and the LtE programs. They are a model that should be duplicated not only in every developing country, but in the inner cities of even the most developed countries. The LtE model works and is extremely cost effective. We pray for and are pleased to support its growth and expansion.

[Source: LtE Partnership Manager, personal communication, March, 22, 2017]

Appendix 4.4: Examples of benefits derived at different levels as shared by participants

Level of value	Type of value	Benefits derived by LtE	Benefits derived by partners
Micro / individual level (excluding beneficiaries)	Instrumental	• Capacity building e.g. communications, retail, intellectual, leadership, technical skills* • Skills transfer* • Advice*	• Confidence to lead • Capacity building, e.g. mentoring skills, networking
	Psychological	• Fulfil passion* • Spiritual support	
Meso / organisational / partnership level	Associational value	• Market exposure • Network access* • Reputation enhancement* • Pro bono work (ad development)	• Good track record • Association with worthy cause • Reliable partner
	Transferred resource / asset value	• Placement and employment positions* • Guest lecture series and mentors • Physical infrastructure, e.g. outlet stores, sewing centre, warehouse* • Marketing capacity • Logistic capacity • Clothing • Discounted products • Fees • Funding	• Access to product suite • Accredited and tested products • Operational efficiencies • Increased profit margins • Tax incentives • Return on capital investment
	Interaction value	• Retail expertise • Staff development • Referrals • Collaboration and transition experience* • Sharing best practices* • Trust*	• Development expertise • Partner engagement • Staff development • Shorter induction period
	Synergistic value	• Programme expansion • Model replication • Use of factory downtime* • Geographic expansion • Access to new markets • New projects / facilities / sites* • New clothing range*	• Business model refinement • New customer base • Customised products • Access to new target market • Product extension
	Innovation value		

Note: the asterisk indicates that these benefits are experienced by both the hub NPO and its partners.

Issue: Examples of benefits derived at different levels as shared by participants
Meso-level: internal organisational benefits derived by LtE New sites, expansion, larger geographic reach / footprint, new facility, licensing fee, national presence, guest lectures, funding, test marketing material, marketing material development, ad development, marketing plans, retail deals, staff development, sharpening, discounted coffee, model replication, product testing, model testing, network access, leads, referrals, beneficiary fee, positive beneficiary stories, event fees, opportunity for self-expression, volunteer expertise, HR expertise, retail expertise, ambassadors, placement success, resilience, retail expertise, internship placement, job placements, good deals, internship costs covered, preferred provider, birthed new project, pilot sites, marketing exposure, new ads, pro bono work, access to factory downtime to create new clothing range, new infrastructure, track record - people look up to LtE, academic inputs, replicated model
Meso-level: internal organisational benefits derived by NPO partners Capacity to run programmes, access to suite of products / training material, staff development, joint funding, business plan development, extend product range / service offering, replicate tested model, customized training, learnt business dynamics, sharpening skills, consulting, rights to using material, ready developed products, accredited products, training workshops, saving on workshop fees, network access, leads, referrals, model refinement, learning from people with track record makes it easier, strategy development, receive articles, check up on progress, client presentations, site visits, leadership meetings, spiritual support, newsletters, best practice models, dialogue re development and justice, tested business model, transforming organization re representation; launch new projects, confidence to launch new projects, sharing best practices, business model refinement, skills development re bus model, train-the-trainer sessions
Meso-level: internal organisational benefits derived by business (JV partner and those suggested by LtE for businesses they approached) Positive reputation, improved client perceptions, barista training, trained staff, free interns, sharpening, speed, efficiency, equipment repairs, increased production, reduced turnover, ROI, repeat business, reliable partner, saving time on social development, training courses, reduced staff turnover, improved profit margins, fresh shopping experience – new customer base treated with dignity and respect, access to new customer base (base of the pyramid market)
Meso-level: programme specific benefits derived by LtE Brand awareness, multiple project partners; single project partners, product partners, discounted coffee, coffee donations, new training as a result of JV, doubled training intake,

Micro-level: benefits derived by individuals involved with partnerships (LtE, bus, NPO, volunteer)

Sharing knowledge, market skills, retail skills, personal growth / fulfilment, skills development, communication skills, shared intellectual capacity, leadership training, capacity building, share leads, Sharing knowledge, share learnings, coaching, mentoring, consulting, advice, sharing ideas, access to information, shortened induction period, on the job training / observation, valuable interactions, training opportunities, expert advice on BEE, shared intellectual capacity, opening doors, cross-pollination of ideas, fulfil passion, platform for passion expression, capacity building, self-development, learn while contributing

Micro-level: benefits derived by beneficiaries

Economically active, jobs, qualified, employment opportunities, internship opportunities, progress follow up, coaching, CV skills, mentoring, conflict resolution skills, salary, sell products, sales from LtE, contract work, entrepreneurship jobs, life changing experience, earning potential, built a home from income after course

Macro-level: benefits derived involving beneficiaries which had a broader socio-economic impact

Food on table for family, gain confidence for beyond work, built a house, started a business, access to business services provided by beneficiaries

Meso-level: benefits that accrued to third party organisations using the services and products of the hub NPO

Increased profit margin, operational efficiencies, training re NPOs, expert co-labs, social development training, knowledge sharing, effective partnering, BBBEE procurement points, Black business support, barista training, saving time on training, development expertise, trained staff, advice on products (grinders); designed training programme, opportunity to do good, capacity building, leadership training, funding, brands build credibility, tax certificates / savings

Macro-level: benefits that society derived more broadly

benefit from people doing good, build the country, equipping local community

Appendix 4.5: Categories of financial and non-financial resources and capacity leveraged through Learn to Earn's partnerships

Financial		Non-financial	
• Different levels, i.e. micro, meso, macro • Specified / unspecified; designated / undesignated • Sectors, i.e. business; NPO; government; civil society members / individuals • Term / duration, i.e. short-, intermediate-; long-term; once-off; ad hoc; durable / non-durable			
External funds	**Self-generated income**	**Strategic support**	**Human resource support**
Funds / investments from individuals, incl. bequests; business; NPOs, incl. philanthropies **Grants** • Staff development • Project funding • Operational support • Local government training **Tax-linked / preferential procurement contributions** • Local and international **Capital investment** • CSI, e.g. self-sustaining project **Company shares / dividends** **Product / service discounts** • E.g. equipment; consumables; transport	**Sale of merchandise & profits** • E.g. conference bags; remodelled clothing **Fees** • Membership • Consulting • Licensing of programmes • Programme management fees • Rental income **Fund-raising** • Events, e.g. golf days; music events **Investment interest**	• Model replication / franchise • Geographic expansion • Expert & networked board members • Co-create solutions **Systems / process / operations support** • System development, e.g. stakeholder system • Expert inputs • Logistical support, e.g. warehousing; use of factory downtime • Software • Industry knowledge, e.g. graphic design; coffee; retail • Research support • Pro-bono services, e.g. advertisement development; marketing **Programme / project support** • Programme extension / innovation / improvement • Product development / testing • Product endorsement / accreditation • Internship / employment opportunities • Information / knowledge sharing • Partner of choice for selected activities • Beneficiary stories **Infrastructure / capital items / equipment** • Facilities, e.g. outlet stores; warehouse; sewing centre; exhibition space; office space • Equipment, e.g. coffee machines; computers; ovens; call centre; sewing; carpentry; office • Motor vehicles; mobile coffee units • Property	• Knowledge & skills development, e.g. sector expertise; best practices; leadership & management mentorship and coaching; guest speakers; staff capacity building • Co-create solutions • Volunteers, e.g. general, specialist and expert; civil society members; company staff; church members • Psychological / spiritual support, e.g. prayer support • Buy-in from staff – LtE, associates and some other partners **Relational support and outcomes** • Social / relational, e.g. network access; referrals; endorsements • Trust, e.g. reduced conflict; better conflict management; less micro-management • Transparency • Learning • Goodwill and legitimacy, e.g. from the community, media **Marketing support** • Media exposure, e.g. radio / TV interviews; partner websites / campaigns • Referrals, e.g. word-of-mouth • Endorsements, e.g. donor testimonials • Brand association • Competition / campaign recognition • Branding material • Legitimacy / credibility **Consumables (for projects and the hub overall)** • E.g. transport; fabric; returned clothing / over-runs; new clothing range; coffee beans; accommodation; catering eats / drinks for events; give-aways

Appendix 5.1: Motivations for partnering with Learn to Earn

A further analysis of motivations for partnering, using the Gray & Stites (2013) categories, revealed that LtE's partners were interested in benefits that were *society-oriented*; *legitimacy-oriented; competency-oriented*; and *resource-oriented*, and that in many cases, they had more than one motivation from different categories at a time. The motivational categories are elaborated on in table below together with illustrative quotations (Q) from the data.

Motivation	Data illustrating motivations for partnering
Society-oriented: These motivations revolved around the social vision and mission of the hub NPO. The examples shared by LtE as well as its partners refer to wanting to do good so as to advance society, and may link in with what people are passionate about. Q4 indicates how through individuals volunteering, beneficiaries can also benefit through e.g. the mentorship programmes.	1. ... giving someone skills that can be used to become economically active, … and what LtE has been able to do both through those skills and also through our life skills, … idea of having hope and better relationships with some of their family and friends because of … skills they picked up in the life skills [programme]. (Donor specialist) 2. ... there are individuals that feel passionate about what we do and buy into the vision. (Partnership manager 2nd interview) 3. So, my thinking was that if I got involved with various charities, I'd find whose doing what and learn from it while I was contributing and then at some point, probably form my on trust. (Volunteer) 4. People who have time on their hands. People who have skill and passion and want to share it and we give them the platform to do it. ... and our beneficiaries' benefit from it. (Associate W)
Legitimacy-oriented: Here, motivations are linked to what customers perceive will provide them with legitimacy for supporting an organisation. So being associated with an organisation that is seen as credible and that has a good track record was seen as an advantage. Legitimacy seems to also be closely associated with the competence of an entity.	5. … a good partner …to add more credibility … they have been doing it for years. (Associate K) 6. ... when you run your own product, it takes years for people to buy in, … better to …have a product with a track record. (Associate T)
Competency-oriented: Some partners were seeking to be associated with an organisation that has good networks and experience as they wanted to leverage off that for their own purposes. Q7 and Q8 offers examples of how individuals benefited from partnering at a personal as well as a professional level by learning from the experience of LtE but also from others in LtE's partnering ecosystem. Q9 refers to seeking innovation from LtE which is linked to creating synergistic value.	7. They've been there, done that ... The cycle that we still need to go through and learn and grow, … If it wasn't for the partnership it would have taken me a lot longer to get on my feet and … lead the organisation well. … I said that really shortened my sort of induction period significantly … They put a lot of effort into getting really high-quality industry role players and very knowledgeable and skilled people … think the other highlight is that that there is that feeling of a safe net in a way in terms of advice, because if we didn't have that relationship, it would be limited. (Associate W) 8. ... so, we also wanted to learn how they've done their [social enterprise wing] in terms of their structuring of the organisation, the system, um, because now from being a non-profit organisation ... it gives us confidence ... because it is something that has never been done in the organisation before. (Associate K) 9. ... this gave us a model to work off. … as opposed to ... trying to build your own model ... everyone was looking to LtE for direction and a way forward and innovation. (Associate T)
Resource-oriented: Being able to access resources can be a driver for certain partners and other customer segments. Q10	10. … what attracts folk …they select from our [product] menu … rather than… starting something new. (Training manager) 11. They get trained individuals after a paid for internship – tfgP pays the interns during their internship at any organisation. (Retail project manager)

relates to tapping into products that have already been tested as opposed to having to start afresh, while Q11 spells out a benefit of being able to access a ready trained pool of people when vacancies come up. Q12 indicates that the retailer was able to free up some space as well as access manpower as a result of the partnership; while Q13 and Q14 relate to tax concessions that could be obtained through partnering. Q15 and Q16 relates to gaining knowledge about the development sector.	12. So, we are freeing up our own warehouses and our own resources they don't have to sort that stuff anymore … So, without the partnership with LtE we wouldn't have been able to run that project because we don't have manpower to do that. (Retailer) 13. They need to just get their [enterprise development] points, but it is easiest to get your points from the better rated companies, so that's why they would prefer to work with a level 1 company. (Training manager) 14. ... so, you can reduce your taxable income by 10% by doing corporate social investment. (LtE CEO) 15. Return on investment (ROI), yeah. It's obviously they've got a customer, but they also have got a reliable partner in the development sector that can feed into some of their needs. (LtE CEO) 16. Shared learning and also some things that they get from us in terms of how we approach community development. (Associate K)

The following types of value, which form part of the CVC (Austin & Seitanidi,2014), are evident from the participant quotations in the table above:

- Associational value, i.e. the benefit of being associated with a particular entity, for instance quotations 2, 4, 5, 6, and 7.

- Transferred-asset value, i.e. value of having assets or resources transferred from a partner, can, for instance, be seen in quotations 1, 9, 10, 11, 13 and 14.

- Interaction value, i.e. the intangible benefits that accumulate through interacting with others, such as building trust and learning, and as is apparent in quotations 3, 4, 7, 8, 16.

- Synergistic value, i.e. the value that accrues when combining distinctive resources and doing things together, including innovation, as is evident in quotations 9, 12 and 15.

Appendix 5.2: Summary of Learn to Earn's key milestones and partner involvement:

1989 to 2017

Date	Milestone / Activity	Partner involvement
1989	• LtE starts informally with a sewing project	• Two rent-free rooms from government for a year
1995	• New CEO took over from the founder and project formalised • Local and US advisory board appointed	• New board members
1996	• 1st company vehicle purchased • Programme expansion to other areas	• Vehicle funded from donation from trust
1998	• 1st carpentry course starts	• Funding and goods from donors
1999	• New training centre and coffee shop built in Khayelitsha • Hermanus branch opened and training extended to ▮▮▮▮▮▮▮ • More students complete training and find employment	• Funding and goods from donors • Retailer made 1st donation of goods
2000	• Opened new complex in Khayelitsha with new coffee shop	• Funding
2001	• 1st desktop publishing course • The first 'Business achievers' course participants graduate	• Supporters recognised •
2002	• The LtE Business Resource Centre was formalised and registered as a Non-profit Company (NPC) • LtE received an award of excellence • Staff retreat focused on Servant Leadership	• Supporters recognised • Exposure • Staff development
2005	• LtE accredited with SETA and the Department of Labour	• Supporters recognised • Course accreditation by government
2006	• LtE received a gold award for innovation • 1st Hermanus Golf Day to raise funds	• Supporters recognised • Exposure through award • Fund-raising event
2007	• LtE rents property for new head office • 1st Graphic Design Course and Office Administration Course start • LtE Association launched • LtE receives another award for innovation	• Formalisation of the Associates programme - 1st associates came on board to replicate model – expand geographic reach; lower transaction cost • Supporters recognised • Exposure through award
2008	• House purchased as the new head office to save rental costs • Rents out office space to a partner • Central location to run courses at churches and businesses • Hermanus purpose-built training centre launched after 10 years of operating • More students accommodated • New courses introduced • New staff employed	• Supporters recognised • Partner pays rental for space and extends relationship • Central base to support associates and run other programmes • Funding from business and government for infrastructure

Appendix 5.2: Summary of Learn to Earn's key milestones and partner involvement:

1989 to 2017 (continued)

Date	Milestone / Activity	Partner involvement
2009	• The Feel Good Project initiated and self-sustaining within 1st year • 1st retail outlet store opened offering sales, new training and employment • A new delivery vehicle purchased • New staff employed and trained • Staff development • More beneficiaries trained • Branding at shop created awareness as did word-of-mouth advertising • Event to thank role players • LtE's students built shop counters, and sewed clothing • Consistent sales turnover, successful recruitment and retention of previously unemployed people in all aspects of the project, and favourable customer feedback • Woodwork course was accredited and 1st interns placed • Beneficiary impact stories of partnership with different entities • Khayelitsha campus expanded after 9 years – new training rooms and coffee shop added • New graphic design and basic computer courses • Mentoring • Training offered to another entity • Formalised enterprise development programme – new income stream	• Supporters recognised • Joint venture with retailer - R500 000 capital investment; offered training at their offices; space for warehousing and training; internship and employment positions; fittings and fixtures for shop; design support • Funding from businesses, NPOs, individuals locally and internationally – general and training • Retailer CSI department funded vehicle purchase • Various companies and individuals offered in-kind support, incl. transport, pro bono branding and design, equipment and supplies donated, transports goods for free, coffee equipment and products, corporate ID designed pro bono by ad agency • Broader customer base • Funding for point-of-sale system and training • Individuals offer unique expertise, skills, mentoring, prayer support, and encouragement • Funds generated via different income streams • Partners provide internship placements; students get work experience • Graduates offered work as part of developing emerging enterprises • Coffee shop managed by small businesses owned by graduates
2010	• Conduct community research and shared learnings with a broader audience • Ongoing training • Long-standing partnerships with board members also offering support to LtE • Expanded the number of LtE Associates – more applications being processed • Resources and network opportunities shared with partners • LtE directed funder to an associate • Khanya bag range wins Best Product Award in S.A. • Hermanus Coffee Shop opens • Learn to Earn South Africa registered as Not-for-Profit in the USA approved • LtE presented as case study at national conference • Comments on government's annual budget on national TV • Co-creating a E3 business model with a partner	• University partnership • Staff donating their time to the cause • Large local funding received while international funding declined • Board member of +13 years retires while new ones join • More associates join • Associate got funded after networking with LtE's partners • Associates receive training material • Experts offer mentoring • Graduates employed as entrepreneurs • Tax certificates available for international donors • LtE gets exposure at conference • Media exposure through interviews • Business model design facilitated by staff of business partner

Appendix 5.2: Summary of Learn to Earn's key milestones and partner involvement:

1989 to 2017 (continued)

Date	Milestone / Activity	Partner involvement
2011	• More students trained, earning an income, growing in skill and confidence, and preparing for employment or self-employment • Hermanus coffee shop opens • The Feel Good Project continues to add value - 85% repeat customer loyalty base • New staff appointed • 3 staff with 10 years' service celebrated • Staff development • More LtE Associates signed up • National roll out of baking training programme via Associates with funding from partner (National Lottery) • LtE Association Board appointed • Commencement of training partnership with local government • Learning through international and local trade fairs and expos while getting exposure • New point of sale course starts • Volunteers take part in cycling event for sponsorship • Four businesses mentored as part of E3 Programme (Enterprise Enabling Environment) • Business Resource Centre – employment to grow skills while producing merchandise for sale • More graduates employed to produce merchandise • R80 000 raised through golf event • Fundraising event in London	• Financial and other support from all sectors • New associates • Advising associates on request (reactive) • "Our affiliation with LtE has been the most significant and vital contributor to the progress we have made as an organisation over the last few years. Their collective wisdom and generous spirit, have enabled us to navigate through the usual birth pains of a new organisation with faith and confidence." ▮▮▮▮▮▮▮▮▮▮▮▮▮▮ Centre for Development." [LtE 2011 – 2012 Annual Report] • Government partnership - funding plus access to other resources and infrastructure • New local and international orders for merchandise • University partnership-provided venue for expo to showcase student work • Associates train and find employment for more students • Volunteers raise funds • LtE gains exposure • Companies and individuals raise funds
2012	• 10th Golf Day takes place • 1st LtE Association Workshop takes place • Call Centre Course starts at LtE Khayelitsha • Production line course introduced • TFGP moved to new premises • 2nd store, warehouse, repair centre opened and new staff appointed • Donor developer assistant appointed • The BRC increased its turnover by R500,000 • In the balance sheet, land and buildings are valued at R16,124,712 for the Khayelitsha and Hermanus training centres. The Claremont office has been revalued at R1,950,000 • 15-month contract with 1 associate • Local government partnership to do training commences	• LtE associates share knowledge and best practices at 1st workshop • More options for existing beneficiaries • Opened new income stream • Individual volunteers raise funds • New course to appeal to broader audience and offer more options to existing beneficiaries • Local government partnership commences

Appendix 5.2: Summary of Learn to Earn's key milestones and partner involvement:

1989 to 2017 (continued)

Date	Milestone / Activity	Partner involvement
2013	2nd LtE Association Workshop - Monthly Skype meetings with associates - Local government Mobile project year 2 (213 trained; 164 completed; 49 drop out) - Family quiz fund raiser 35 staff - New call centre training launched	- Associates focus on building effective and sustainable organisations at workshop - Supporters recognised – R1 000 to R20 999; R21 000 to R100 000; +R100 000; plus in kind support - Government renewed funding - Links with TFG's (the retailer) call centre for work-shadowing
2014	- LtE promoted company incentives for funding - Customised a training course and partnered with another NPO working in a different target market - Volunteers take part in cycling event for sponsorship – 2nd year - Conducted a community analysis to identify community needs and resources; and assess business needs for training when ▮▮▮▮▮ came on board as an associate in Kwa-Zulu Natal	- Supporters recognised - Partnered with initiative to generate passive income - Switching partners - Community analysis provided public relations exposure for the associate, as well as strategic recommendations
2015	- Ground UP barista training starts in Cape Town and Johannesburg - Graphic Design Exhibition at National Gallery - LtE has trained over 11 500 unemployed people since 1989. The annual average of 79% of our graduates become economically active, 13% of which are self-employed. 1st Basic Handyman course introduced - Increase in community buyers who purchase from the LtE distribution centre - Restructured organisation to take advantage of current legislation and streamline LtE - Retrenched staff to reduce costs	- Supporters recognised - Partner for expo space - Large funder withdrew - Restructured organisation to introduce new resource stream - Staff retrenched with packages
2016	- Changed organisation structure to include legally independent entities - Retrenched staff to reduce costs - Setting up systems and approaches to limit dependency - Fund raising event - Different universities visit LtE	- Supporters recognised - Reach a larger customer base and improve income generation - NPO donates space for expo and get exposure - Event support – guests plus consumables - Support from universities

Appendix 5.2: Summary of Learn to Earn's key milestones and partner involvement:

1989 to 2017 (continued)

Date	Milestone / Activity	Partner involvement
2017	• Generated passive income and crowd funding • Withdrew from barista training agreement as could not meet obligations – new plans with Associate • Selling Khayelitsha property to relocate • Mentored small business owner set up • Trust set up with new board • LtE featured on radio • Increased media exposure • Our Facebook pages for Ground Up and LtE have grown significantly and we have launched Twitter and Instagram accounts • 7th Graphic Design Showcase • Entered TFGP for award • Increased production capacity for design and manufacture of merchandise • The organisation has significant reserves, these are tied up in property • Received four trailers for refurbishment and customisation for selling coffee • The 2018 budget is break-even, based on donation inflows remaining unchanged and with the fundraising team intact, maintaining at least the status quo should be achievable	• Supporters recognised • Received R150 000 grant funding as prize plus technology, business development and operational support • Partner donates % of income • New board members appointed • Got media exposure throughout • Merchandise sold to regular customers • Four trailers donated • Ground UP coffee trailer based at school • Graduate runs business from coffee shop
Every year	• Annually do team building sessions and celebrated successes	• Acknowledge financial and non-financial supporters • Staff development • Celebrate successes

Source: Compiled by author from various Learn to Earn annual reports, newsletters, presentations and http://www.learntoearn.org.za/index.php/home/our-timeline

Appendix 5.3: Value creation mindset

It seems that certain attributes are required of the hub NPO's staff to optimise value creation and achieve its social mission. These appear to align with public value theory which suggests that when seeking solutions and managing tensions, managers must use their innovative imaginations to create value and (Benington & Moore, 2011) in order to ensure organisational effectiveness and efficiency as stated in Section 2.5.1.3. As these attributes point to a particular way of going about creating value, it will be referred to as adopting a particular value creation mindset. The quotations in the table below illustrate data that pertains to the eight main attributes which are evident from the way LtE goes about creating value, i.e.: 1) being committed to a social cause; 2) being integrative; 3) being proactive; 4) being entrepreneurial; 5) being adaptive; 6) being nurturing; 7) being quality and cost conscious; and 8) being attuned to internal and external developments. These attributes seem to be pervasive throughout the organisation.

Attributes associated with a value creation mindset

Comments	Data pertaining to adopting a value creation mindset
Being committed to a cause: LtE provides evidence of being committed to its vision, mission and values, and that it expects the same from its partners, by ensuring that there is an alignment of purpose, values and strategy. There is evidence of providing opportunities for individuals – both internal and external – to express their passion by supporting its particular mandate. In this regard it is also prepared to make tough choices, and, for instance, terminate partnerships and programmes that are considered to be unviable and not serve the needs of its beneficiaries. Furthermore, it seems willing to challenge the status quo with regard to beneficiary rights so as to improve the outcomes for the beneficiaries, once again demonstrating its commitment to its vision and mandate.	1. … you need to have aligned vision from the get-go … that causes problems …. down the line. (Foundation) 2. … they run it with heart, you know. … It's not just about, … making money. It's about treating people with heart. (Retailer) 3. there are individuals that feel passionate about what we do and buy into the vision. (Partnership manager 2nd interview) 4. Their values … are very closely aligned … that is one of our most significant Partnerships. (Donor specialist) 5. I think it's also been an area that I've been particularly passionate about, um just making sure that our graduates that come through here and have really proven themselves that they, they get quality jobs. (Partnership manager 3rd interview) 6. If the partnership … is not viable then it's not viable. … we've turned away funding. (LtE CEO) 7. ... you know kind of getting them to respect the value offering that we do provide but also challenging their own kind of status quo and how, how that industry operates. (Partnership manager 3rd interview)
Being integrative: Being integrative involves making sure that all the parts fit together and build on one another. Based on LtE's vision for the holistic development of its beneficiaries, and the range of products and services which are intended to allow beneficiaries to come back and add to their skills development demonstrates that it follows an integrated approach. The fact that beneficiaries do come back for additional training or support is evidence that the programmes work for them. Furthermore, with its stakeholder system, LtE once again demonstrates that it looks at the bigger picture when it tries to address a variety of needs to better manage its partners, through making relevant changes to the system. As a further illustration of the	8. … the holistic … focus on human skill development. (Donor specialist) 9. … just to create a unified … donor body … so that they can just be better partnerships. (Foundation) 10. But it keeps a record of our communications with you, … on the database…. From a student's perspective … you did this course and this is your track, … we've gone the online route. (Communication specialist)

interdependency of LtE's approach, the training manager explained how the income generated through certain interventions is used to "re-invest" into the skills development programmes which need to be subsidised because beneficiaries cannot pay the full fee. Then too, LtE's view that its staff and its board members are key to the sustainability of the organisation, and its focus on upskilling them with regard to optimising value creation also demonstrates integrative thinking.	
Being proactive: LtE has demonstrated being proactive by, for example, introducing the new barista training programmes to suit market demand and then deliberately seeking niche partners that will advance its mission. It also intentionally looks for synergies in order to attract and retain partners. It is about seeing and embracing opportunities as LtE did when it restructured the organisation to leverage changes in the external environment as a way to attract partners.	11. One of our strategies around fund raising and sustainable, we say … these are the interventions we run. What sectors are they impacting? What is needed to achieve that and how do we identify the various partners? (LtE CEO) 12. It's like finding … multiple synergies. … And connecting people and resources. … The trick is in finding, finding those synergies of what resources they have and what they're prepared to allocate. (Partnership manager 2nd interview)
Being entrepreneurial: It is about having an entrepreneurial flair, being creative and willing to take risks. It is about making sure it's products and services are market relevant so as to meet the needs of partners. Besides being a hybrid NPO that has created opportunities for generating a portion of its own income, it seems that LtE adopts a business-like approach when creating value propositions and engaging partners by, for instance, leveraging their core competencies. Some staff also talk a business language such as referring to market relevance, a return on investment, business operational efficiencies, and repeat customers. By introducing the franchising model to replicate its programmes also demonstrates an entrepreneurial flair.	13. ... if businesses can see there's a return on investment and it's aligned with their key and core business, then it makes sense. … you don't need to convince them. (LtE CEO) 14. ... our whole approach is market driven product driven. (LtE CEO) 15. ... but I suppose you need money to attract more money and I think that's something that we are starting to do more and more. … There is a value attached to getting a radio ad. (Partnership manager 2nd interview)
Being adaptive: LtE demonstrated its ability to be adaptive by being flexible in the way it is able to deal with beneficiaries needs and challenges, so as to achieve its mandate. Further examples of LtE's adaptive ability, include being able to deal with different types of partners, customise unique value propositions for partners, adapt its product suite to suit the needs of associates, and meet the unique reporting requirements of its large portfolio of partners.	16. … that customisation is quite easy to do. (Volunteer) 17. They select from our menu and that's often what attracts folk. (Training manager) 18. Those items which then does provide us with a bit more flexibility in terms of our other … relationships. (Donor specialist) 19. …we would try and set up a meeting or a site visit. … that's often a time when we can identify other synergies … whether they can do a product donation in addition or instead of a financial contribution. (Donor specialist) 20. ... we've taken on a customer relationship management tool ... For the past five years now, been developing to, to be very much custom made to our needs. (Partnership manager 3rd interview)
Being facilitative and nurturing: There is evidence that as the hub NPO, LtE has nurtured its relationships with its synergistic partners and was able to intervene and constructively deal with conflict. It has also facilitated the meeting of partners to share their expertise. It has been facilitative in assisting one of the associates with redesigning her business plan and supporting her with promoting her programme. It is also evident that it nurtures the development if its staff and is able to being willing to make things work and going the extra mile, being	21. It feels like people are willing to accommodate. …. There is flexibility. There is discussion. … You need respect. …You need a common goal…You need competence, trust, good communication. (Retailer) 22. [graduates] come back and they do ask questions and we don't ever turn anybody away. (Communication specialist) 23. [W]hat we really appreciate with [foundation M] is that that's exactly what they've done. ... They like what we do and they're like ... We're not going to keep you in the dark. We're not gonna like make you tip-toe and play this guessing game, but you know,

transparent and keeping people informed, showing respect, and dealing with conflict.	we commit to funding you for the next three-year period and unless something drastically goes wrong ... I think that does make the relationship a lot more transparent and much more predictable ... I think some corporates like the kind of power game, you know that you get by keeping, keeping the other in the dark so that you don't know what to expect and that you will jump through any hoop, but um, by all means you know, I think those more transparent long-term relationships where, yeah, I think are a lot more meaningful and constructive. (Partnership manager 3rd interview)
Being quality- and cost-conscious: LtE has a big focus on performance by monitoring and measuring inputs, throughputs, outputs, outcomes and impact, and both learning from it, but also taking corrective action by making improvements, or even innovating at times. There is evidence of saving on costs by, for example, replicating services rather setting up new infrastructure. There is a focus on the quality of the products and services that it provides, and the systems it put in place to support partnering and enhancing its value creation capacity. And, if relationships, partnerships, and programmes are value draining, or not viable, they have been corrected or even terminated.	24. ... our focus ... has to become more, more market and opportunity driven ... through formalising quality partnerships. (Training manager) 25. Their operations people came, because we placed some baristas with them and they were extremely delighted with the depth of knowledge and the quality of the people that we placed with them. (LtE CEO) 26. I plan my route into the store. ... I make the deliveries to the store almost on a daily basis. ... to cut, ... on travelling costs or transportation costs. (Retail project manager) 27. There are no pre-set rules but they agree how to use and ensure the quality of the LtE branded training material we use. (Associate W) 28. What's in it for them [LtE] – larger geographic footprint and muscle; donors want to scale up but without having branches it can be costly and complex [for LtE to do]. (Associate W)
Being attuned: There is evidence to show that LtE is aware of what is happening both internally and in the external environment, and that together with its partners is has been able to co-create some innovative solutions so as to advance its social value contribution. It also demonstrated that it was able to leverage legislative changes to its advantage in terms of being able to appeal to the needs of some partners thereby opening up additional revenue streams. By reaching out to prospective partners to establish what they need so as to remain market-relevant is another demonstration of being attuned to what is happening in the external environment so as to take advantage of opportunities that will contribute to scaling its value creation capacity. Similarly, there is evidence that by being attuned to the external environment, LtE was able to introduce, for instance, the associates programme to replicate its model. Internally, by putting various measures in place LtE was able to is able to identify potential problem areas with partners and beneficiaries, and put measures in place to respond appropriately. These attributes once again emphasise the multidimensionality, complexity and systemic nature of partnering which by no means is failsafe therefore always requiring the hub NPO to be alert, agile and intentional.	29. It's about translating the [legislative - BBBEE] changes we made into the value chain. (CEO at group interview) 30. Given our current … constraints … it would be detrimental if we go down further new routes other than focusing on what we have in place. … So, nothing radical in next five years. … it's a refinement, and improvement and enhancement. (CEO at group interview) 31. Keeping an eye on the industry relationships as part of those placements. (Partnership manager 3rd interview) 32. My approach to this is to reflect on my views and behaviour to determine what went wrong and how to work things out going forward. (Retail project manager) 33. ... if you really want to measure the success of the organisation is, … it fulfilling its vision and mission and not just through inputs and outputs, but through its outcome. (LtE CEO) 34. So, we recognise there is as a gap. Something is not working between the vacancies that [company T] has and the graduates that come out of tfgP. (Retailer) 35. My way of keeping abreast of what is happening is to look at the monthly turnover to make sure that we are doing okay there because if the store doesn't trade well, we don't have a project. (Retailer)