THE UNIVERSITY OF HULL

AN EMPIRICAL STUDY OF A CROSS-INDUSTRY AND CROSS-SECTORAL
(PUBLIC-PRIVATE) OPEN BUSINESS MODEL: A JOURNEY THROUGH THE
VALUE CREATING OPEN PRACTICES AND PRAXIS OF
BOUNDARY-SPANNING PRACTITIONERS

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by

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ABSTRACT

This study is grounded in the perspective of strategy-as-practice and draws, principally, on literature from strategy, industrial marketing (IM) and business models (BMs). In recent years, the BM concept has attracted increasing attention from scholars in a variety of academic disciplines and areas of professional practice. Much empirical BM research across all disciplines appears to focus on *single* organisation studies. This approach, arguably, provides a rather parochial view of BMs. In this study, I contend that a BM represents more than just the revenue model of a single firm, but rather views BMs as a broader, pluralistic concept that has the potential to be deployed by practitioners in a network context. I present an early contribution to open business model (OBM) literature - those BMs in which value is created/co-created and captured between actors outside the boundaries of a single firm - in this thesis. The empirical setting for the study is centred on three firms that form a single (focal) cross-industry and cross-sectoral (public-private) OBM (focal OBM). In particular, the three firms, which comprise a lead (hub) firm as an OBM innovator, a supplier firm and a buyer firm, form a supply chain through from upstream supplier to downstream end user. This supply chain takes in and considers a public and private sector downstream dyadic, a vertical upstream supply chain buyer-supplier dyad, as well as the broader strategic network and business ecosystem contexts of the three firms in a solutions provision arrangement. A qualitative, inductive, case study methodology is deployed to examine the three firms as embedded units of analysis. The data sources consist of twenty-five semi-structured interviews supplemented by archives of publications. In this study, I make theoretical contributions to OBM literature by advancing current understanding of OBMs in a cross-industry and cross-sectoral (public-private) context. The underlying assumption that existing studies provide only *single-level* insight into BMs is challenged. In particular, I contribute to BM literature by offering *multi-level* insight into an OBM as a regional strategic network, a network that also forms part of a national platform ecosystem. Furthermore, as a challenge to this predominant static understanding of BMs, I also make practical contributions by advancing current understanding by examining OBMs as strategic practice, thus breaking with the rhetorical nature of much BM literature. By focusing on practitioners and their capabilities in OBMs, this approach, therefore, addresses partially the under-socialisation of current BM research and adds insight into the open practices of these practitioners within OBMs. In particular, I offer insight into value creation/co-creation and value capture, as strategic practice. As the focal OBM crosses industry and sectoral boundaries, I also advance knowledge where it is currently lacking into the influence of boundary-spanning practitioners in OBMs.

DEDICATION

I dedicate this thesis to the memory of my mother, Josephine Anne Coombes, who sadly passed away during the period of the study on 22nd April 2013 and who was not here to see the outcome of this endeavour.

ACKNOWLEDGEMENTS

This research study has been a long, challenging and individual journey. Since September 2009, when I started Hull University Business School's Doctor of Philosophy research degree programme, many people have provided me with encouragement, support, advice and data. It is impossible to name all the people who contributed to the study, which could not have been completed without their contributions. To all, I am eternally grateful.

However, I owe a special gratitude to Professor John Nicholson, my main supervisor. Throughout the study, John's guidance, ideas and understanding have been essential. He has been the solid foundation of support that has kept the study going, most particularly during periods of difficulty. His extensive knowledge of the general domains of philosophy, research methods, industrial marketing, and business models has been outstanding and his quick understanding of both this research and its challenges was impressive. The many hours of discussion we had were extremely challenging, thought provoking, motivating and an extraordinary development opportunity. This study presented many challenges. In particular, one of those challenges was the need to find a balance between having a full-time career and being a part-time research student. John understood my situation completely and was the perfect supervisor. In addition, I would like to thank Dr. Graham Spickett-Jones, Dr. Stephan Dahl and Dr. David Harness who acted as my second supervisors. I would also like thank Professor Steve Johnson of the University of Hull and Dr. Raymond Loohuis of the University of Twente, Enschede, Netherlands, for undertaking the examination of this thesis. I am also very grateful to Hull University Business School for giving me the opportunity to present my ideas for this study at both their first and second doctoral colloquia to which I found the feedback to be very helpful during the early part of the study.

Many other academic staff at the University of Hull have contributed directly to this study through the many varied courses in research methods and techniques that I attended as part of the Postgraduate Research Training Scheme as well as indirectly through the help and advice they have given. I would like to thank the many support staff from librarians to computer support staff to receptionists and administrative support staff who have provided the facilities essential for such work. In particular, I would like to praise the courtesy and helpfulness of all of the university's employees that I encountered throughout this study. In addition, I would also like to express my thanks for the friendship, encouragement and support that I received from the many postgraduate research students that I met at both Hull University Business School and the Easter and Summer Schools that were organised by the University of Hull Graduate School.

Finally, I would like to thank my partner and soulmate Dawn Bilton, from whom I selfishly stole much time during many evenings and weekends, but who was always supportive and provided much needed encouragement throughout.

LIST OF ORIGINAL PUBLICATIONS

I declare the below mentioned papers were published *before* the date of the viva voce examination of this thesis but which were derived organically from the pursuit of this thesis. As such, these papers are *not* cited in the thesis and sections of the thesis may, therefore, appear verbatim from the published works.

Journal article

Coombes, P. H., & Nicholson, J. D. (2013), "Business Models and their Relationship with Marketing: A Systematic Literature Review." *Industrial Marketing Management*, Vol. 42, Issue 5, pp. 656-664.

A copy of this published paper is presented in Appendix 5.

Conference paper

Coombes, P. H., & Nicholson, J. D. (2016), "Open Business Models and Industrial Marketing: A Multiple Industry-Practice Perspective." *32nd Annual IMP Conference*, Poznan, Poland, 30 August to 3 September 2016, pp. 1-22.

A copy of this published paper is not appended to this thesis but is available to the examiners if required.

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LIST OF ABBREVIATIONS

Abbreviation	Description
ARA	Actor-Resource-Activity Framework
BM	Business Model
CABS	Chartered Association of Business Schools
CCG	Clinical Commissioning Group
CEO	Chief Executive Officer
CHP	Community Health Partnerships
CSR	Corporate Social Responsibility
IM	Industrial Marketing
IMP	Industrial Marketing and Purchasing Group
IO	Industrial Organisation Economics
IRR	Internal Rate of Return
LIFT	Local Improvement Finance Trust
LIFTCo	Local Improvement Finance Trust Company
NHS	National Health Service
OBM	Open Business Model
OJEU	The Official Journal of the European Union
OMV	Open Market Value
PCT	Primary Care Trust
PfH	Partnerships for Health
PFI	Private Finance Initiative
PPP	Public-Private Sector Partnership
RPI	Retail Price Index
RSN	Regional Strategic Network
SPV	Special Purpose Vehicle
UK	United Kingdom

CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE THESIS

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
	Current position in the thesis shaded

Figure 1.1: The position of the current chapter in the structure of the thesis
Source: Author

1.1 RESEARCH MOTIVATION

The idea and motivation for this study arose out of a personal interest in both the fields of business-to-business marketing and strategic management. It was whilst studying for a Master of Arts degree in marketing that I developed an interest in academic research and, following the completion of this degree, took the decision to continue with this interest in academic research by undertaking a postgraduate research degree. These research interests, in particular, include the relationship of industrial marketing (IM) and the notions of value creation/co-creation and value capture with the then emergent concept of business models (BMs) in academic literature, and in particular, open business models (OBMs) in the context of understanding better the mechanisms through which OBMs are operationalised.

I present the research problem next.

1.2 RESEARCH PROBLEM

BMs appear to be attracting increasing attention from a variety of academic disciplines and areas of professional practice. This increasing attention was driven partly by the opportunities for the then new internet-based firms established during the dot-com era of the late 1990s and their need to explain to potential stakeholder actors how they planned to create and capture value. However, a number of scholars identify that there is no commonly

accepted understanding of what a BM should consist of. Whilst some scholars offer definitions of BMs, practitioners do not appear to have fully accepted these. Although common components are described in several conceptualisations of BMs, the composition of the whole set of components varies widely and there appears to be confusion about how these components jointly shape the BM concept. Furthermore, existing studies appear to provide only *single-level* insight into BMs. The BM literature appears to be consolidating, and a growing community of scholars emerging in various fields, are beginning to anchor the BM concept in various theoretical frameworks. For instance, implicit in discussion of BMs in IM literature is that whilst *closed* BMs focus on *internal* processes and design of infrastructure that enable firms to create and capture value, *open* BMs, on the other hand, focus on the creation/co-creation and capture of value between actors *outside* the boundaries of a single firm. However, the question as to how value is created/co-created and captured in the interplay between actors who collaborate to develop *solutions*, appears largely unexplored. Implicit in discussion of BMs is they also hold the promise of elucidating the networked nature of the creation/co-creation and capture of value, but *multi-level* insight into OBMs appears lacking. Whilst research has shown the potential of opening up BMs, it currently lacks a consistent theory and research framework to analyse these models. Furthermore, substantial conceptual developments in BM literature have not yet been translated into the notion of strategic practice and ideas about how practitioners can use BMs and achieve open innovation appear to be confusing and often contradictory. This confusion appears to have taken the focus away from proper dialogue on key questions such as practitioner identity and capabilities as well as their open practices and situated praxis. In addition, only a limited body of research has examined the work of boundary-spanning practitioners involved in organisational change processes. The question of the identity and role of these boundary-spanning actors in the context of BMs appears to be a significant lacuna and just as significant an opportunity for scholars to open up new avenues of research.

1.3 RESEARCH CONTEXT

The empirical setting for the study is centred on three firms that form a single (focal) cross-industry and cross-sectoral (public-private) OBM (focal OBM). In particular, the three

firms, which comprise a lead (hub) firm, a supplier firm and a buyer firm, form a supply chain through from upstream supplier to downstream end user. This supply chain takes in and considers a public and private sector downstream dyadic, a vertical upstream supply chain buyer-supplier dyad as well as the broader strategic network and business ecosystem contexts of the three firms in a solutions provision arrangement. The head offices of the three firms are geographically co-located in a medium-to-low-technology sectoral city-region situated in the North of England. The lead firm, I will call Builder, acts as the hub firm, and the two other individual firms, I will call Inbound and Buyer, act as the supplier firm and the customer firm respectively. Inbound occupies an upstream position in Builder's supply chain whilst Buyer occupies a downstream position in Builder's supply chain. Builder is a family-owned property development business based in the city-region. Builder's chief executive officer (CEO) successfully revitalised an already established, albeit stagnant, firm in response to a perceived business opportunity. This practitioner effectively redefined the firm's former closed BM by the systematic de-construction of the firm's outdated value propositions and simultaneously co-created a new OBM in partnership with Inbound and Buyer's CEOs, which was re-focused around its customer's needs, around the firm's new solutions-based value propositions and around the needs of its co-located communities.

Today, Builder is a new-age developer not only responsible for the finance, design and construction of a facility, but also for that facility's ongoing operation, management and maintenance. Inbound is a family-owned business founded as an independent building supplies firm based in the city-region. Buyer is a partnership between the public and private sectors responsible for delivering the Department of Health's National Health Service (NHS) Local Improvement Finance Trust (LIFT) public-private sector partnership (PPP) in the city-region. In particular, Builder's transactions with Inbound take place within a single (construction) industry context. The strategic network context of Builder crosses multiple industry boundaries and the exchanges between Builder and Buyer cross a sectoral boundary between public and private sectors.

I present an early contribution to the topic of BMs, in particular, an innovative cross-industry and cross-sectoral (public-private) solutions OBM, adopting a strategy-as-practice perspective, in this thesis.

1.4 THE OBJECTIVES OF THE STUDY

I propose to study the *multi-level* relational interplay of the practitioners, their practices and their praxis within the focal OBM. I frame this study in the context of four *multi-level* value creation/co-creation domains, which I refer to as *intra-organisational factors*, *inter-organisational factors*, *extra-organisational factors* and *practitioners and their capabilities*, against the two outcomes of *value co-creation* and *value capture*. I present these multi-level domains in a conceptual framework later in the thesis.

In order to investigate the research problem, I state the following three research objectives:

Research objective one

To provide an account of an OBM as strategic practice. More specifically:

    a) What is *open* about OBMs?

Research objective two

Building on a practice perspective, to present an analysis of an OBM as a *multi-level* phenomenon. More specifically:

    a) How internal factors affect openness (intra-organisational level).

    b) What elements of inter-firm interaction affect OBM functionality (inter-organisational level)?

c) How the OBM's embeddedness in its external (ecosystem) context affects OBM functionality (extra-organisational level).

d) How personal (capability) factors underpin OBM functionality (actor level).

NB: I will explore functionality in terms of value capture and value creation/co-creation.

Research objective three

To gain an understanding of a solutions-based OBM context that crosses industry and sectoral boundaries.

NB: The case is set in a construction industry context in one of the Department of Health's NHS LIFT PPPs in a city-region situated in the North of England.

1.5 CONTRIBUTIONS OF THE STUDY

The ultimate value-added test of a study is whether the study had advanced our theoretical understanding of a particular area of knowledge. In order to attempt to answer this question, Corley and Gioia (2011) conceptualise a helpful model to establish the dimensions for theoretical contribution. In order to illustrate the position of the contributions to knowledge made by the study, I have adapted this model, which is presented in Figure 1.2.

I provide a number of original contributions to knowledge relating to our understanding of OBMs in a cross-industry and cross-sectoral (public-private) context in this thesis. In particular, I make theoretical contributions to OBM literature by advancing current understanding of solutions OBMs in a cross-industry and cross-sectoral (public-private) context, adopting a strategy-as-practice perspective. I review three broad streams of literature to elucidate both the background to the BM concept as well as the BM concept itself. I contend I provide revelatory insight (Corley and Gioia, 2011) into OBM literature by a novel synthesis of strategy-as-practice, IM and BM theory. This contribution arises

because the theory reveals what we otherwise had not conceived, known or seen (Corley and Gioia, 2011).

Utility

	Practically useful	Scientifically useful
Revelatory	4 Contributions for practice	1 Contributions for theory
Incremental	3 No contributions	2 Contributions for theory

Originality

Figure 1.2: Position of contributions of the study
Source: Adapted from Corley and Gioia (2011: p. 15)

In the thesis, I challenge the underlying assumption that existing studies provide only *single-level* insight into BMs and OBMs. In particular, the findings contribute to OBM literature in IM scholarship by offering *multi-level* incremental insight (Corley and Gioia, 2011) into an OBM as a regional strategic network, a network that also forms part of a national platform ecosystem. Furthermore, as a challenge to this predominant static understanding of BMs and OBMs, I also make practical contributions by advancing current understanding by examining OBMs as strategic practice, thus breaking with the rhetorical nature of much BM literature. By focusing on practitioners and their capabilities in OBMs, this approach, therefore, addresses partially the under-socialisation of current BM research and provides revelatory insight (Corley and Gioia, 2011) into the open practices of these practitioners within OBMs. In particular, insight is provided into value creation/co-creation and value capture, as strategic practice. As the focal OBM crosses industry and sectoral boundaries, the findings also advance knowledge where it is currently lacking into the influence of boundary-spanning practitioners in OBMs.

Thus, I claim these original theoretical and practical contributions have been made on the ability to provide original insights into a phenomenon by advancing knowledge that is both

revelatory and *incremental* (in the terms used by Corley and Gioia, 2011) in a way that is deemed to have utility, in other words usefulness for some purpose. In this study, I contend this usefulness is for other organisational scholars and for practitioners.

In the next section, I conclude the introduction to this thesis by presenting its structure.

1.6 STRUCTURE OF THE THESIS

I adopt a linear-analytic structure for the presentation of this thesis. According to Yin (2009), the linear-analytic structure for case study presentation is a very common approach, adopts the viewpoint of the researcher, deals with the issues studied, literature review, methodology deployed, and findings and conclusions. The chapter headings in the thesis take into account the sequence suggested by Perry (1998) and consist of eight chapters followed by references and appendices.

I present the structure of the thesis next.

1.6.1 SECTION A. LITERATURE REVIEW

Immediately following this introductory chapter one, Section A consists of two chapters. In chapter two, I review the background to the BM concept, which includes a review of the literature on the evolution of strategy and IM literature. In chapter three, I review the literature on the BM concept. The purpose of this section is to gain a detailed insight into the current research on the topic of BMs in order to identify and discuss the significant gaps in extant literature facing the study.

1.6.2 SECTION B. OBJECTIVES, METHODOLOGY AND METHODS

Section B consists of a single chapter, chapter four. In the first part of the chapter, I discuss the gaps in extant literature arising from the literature review section and then progress to present the subsequent identified research objectives to address the gaps in the literature. In the second part of the chapter, I present the research methodology.

The research methodology I deployed for this study is a single case study design (see for instance Borghini et al., 2009; Eisenhardt, 1989; Piekkari et al., 2010; Yin, 2003, 2009) to examine the three firms, as embedded units of analysis, that form the focal OBM, adopting a strategy-as-practice perspective (see for instance Jarzabkowski, 2004, 2005; Jarzabkowski et al., 2007; Whittington, 1996, 2003, 2006, 2007). In order to facilitate the collection of the empirical evidence, I deployed semi-structured interviews and archives of documents as data sources. The research process for this study has been approached from an inductive position and the theory produced emergently (Bonoma, 1985; Eisenhardt, 1989; Perry, 1998), rather than being based on hypotheses or propositions derived from previous literature. This study draws on the social constructionist epistemological tradition; because I argue, the world and reality are socially constructed and given meaning by people. I draw on such ontological properties as conscious human experiences, interpretations and understandings and suggest an ontological position that believes individual people hold attitudes and emotions, and that those attitudes and emotions are meaningful components of the social world. These meaningful components of reality are considered subjective because they exist entirely through the action of humans. Given the complex, dynamic, innovative and under-researched character of this research topic, a rich, deep, in-depth qualitative study is, arguably, the most appropriate methodology for this study. In addition, because this study is interpretative and aims to develop meaningful insights into BMs, which currently lacks clear theoretical underpinnings (Doganova and Eyquem-Renault, 2009; Wieland et al., 2017), I also deployed an exploratory approach.

1.6.3 SECTION C. FINDINGS, CONCLUSIONS AND CONTRIBUTIONS

Section C consists of four chapters. In chapter five, I present an introduction and background context to the three firms, as embedded units of analysis that form the focal OBM. In chapter six, I present the findings from the data collection and analysis phase of the study in the context of my conceptual framework. In chapter seven, I present the conclusions to the findings from the within-case theme analysis of the three firms in relation to the three research objectives. In chapter eight, I conclude the presentation of the section and present the contributions to theory and practice made by the study as well as the

directions for further research. In the final section of the chapter, I present my personal reflections on this long but intellectually fulfilling research journey.

In the next section, I present a review of the literature relating to the topics of strategy (including strategy-as-practice), IM and BMs.

SECTION A
LITERATURE REVIEW

A.I SECTION INTRODUCTION

The purpose of this section is to present a review of extant literature relating to the topics of strategy (including strategy-as-practice), industrial marketing (IM), and business models (BMs). The scope of this chapter focuses mainly on literature contained within original authored books by academic scholars and peer-reviewed academic journals. The purpose of a literature review can be summarised by Sekaran (1992) who identifies five aims for a good literature review. According to Sekaran (1992: p. 38), the first aim is to avoid "re-inventing the wheel." that by reviewing what has already been discovered by prior research ensures the study does not re-discover something that is already known. The second aim is to provide a base knowledge that allows the stating of the research issue with precision and clarity. The third aim is to identify, from existing knowledge and understanding, important variables that are likely to influence the research issue. The fourth aim is to gain insights into "what variables would be most important to consider, why they would be considered important and how they would be investigated to solve the problem." The final aim is to allow the business community to appreciate the relevance and significance of the study.

I review three broad streams of literature in this section to elucidate both the background to the BM concept as well as the BM concept itself. In particular, I selected these three broad streams of literature, namely strategy (including strategy-as-practice), IM, and BMs, based on the best possible understanding of their compatibility and complementarity to address the research objectives. I present a Venn diagram showing my judgement of where these three broad streams of literature, at time of submission of this thesis for examination, fit into the BM concept relative to their centrality within the discipline boundaries, in Figure A.1. I contend I provide revelatory insight (in the terms used by Corley and Gioia, 2011) into OBM literature by a novel synthesis of these three broad streams of literature. I divide the presentation of the literature review into *two* distinct chapters. First, I present a review of the background to the business model concept, including a review of the literature on the evolution of strategy and industrial marketing in chapter two.

THE NEXUS OF CONTRIBUTION OF THE THESIS

STRATEGY-AS-PRACTICE LITERATURE

INDUSTRIAL MARKETING LITERATURE

BUSINESS MODEL LITERATURE
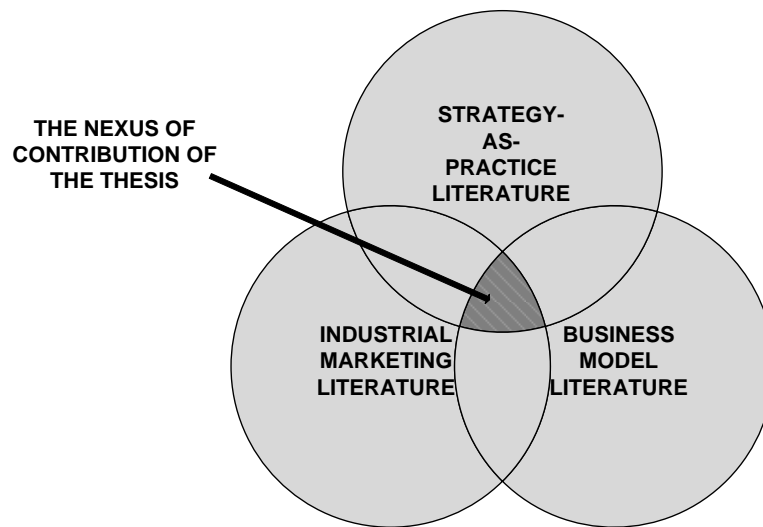
Figure A.1: Diagram showing the logic of the literature review structure
Source: Author

Next, I present a review of the background to the business model concept, including literature on the evolution of business models and open business models in chapter three.

CHAPTER TWO

BACKGROUND TO THE BUSINESS MODEL CONCEPT

2.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Chapter Two.	Background to the business model concept
Chapter Three.	The business model concept
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
	Current position in the thesis shaded

Figure 2.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this chapter is to present a review of the background to the business model (BM) concept. In particular, this review includes literature on the evolution of strategy and industrial marketing (IM). I begin the chapter with a historical overview of the evolution of strategy. Following this historical overview, I next review the literature on the industrial organisation economics-based view of strategy, which includes the theories of the generic competitive strategies, strategic groups and strategic alliances, followed by the resource-based view of strategy, which includes the closely related dynamic capabilities-based view and knowledge-based view of the firm. The literature relating to a practice-based approach to strategy and, in particular, the strategy-as-practice perspective is next reviewed. Next, I review the literature relating to the industrial marketing-based view of strategy, which includes the theories of the Industrial Marketing and Purchasing Group (IMP) in the context of interaction, relationships and networks, followed by the related theories of strategic networks and regional strategic networks. Finally, I review the business ecosystem literature, which completes my presentation of the chapter.

2.2 A HISTORICAL OVERVIEW OF THE EVOLUTION OF STRATEGY

According to Daniels (1991), all research tends to be cyclical, therefore any field of study needs to take an occasional step back and reflect on how the research area is actually composed. The history of strategy and strategic thinking goes back to the military and political sphere in ancient history where people planned strategies to triumph in battles (Ghobadian and O'Regan, 2008). However, it was not until the 1960s that strategy as a discipline emerged as a new concept (Ghobadian and O'Regan, 2008; Nerur et al., 2008). Since that time, the evolution of the field has been substantial (Casadesus-Masanell and Ricart, 2010a; Hoskisson et al., 1999). Early contributors to the literature, such as Andrews (1971), Ansoff (1957, 1968, 1972), Chandler (1962) and Learned et al. (1969) were predominantly concerned with identifying best *practices* that contributed to the success of firms. This emphasis on the internal competitive resources of firms goes back to the early work of Barnard (1938), Penrose (1959) and Selznick (1957). According to Mintzberg (1990, 1994), Selznick (1957) set the foundation for some basic concepts for what is termed the *design school*. Selznick (1957: p. 67) stated:

> "In defining the mission of the organisation, leaders must take account of (1) the internal state of the policy: the strivings, inhibitions, and competencies that exist within the organisation, and (2) the external expectations that determine what must be sought or achieved if the institution is to survive."

Chandler (1962) recognised the importance of co-ordinating the various aspects of management under one all-encompassing strategy. Prior to this recognition, the various functions of management were separate with little overall co-ordination or strategy. Interactions between functions or between departments were handled typically by a boundary position that meant there were one or two practitioners that relayed information back and forth between two departments. Chandler (1962) also stressed the importance of taking a long-term perspective when looking to the future and showed that a long-term co-ordinated strategy was necessary to give a firm structure, direction, and focus. Ansoff (1968) built on Chandler's work, conceptualised a range of strategic concepts, and invented a new vocabulary. Ansoff (1957, 1968) took a prescriptive approach and conceptualised a strategy matrix that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and

diversification strategies. Ansoff argued that practitioners could use these strategies to prepare systematically for future opportunities and challenges. Ansoff's work provided the basis for what is termed the *planning school*.

By the early 1970s, there was a move towards what is termed *industrial organisation (IO) economics* (Hoskisson et al., 1999). An example of this view is the work of Porter (1979, 1980, 1985) with its theoretical roots based on the industry level emphasis of the structure-conduct-performance paradigm (Bain, 1956, 1968; Mason, 1939). This view changed the focus of strategy from a firm's internal competitive resources towards the external industry structure and competitive position in the industry, and in terms of methodology, strategy research became more *scientific*. According to Hoskisson et al. (1999: p. 425), "Porter (1980, 1985) made the most influential contribution to the field employing IO economics logic." Porter (1979, 1980, 1985) introduced many new concepts and models including the five forces analysis, the value chain model, the generic competitive strategies model and strategic groups analysis. Porter appears to modify Chandler's pronouncements about structure following strategy by introducing a second *level* of structure: Organisational structure follows strategy, which in turn follows industry structure. Porter's generic competitive strategies model describes the interaction between cost minimisation strategies, product differentiation strategies, and market focus strategies. Although Porter did not introduce these terms, he showed the importance of choosing one of them rather than trying to position the firm between them. Porter (1985) also challenges practitioners to view their industry in terms of a value chain by pronouncing that a firm would be successful only to the extent that it contributes to the industry's value chain. This challenge forces practitioners to view their firm's operations from the customer's point of view because every operation should be examined in terms of what value it adds in the eyes of the final customer (Porter, 1985). Porter's work provided the concepts for what is termed the *positioning school* by Mintzberg et al. (1998), because of its focus on a firm's strategic positioning in its market or industry.

The beginning of the 1990s saw the publication of another book by Porter. Porter (1990) conceptualises a theory, known as Porter's *Diamond*, which explains the success of certain nations in certain markets. Porter's (1990) study investigates why certain nations are able to

produce certain products that are recognised as the best in the world and, consequently captures international market share. Porter suggests actions that senior-managerial-level practitioners can take in their home nations to foster strength abroad. According to Rumelt et al. (1994: p. 430), the influence of the structure-conduct-performance paradigm has been "enormous". However, despite the influence of this paradigm, with the focus on strategic groups, it appears evident of the emergence of *levels* of analysis with a move from the industry-level to the firm-level. The concept of strategic groups classifies firms into categories of strategic similarity within, and differences across, groups (Hunt, 1972; McGee and Thomas, 1986; Porter, 1980). Ohmae (1982, 1985, 1989) is another scholar whose strategy work was published during the 1980s. Ohmae (1982) is, arguably, best known for developing his *3Cs* Model. Ohmae (1982) found that successful business strategies flowed from a particular mental approach, which was essentially creative and intuitive rather than rational. In the *3Cs* Model, Ohmae (1982) found that three key areas that must be taken into account in order for a business strategy to be successful, namely the corporation, the customer and the competitors, and that only by integrating these three *Cs* in a strategic triangle, a sustained competitive advantage could exist.

The resource-based view (see for instance Barney, 1986, 1991; Connor, 2002; Grant, 1991; Hamel, 1994; Kay, 2000; Prahalad and Hamel, 1990; Rumelt, 1991; Wernerfelt, 1984) and the closely related knowledge-based view of the firm (see for instance Eisenhardt and Schoonhoven, 1996; Grant, 1996; Kogut and Zander, 1992; Nonaka, 1994; Nonaka et al., 2000; Spender and Grant, 1996), were introduced during the 1980s and became a dominant framework in the 1990s (Hoskisson et al., 1999). The resource-based view essentially adopts an *inside-out* approach to the development of strategy because it is concerned with exploiting a firm's internal strengths and weaknesses as opposed to its external opportunities and threats (Barney, 1991; Wernerfelt, 1984). According to Barney (1991: p. 101), examples of such resources include all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness." Both Hamel (1994) and Prahalad and Hamel (1990) refer to these resources as *core competencies*. The resource-based view is, therefore, fundamentally opposed to the positioning school associated with Porter (1980, 1985) because this view is based on the

argument that success comes to organisations with a firm perspective rather than a view of strategy based upon an industry perspective (Connor, 2002).

A review of the history of the evolution of strategy appears to have created an interesting debate on the merits of balancing creative and intuitive thought with analytical and rational analysis. A debate has evolved between scholars in the descriptive literature (see for instance Mintzberg, 1979, 1990, 1994; Ohmae, 1982) who argue strategy should be conducted as an *art*. Whilst scholars from the prescriptive literature (see for instance Ansoff, 1957, 1968; Porter, 1979, 1980, 1985, 1987, 1990, 1991, 1996, 1998, 2001) who argue strategy should be conducted as a *science*. According to Hoskisson et al. (1999: p. 444):

> "The greatest challenge, and at the same time the most interesting aspect, of strategy as a scholarly discipline is the ever-evolving nature of its research. The fluidity of many strategic issues requires strategy researchers to keep advancing the extant body of knowledge."

According to Rumelt et al. (1994: p. 9), "strategic management as a field of inquiry is firmly grounded in *practice* [emphasis added] and exists because of the importance of the subject." Therefore, due to the practical nature of the field, "strategic management is likely to continue to flourish by using a wide variety of theoretical perspectives and methodologies in order to help explain firm performance" (Hoskisson et al., 1999: p. 444). Shared among these dominant paradigms is the perception that strategy is something firms *possessed* (Whittington, 1996, 2003, 2006, 2007). More recently, a new perspective in strategy research, taking a practice-based approach, is attracting a growing number of researchers. As opposed to the current dominant view on strategy as something firms possessed, a practice-based view of strategy is concerned with strategy as something people in firms *do* (see for instance Bromiley and Rau, 2014; Jarzabkowski, 2004, 2005; Jarzabkowski et al., 2007; Jarzabkowski et al., 2015; Regner, 2012, Vaara and Whittington, 2012; Whittington, 1996, 2003, 2006, 2007).

2.3 WHAT IS STRATEGY?

To begin this section, I pose the question: what is the meaning of the generic term *strategy*? According to Hoskisson et al. (1999: p. 444):

> "Because the nature of strategy problems cannot easily be framed within a fixed paradigm, strategic management is necessarily a multi-paradigmatic discipline, requiring varied theoretical perspectives and methodologies."

Mintzberg et al. (1998) argue there is no one universally accepted definition for the term. Furthermore, both Mintzberg (1994) and Mintzberg et al. (2003) posit that strategy is viewed in at least four different ways: as a pattern, plan, position, or a perspective. However, according to Ohmae (1982), strategy is all about competitive advantage. In other words, without competitors there would be no need for strategy. The sole purpose of strategic planning is to enable firms to gain, as efficiently as possible, a sustainable edge over its competitors. This notion of strategy being concerned with the creation of competitive advantage is also shared by Porter (1979, 1980, 1985, 1987, 1996). Porter (1980, 1985) found that strategy was concerned with the creation of a unique and valuable position and conceptualised three generic competitive strategies that a firm could adopt. According to Bowman and Carter (1995: p. 423), the generic strategy concepts have proven to be "hugely influential in the strategic management field." However, Bowman (1998) found that strategy existed at a number of levels in a firm. First, corporate-level strategy is where strategy is concerned with what types of business the firm as a whole should be in and is therefore concerned with decisions of scope. Second, competitive or business-level strategy is concerned with how to compete in a particular market. For example, Dibb et al. (2001: p. 656) define marketing strategy as indicating "the specific markets towards which activities are to be targeted and the types of competitive advantages that are to be developed and exploited." Dibb et al. (2001: p. 656) add that implicitly "strategy requires clear objectives and a focus in line with an organisation's corporate goals; the *right* customers must be targeted more effectively than they are by its competitors, and associated marketing mixes should be developed into marketing programmes that successfully implement the marketing strategy." Third, functional- or operational-level

strategy is concerned with how the different functions of the firm, such as marketing, finance and manufacturing, contribute to the other levels of strategy.

2.4 THE INDUSTRIAL ORGANISATION ECONOMICS-BASED VIEW

I present a review of the literature on the topic of strategy next beginning with the generic competitive strategy work of Porter (1980, 1985).

2.4.1 THE GENERIC COMPETITIVE STRATEGIES MODEL

Porter (1980) conceptualises three generic strategic approaches that can be pursued by a firm to outperform other firms in an industry and terms these strategies *overall cost leadership*, *differentiation* and *focus*. The three generic competitive strategies elucidate the alternative directions of the strategy making process to attain competitive advantage. Each generic strategy requires a firm to deploy a different set of resources and capabilities, different organisational structures, control and incentive mechanisms. These in turn lead to different management styles, corporate cultures, and highlight the need to make a choice to avoid being caught between inherent contradictions of different strategies. I present Porter's (1980) three generic competitive strategies model in Figure 2.2.

		STRATEGIC ADVANTAGE	
		Uniqueness perceived by the customer	Low-cost position
STRATEGIC TARGET	Industry wide	DIFFERENTIATION	OVERALL COST LEADERSHIP
	Particular segment only	FOCUS	

Figure 2.2: Porter's generic competitive strategies model
Source: Porter (1980: p. 39)

According to Porter (1996: p. 64), "competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value." Porter (1996) also found strategy was about choosing what to do as well as what *not* to do. Whilst the achievement of competitive advantage forms the basis of any strategy, Porter (1996) found that in order for a firm to achieve *sustainable* competitive advantage it either had to operate at a lower cost, by commanding a premium price or by doing both. According to Porter (1980), an overall cost leadership strategy is deployed when a firm seeks to become the low-cost producer in its industry. The sources of cost advantage are various and depend on the structure of the industry, which may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low-cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above-average performer in its industry, provided it can command prices at or near the industry average. However, overall cost leadership is not the only means in which firms can sustain competitive advantage or achieve superior performance. Porter (1980) found that in a differentiation strategy, firms sought to create something perceived as unique in the industry.

According to Porter (1980), the generic strategy of focus rests on the choice of targeting a single or select few strategic segments within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. However, Sharp (1991) argues there is a *fourth* generic strategy in Porter's model. Porter (1980) argues that a firm shall adopt only one generic strategy and failure to do this will result in the firm losing its entire focus resulting in this fourth generic strategy, what he terms *stuck in the middle*. This argument for the fourth generic strategy is based on the premise that a differentiation strategy will incur costs to the firm, which contradicts the basis of a cost leadership strategy. Therefore, a cost leadership and differentiation strategy shall be mutually exclusive. Porter (1980) identifies two risks to his generic competitive strategies model. The first risk is failing to attain or sustain the strategy and the second risk is for the value of the strategic advantage provided by the strategy to erode with the evolution of the industry. "More narrowly, the three strategies are predicated on erecting different kinds of defences against the competitive forces, and not surprisingly they involve differing types of risks. It is important to make these risks explicit in order to improve the

firm's choice among the alternatives" (Porter, 1980: p. 44). However, Porter (1985) later modified the generic competitive strategies model and included two additional strategies termed *cost focus* and *differentiation focus*. According to Porter (1985), in a cost focus strategy the firm seeks a cost advantage in its target segment, whilst in a differentiation focus strategy the firm seeks differentiation in its target segment. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry.

2.4.2 STRATEGIC GROUPS ANALYSIS

An alternative to the generic competitive strategies model is the concept of strategic groups analysis. Strategic groups analysis is different because the generic competitive strategies model is based on internal strategies and do not reflect the strategic differences *among* firms in an industry. According to McGee and Thomas (1986), the term *strategic groups* was originally created by Hunt (1972) whilst conducting an analysis of the white goods industry for his doctoral thesis in the 1960s. Porter (1980) develops the concept and applies it within his theoretical techniques for analysing industries and competitors. A strategic group is defined as a concept that groups firms in an industry "following the same or a similar strategy along the strategic dimensions" (Porter, 1980: p. 129), in other words, firms in an industry with similar strategic characteristics, following similar strategies or competing on similar bases (Kim and Mauborgne, 1999). Porter (1980) found that, at one extreme, an industry could have only one strategic group if all the firms followed essentially the same strategy and, at the other extreme, each firm could be a different strategic group. He adds that usually, however, there are a small number of strategic groups, which capture the essential strategic differences among firms in the industry.

Strategic groups link to the concept of *mobility barriers* (Caves and Porter, 1977; Porter, 1980). According to Porter (1980), mobility barriers are similar to the entry barriers that exist in industries, except they apply to groups within an industry. Because of these mobility barriers, a firm draws into one strategic group or another. McGee and Thomas (1986: p. 150) state, "the natural way to assign firms to strategic groups is by reference to the characteristics of their strategies with group members displaying similar strategies, and

differences between groups being relatively sharp." McGee and Thomas (1986: p. 151) found that "mobility barriers fell into three broad categories: market-related strategies, the characteristics of supply in the industry, and features specific to the ownership and management of the individual firm" and these corresponded broadly to differentiation and cost-based strategies at the business unit level, and to characteristics of strategy at the corporate level. The market-related strategies include the extent of product (or service) diversity, extent of geographical coverage, number of market segments served and distribution channels used. The industry supply characteristics include the economies of scale in production, marketing and administration and the marketing and distribution systems. The characteristics of the individual firm include the ownership and size, organisation structure, control systems, management skills and the boundaries of the firm such as diversification and the extent of vertical integration. According to Porter (1980), the analysis of strategic groups is helpful because it aids the identification of both a firm's direct competitors and on what basis those competitors compete in the market place. It also raises the question of how likely or possible it is for another firm to move from one strategic group to another.

2.4.3 STRATEGIC ALLIANCES

According to Porter (1990), strategic alliances are a mechanism by which a firm can seek to gain competitive advantage. A strategic alliance is a long-term agreement between firms that go beyond normal market transactions but which stop short of a merger. They take many forms, including joint ventures, licenses, sales agreements, and supply agreements and are usually formalised by one or more contracts. Whilst individual actors, such as practitioners, perform boundary-spanning roles in the innovation process within firms, the role of boundary-spanning actors is also extremely important in the transfer of intra- and inter-organisational knowledge within strategic alliances (Khan et al., 2015). Whilst Tushman (1977) coined the term *boundary spanner*, research into the concept began in the social sciences from the late 1950s. According to Tushman (1977), boundary-spanning describes practitioners within an innovation system who have, or adopt, the role of linking a firm's internal networks with external sources of knowledge. For example, boundary-spanning practitioners facilitate cross-unit knowledge transfer within and beyond firm

boundaries (Zhao and Anand, 2013). With the exception of *closed* systems of innovation, other systems have transference across their boundaries and the boundary spanner facilitates this process. However, according to Khan et al. (2015), the literature on boundary spanners has been examined mainly at the firm-level, but their role at the inter-organisational level has rarely been examined.

Partnership working, and more recently partnership working in the context of public-private sector partnerships (PPPs), has been established firmly as a prominent part of the local government landscape (Nicholson and Orr, 2016). The role of boundary-spanning actors working in the public and private sectors is identified as an extremely important factor in the effective operation of modern public sector undertakings (Nicholson and Orr, 2016). These boundary-spanning practitioners can be both senior figures who champion partnerships and those who make them function at a more micro-level (Noble and Jones, 2006). These boundary-spanning actors are required to make sense of and transmit context-rich communication, and process both explicit and tacit knowledge flowing across such firm boundaries (Williams, 2013; Zhao and Anand, 2013). Formal contracts that specify obligations, promises and processes for resolving conflicts (Poppo and Zenger, 2002) usually bind PPP's. Three types of PPP contracts are identified that range from contractual, to joint venture and informal collaboration with market players (Ghere, 1996). In an inter-organisational context, scholars (see for instance Dyer and Singh, 1998; Lui and Ngo, 2004; Poppo and Zenger, 2002) identify trust and formal contracts as the two fundamental mechanisms governing the relationships between firms. Both mechanisms are intended to safeguard against opportunism and mitigate exchange hazards (Jiang et al., 2013). For example, opportunistic partners can abuse a firm's trust in an effort to acquire proprietary knowledge, but formal contracts will counter the breach of trust (Li et al., 2010). Accordingly, trust is considered a substitute for formal contracts to manage knowledge exchange between firms (Dyer and Singh, 1998; Ring and Van de Ven, 1994) whilst another body of research shows the two mechanisms complement each other (Li et al., 2010; Poppo and Zenger, 2002). However, despite being commonly used by practitioners, a focus on the administration of contracts as well as their performance implications appears largely missing from IM literature (Ehret et al., 2013) which could be due to contracts often being in the background of the more prominent research areas of relationships and

interaction (Mohring and Finch, 2015). This lacuna presents researchers with tremendous opportunities to examine issues related to the design and implementation of contracts in the context of BMs.

2.5 THE RESOURCE-BASED VIEW

As an alternative perspective to the industrial economics-based view, the resource-based view of the firm paradigm has a long antecedent with links going back to Penrose (1959) with her pioneering ideas of viewing a firm as a group of resources. Despite its long antecedent, the resource-based view was largely introduced during the 1980s and became the dominant framework in the 1990s (Hoskisson et al., 1999) having been developed by more contemporary scholars (see for instance Barney, 1991; Connor, 2002; Grant, 1991; Hamel, 1994; Kay, 2000; Prahalad and Hamel, 1990; Rumelt, 1991; Wernerfelt, 1984). The resource-based view has since emerged as an "important new conceptualisation in the field of strategic management" and is "one of the most important redirections of the (content of) strategy research…" (Zajac, 1995: p. 169). The resource-based view deals with the competitive environment facing a firm but, essentially, adopts an *inside-out* approach to the development of strategy because it is concerned with exploiting a firm's internal strengths and weaknesses as opposed to its external opportunities and threats (Barney, 1991). In essence, the firm finds "strategic success through the acquisition, development and deployment over time of scarce resources and skills which are either unique in themselves or in the way they are combined with other assets." It is these resources that will "provide the basis for its survival and success through time as external conditions in the environment change" (Connor, 2002: p. 307). I present an illustration of the relationship between the paradigms of the *internal* resource-based view and of the *external* industrial economics-based view in Figure 2.3.

Building on the early work of Wernerfelt (1984), a number of scholars (see for instance Barney, 1986; Dierickx and Cool 1989; Rumelt, 1991) attempt to explain more specifically how differences in resources result in superior firm performance. For example, Rumelt (1984) found that firms might start as homogeneous, but with *isolating mechanisms*, they

became differentiated such their resources could not be imitated. Barney (1986) found that resource factors differed in their *tradeability*.
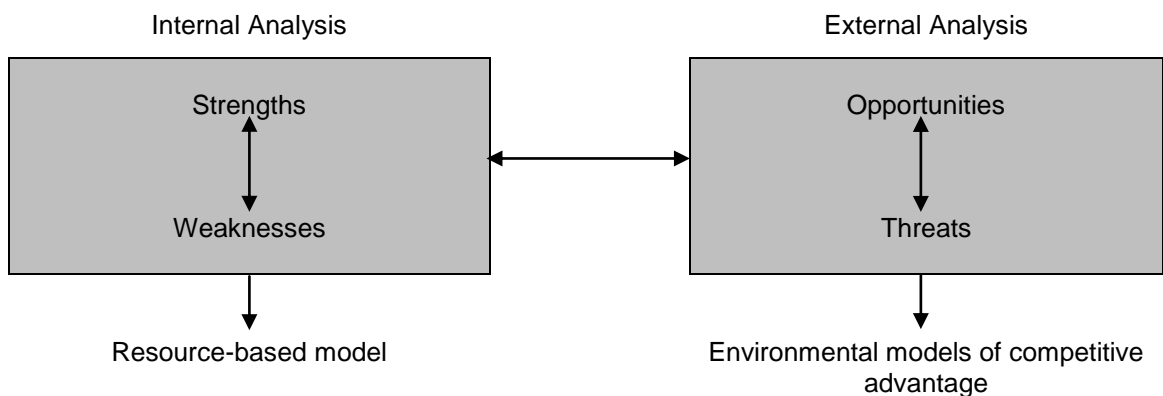
Figure 2.3: The relationship between 'strengths-weaknesses-opportunities-threats' analysis, the resource based model, and models of industry attractiveness
Source: Barney (1991: p. 100)

Examples of such resources include "all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness" (Barney, 1991: p. 101). Both Hamel (1994) and Prahalad and Hamel (1990) refer to these resources as *core competencies*. More recently, Vendrell-Herrero et al. (2017) attempt to understand how the possession of what they term *outward looking competencies* are important factors in achieving sustainable competitive advantage in overseas markets. In addition, resources can be categorised as *tangible* and *intangible* (Peteraf, 1993). Tangible resources refer to the physical assets that a firm possesses such as human, financial and physical resources whereas intangible resources refer to intellectual and technological resources and reputation (Connor, 2002). Barney (1991) conceptualises a more detailed framework to identify the internal resources of a firm that are needed in order to generate sustainable competitive advantage and proposes four criteria to assess the economic implications of the resources. These four criteria are termed *value*, *rareness*, *inimitability*, and *substitutability*. According to Barney (1991), the value criterion refers to the extent to which the firm's combination of resources fit with the external environment so the firm is able to exploit opportunities and/or counteract threats in the competitive environment. The rareness criterion refers to the actual or perceived physical rareness of the resources in the factor markets. The inimitability criterion refers to the continuation of imperfect factor

markets via information asymmetry, such that resources cannot be obtained or re-created by other firms without a cost disadvantage. Finally, the substitutability criterion considers whether the firms are substitutable by competitors.

2.5.1 DYNAMIC CAPABILITIES

Whilst the resource-based view emphasises resource choice, or the selecting of appropriate resources, the closely related dynamic capabilities-based view emphasises resource development and renewal (see for instance Barney, 1991; Bowman and Ambrosini, 2003; Eisenhardt and Martin, 2000; Helfat, 2000; Ludwig and Pemberton, 2011; Teece, 2014; Teece et al., 1997; Zahra et al., 2006). Dynamic capabilities are the ability of practitioners in firms to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments with such capabilities often residing in one or a few individual practitioners. On the other hand, ordinary capabilities are best *practices* that typically start in one or two firms and then spread to the entire industry (Teece, 2014; Teece et al., 1997). The basic assumption of dynamic capabilities is that core competencies are used to modify short-term competitive positions that can be used to build longer-term competitive advantage. Dynamic capabilities theory attempts to deal with two key questions: First, how can practitioners change their existing mental models and paradigms to adapt to radical discontinuous change? Second, how can firms maintain threshold capability standards and hence ensure competitive survival? The main difference between the resource-based view of the firm and dynamic capabilities view is the fact the latter focuses more on the issue of competitive survival rather than achievement of sustainable competitive advantage. This focus appears to be closer to contemporary business realities.

More recently, Ludwig and Pemberton (2011) emphasise the need to focus on the actual process [I add practices] of dynamic capability building rather than generate further abstract definitions of dynamic capabilities. It appears important, therefore, to focus on different industry contexts to advance further this emerging area of research. According to Velu (2017), dynamic capabilities consist of three clusters of processes [I add practices], namely *sensing* opportunities, *seizing* opportunities and *transforming* opportunities. In essence, sensing involves the identification and development of customer requirements; seizing

involves the deployment of resources, both internally and externally, in order to address the opportunities identified and to capture value from doing so; and transforming is the continuous renewal of the firm's BM (Velu, 2017). Firms that operate in markets with changing environmental conditions, such as new technologies, face the challenge of developing an appropriate BM to connect the technology with the needs of the market (Velu and Stiles, 2013). Such inter-temporal management of the evolution of the BM, to configure an appropriate means to create and capture value, requires firms to possess dynamic capabilities (Teece, 2014). However, the nature of the constituent elements of dynamic capabilities that enable BM evolution is not well understood (Velu, 2017).

In many industries, changing the entire resource base in response to external changes is simply unrealistic. At the same time, ignoring external change altogether is not an alternative; therefore, practitioners are forced to engage with the complex task of dynamic capability building in order to facilitate competitive survival in the light of depreciating value of resource bases available within the firm. A subsequent distinction split the *resources* construct into *capabilities* and *resources*. In this respect, resources are tradeable and non-specific to the firm, whilst capabilities are firm specific and used to engage the resources within the firm, such as implicit processes to transfer knowledge within the firm (Hoopes et al., 2003; Makadok, 2001). This distinction appears to have been widely adopted throughout the resource-based view literature (Conner and Prahalad, 1996; Makadok, 2001). However, Barney's (1991) framework has been criticised because it treats the resources construct as singularly discrete factors and does not take account for groups of resources (Black and Boal, 1994). To answer this criticism, a number of scholars (see for instance Black and Boal, 1994; Grant, 1991) propose factor networks that have specific inter-relationships should nest resources and there is a need to examine the dynamic inter-relationships among these resources. Robins (1992) found these relationships generated quasi-rents because the tradeable factors had their value bid away.

2.5.2 ABSORPTIVE CAPACITY

Closely related to the resource-based view is the knowledge-based view of the firm (see for instance Eisenhardt and Schoonhoven, 1996; Grant, 1996; Kogut and Zander, 1992;

Nonaka, 1994; Nonaka et al., 2000; Spender and Grant, 1996). Firms are increasingly becoming reliant on knowledge acquired from other firms to facilitate the development of their own capabilities (Lane and Lubatkin, 1998). Absorptive capacity, the ability to assimilate and utilise new knowledge acquired from external sources, is a related yet distinct element of dynamic capabilities (Cohen and Levinthal, 1990). From the early work of Penrose (1959), one can argue the core of a firm's absorptive capacity is the creation and integration of knowledge (Grant, 1996).

One challenge within the field of knowledge management is the collection and codification of explicit knowledge into tacit knowledge, which is held frequently in silos within firms (Aldrich and Herker, 1977). Boundary-spanning roles are required to move that knowledge around the firm in a process referred to as *socialisation* (Nonaka et al., 2000). Boundary spanners (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Tushman, 1977; Williams, 2013) are characterised by their ability to engage with others and employ effective relational and interpersonal competencies which are motivated by a need to acquire an understanding of people and firms outside their own firms and industry sectors (Williams, 2013). By definition, all firms have some type of boundary-spanning roles, if only at the highest level of the firm, for example, the firm's chief executive officer or proprietor (Aldrich and Herker, 1977). The number of boundary-spanning roles within a firm is dependent partially on the firm's size. A small firm is able to survive with a simple structure, with relatively few boundary roles and therefore can rely on information brought to it informally by employees (Aldrich and Herker, 1977). Often the information that filters into the firm through boundary-spanning roles is not raw data, but instead the inferences drawn from the incumbents of boundary-spanning roles of perceived facts. This type of information is difficult for anyone removed from the boundary to verify. The process of *uncertainty absorption* is a case of creation of intelligence for the firm; and once created, intelligence tends to be accepted. The firm therefore relies upon the expertise and discretion of its boundary-spanning employees in knowledge creation (Aldrich and Herker, 1977). However, Zhao and Anand (2013) argue that while a boundary-spanning structure is efficient for transferring discrete knowledge, it is inadequate for transferring collectively held more complex knowledge. They contend that the transfer of such complex knowledge requires a more decentralised inter-organisational

structure, which they term a *collective bridge*. A collective bridge is a set of direct inter-organisational ties connecting the actors of the source and the recipient unit, with the configuration of the inter-unit ties matching the complexity of knowledge transferred.

Boundary-spanning is a key element in the acquisition capacity of a firm in Cohen and Levinthal's (1990) theory of absorptive capacity. Initially, the theory of absorptive capacity in the context of knowledge management was studied in intra-organisational contexts (Cohen and Levinthal, 1990), in inter-organisational contexts (Minbaeva et al., 2003; Szulanski, 1996) and extra-organisational contexts (Lane and Lubatkin, 1998). Originally, absorptive capacity was defined as an ability to recognise, value, assimilate and apply new external knowledge to the benefit of the firm (Cohen and Levinthal, 1990). More recently, Zahra and George (2002) understand absorptive capacity as a dynamic capability that affects the firm's competitive advantage. Absorptive capacity is a dynamic firm-level capability that essentially resides within the employees of the firm (Minbaeva et al., 2003; Szulanski, 1996). Absorptive capacity of the firm consists of both the ability and motivation of firm employees to access and make use of external knowledge (Minbaeva et al., 2003). Ability refers to the knowledge bases of employees (e.g. skills, competencies) and reflects the employees' prior related knowledge (Minbaeva et al., 2003; Szulanski, 1996), whilst motivation refers to the intensity of effort that employees are willing to exert towards absorbing external knowledge (Minbaeva et al., 2003). According to Nonaka (1994), firms that are able to stimulate and to improve the knowledge of their human capital, are much more prepared to face rapid changes and to innovate in the domain where they decide to invest and to compete.

Zahra and George (2002) re-conceptualise absorptive capacity and identify four distinct dimensions termed *acquisition*, *assimilation*, *transformation* and *exploitation*. They stress the importance of these dimensions considering them as complementary capabilities that comprise a firm's absorptive capacity. Acquisition refers to the recognition and value of new external knowledge. Assimilation refers to the firm's routines and processes that allow it to analyse, process, interpret and understand the knowledge obtained from external sources (Szulanski, 1996; Zahra and George, 2002). Transformation refers to the internalisation of new external information and denotes a "firm's capability to develop and

refine the routines that facilitate combining existing knowledge and the newly acquired and assimilated knowledge" (Zahra and George, 2002: p. 190). Exploitation is based on the routines that allow firms "to refine, extend, and leverage existing competencies or to create new ones by incorporating acquired and transformed knowledge into its operations" (Zahra and George, 2002: p. 190). In Cohen and Levinthal's (1990) definition of absorptive capacity, employees must be able to apply new learned external knowledge for commercial gains. Cohen and Levinthal (1990: p. 131) further found that a firm's absorptive capacity did not "simply depend on the organisation's direct interface with the external environment. It also depends on transfers of knowledge across and within sub-units that might be quite removed from the original point of entry." Argote et al. (2000) define knowledge transfer as the process through which a unit (individual, department, firm) is affected by the experience of another. A number of scholars (see for instance Argote and Ingram, 2000; Grant, 1996; Grant and Baden-Fuller, 2004) use the resource-based view of the firm to argue the transfer of a firm's resources and capacities is an important antecedent in the obtaining of a sustainable competitive advantage. Thus, one can argue that knowledge transfer propensity is a pre-requisite in the obtaining of competitive advantage through absorptive capacity. A number of studies measuring knowledge transfer propensity by employees, found the existence of the notion of communities of practice appears to be a very important finding (see for instance Hildreth et al., 2000; Wenger and Snyder, 2000). Communities of practice are "seen as an effective and flexible means of bringing both skills and expertise to specific problems and tasks" (Hildreth et al., 2000: p. 29). Wenger and Snyder (2000), in particular, describe the important role played by communities of practice in firms in terms of the informal nature of tacit knowledge transfer. "Knowledge development benefits from individuals who exercise their curiosity and entrepreneurial initiative to leverage personal knowledge" (Pitt and Clark, 1999: p. 308). This newly created knowledge, which can promote innovations in new methods and practices, is adopted into the formal processes and culture of the firm (Darr and Kurtzberg, 2000). However, knowledge is lacking into the micro-level origins of absorptive capacity at the firm-level (Hotho et al., 2012).

2.5.3 FACE-TO-FACE COMMUNICATION

According to Chesbrough (2003, 2006), firms are increasingly looking for knowledge outside of their organisational boundaries. Therefore, an exchange of such knowledge often requires face-to-face communication, especially if the non-codified knowledge is tacit (Polanyi, 1966). Tacit knowledge is bound to the person that possesses the knowledge and a transfer of this knowledge requires personal face-to-face contact (Asheim et al., 2007). Storper and Venables (2004) found that face-to-face communication was becoming increasingly important in the global economy. A central tenet of this argument appears anchored in an understanding of innovation as interactive learning. The interactive learning perspective emphasises the importance of co-operation. Co-operation is improved and strengthened by the existence and building of social capital (Asheim et al., 2007). Innovation is increasingly dependent on complex valuable tacit knowledge that is either embedded in a firm, person, network or local context (Johnson et al., 2002; Polanyi, 1966). The expression of such tacit knowledge can be problematic because it is articulated through practical skills and, as such, cannot be presented visually, for example, in textual or diagrammatic forms. Hence, such knowledge is articulated through face-to-face communication (Asheim et al., 2007). Face-to-face communication should be taken literally in the sense that two or more persons are physically co-present in a way that allows for mutual visual and physical contact. Therefore, it refers to more than just co-location in the same cluster or city (Asheim et al., 2007). However, little is known about whether and how face-to-face interaction varies for different industry contexts (Asheim et al., 2007). Face-to-face communication allows for the deployment of several means of communication for the transfer, interpretation and co-development of especially complex tacit knowledge between two or more individuals. The knowledge, co-developed or reinterpreted in a face-to-face context can be knowledge that is relevant for the objectives of a particular collaborative arrangement or to knowledge spillovers in a non-collaborative context. In a collaborative context, during the period of such collaborative arrangement, the interaction with certain customers and suppliers often has durations of several years or even longer. In some cases, the suppliers work at the premises of their customers (Asheim et al., 2007).

The resource-based view of the firm paradigm appears, therefore, to be fundamentally opposed to the positioning school associated with Porter (1979, 1980, 1985) because this view is based on the argument that success comes to organisations with a firm perspective rather than a view of strategy based upon an industry perspective (Amit and Schoemaker, 1993). However, the differences between competing perspectives appear to have been over emphasised in the literature. For example, Amit and Schoemaker (1993) argue the resource-based view can be seen as being complementary to the positioning school, whilst Hamel and Prahalad (1993) concede that Porter's (1980, 1985) notion of strategic fit - matching a firm's resources to the needs of its external environment - is not so much flawed but more unbalanced. One can argue, therefore, that both the industrial economics-based view and the resource-based view appear to have their relative merits and criticisms. However, a different perspective on strategy scholarship, complementing extant views like the resource-based view and knowledge-based view, while offering a mechanism to implement more engaged scholarship, is offered by a practice-based approach to strategy, which I present next.

2.6 THE PRACTICE-BASED VIEW

Despite some fifty years of strategy research, there is still a lack of a valid theory of how strategies are created (see for instance Bromiley and Rau, 2014; Hamel, 2001; Jarzabkowski, 2004, 2005; Jarzabkowski et al., 2007; Jarzabkowski et al., 2015; Regner, 2012; Whittington, 1996, 2003, 2006, 2007). Against the macro, institutional and resource-based approaches that have dominated the strategy literature in recent years, an increasing number of scholars (see for instance Bromiley and Rau, 2014; Chia, 2004; Felin and Hesterly, 2007; Foss, 2011; Gavetti, 2005; Johnson et al., 2007; Johnson et al., 2003; Regner, 2012; Teece, 2007) have called for research into the micro-level foundations of strategy research, typically understood as foundations that were embedded in individual action and interaction. Shared among all the dominant paradigms I have reviewed in this chapter is the perception that strategy is something firms *possess*. In recent years, a new movement in strategy research, taking a practice-based approach, is attracting a growing number of researchers. In contrast to the dominant view of strategy as something firms possess, the practice-based view of strategy is concerned with strategy as something people

in firms *do* (see for instance Bromiley and Rau, 2014; Brown and Thompson, 2013; de La Ville and Mounoud, 2010; Fenton and Langley, 2011; Jarzabkowski, 2004, 2005; Jarzabkowski et al., 2007; Jarzabkowski et al., 2015; Johnson et al., 2007; Seidl and Whittington, 2014; Vaara and Whittington, 2012; Whittington, 1996, 2003, 2006, 2007). Whittington (1996) conceptualises four basic *multi-level* perspectives on strategy, which I present in Figure 2.4.

Levels

	Organisations	Practitioners
Where	Policy	Planning
How	Process	Practice

Figure 2.4: Four perspectives on strategy
Source: Adapted from Whittington (1996: p. 732)

Whittington (1996) argues the practice perspective on strategy has moved the focus from the core competence of the corporation (Prahalad and Hamel, 1990) to the *practical* competence of the practitioner as strategist. Like the older planning school, this view focuses also at the practitioner level, but the focus is now broader than the simple analysis of strategic direction: the issue is how practitioners act and interact in the whole strategy making process (Whittington, 1996, 2003, 2006, 2007). According to Whittington (2007), practitioners are social individuals interacting with the social circumstances involved in doing strategy. The emphasis is on how practitioners act, what work they do, with whom they interact, and what practical reasoning they apply in their own localised experience of strategy (Chia, 2004; Ezzammel and Willmott, 2004). In contrast to the resource-based view's emphasis on things that other firms are unable to imitate, the practice-based view of strategy examines known imitable practices that have weak or non-existant isolating

mechanisms and that are capable of replication across firms (Bromiley and Rau, 2014). Bromiley and Rau (2014: p. 1249) define a practice as "a defined activity or set of activities that a variety of firms might execute." Recent studies have shown that practices in firms vary from particularly simple practices to practices that are more complicated and not obvious. Some of these practices deal with strategy formulation and implementation whilst others deal with specific activities that influence performance. Therefore, in essence, any practice that provides specific guidelines to practitioners on how to behave becomes a potential explanation of firm performance (Bromiley and Rau, 2014). By focusing on practices, a practice-based view offers the potential for creating research that is more relevant to practitioners, which will naturally lead to *recommendations for practitioners*.

I review the strategy-as-practice perspective next.

2.6.1 THE STRATEGY-AS-PRACTICE PERSPECTIVE

Strategy, as an activity-based view, is concerned primarily with the study of practice as a flow of activity (Johnson et al., 2003). It therefore focuses on the practice of strategy through this activity, as opposed to through practitioners or their practices (Jarzabkowski, 2005). In particular, the activity-based view of strategy addresses "the detailed processes and practices which constitute the day-to-day activities of organisational life and which relate to strategic outcomes" (Johnson et al., 2003: p. 3). I present the three themes for the activity-based view of strategy research and their interrelations in Figure 2.5. However, according to Jarzabkowski (2005), these themes present more of an entry point to the study of inter-related phenomena, as the study of activity will involve practitioners and their practices. A definition of the term *activity* is provided by Johnson et al. (2003: p. 15) who found that activities were "the day-to-day stuff of management. It is what practitioners do and what they manage. It is also what organisational actors engage in more widely." An activity-based view of strategy is therefore concerned with strategy as a broad organisational activity. It is both something that practitioners do and a phenomenon that involves a wide distribution of organisational actors (Jarzabkowski, 2005). The activity-based view of strategy has since been subsumed within the broader agenda for strategy-as-practice research, where the term *practice* refers both to the situated doings of practitioners

(micro-level) and to the different socially defined practices (macro-level) the practitioners are drawing upon in these doings (Jarzabkowski et al., 2007).
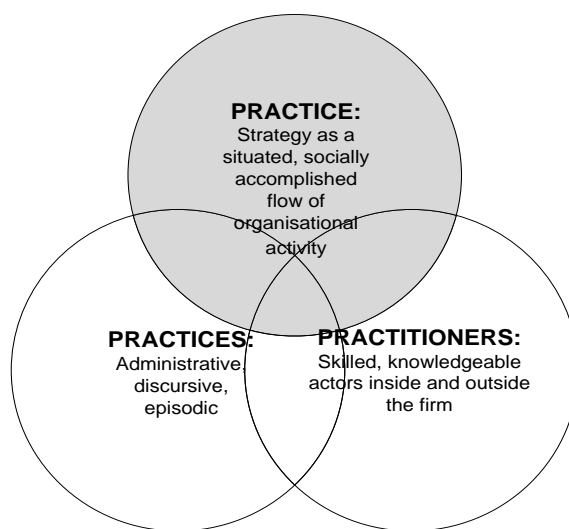
Figure 2.5: An activity-based view of strategy
Source: Jarzabkowski (2005: p. 11)

This re-conceptualisation of strategy as *doing* at multiple social levels solves some of the broader contextualisation problems associated with a research agenda that focuses primarily on micro-level actions (Jarzabkowski, 2005). Because of this re-conceptualisation of strategy as *doing*, Whittington (2006, 2007) describes three themes for strategy-as-practice research termed *praxis*, *practices* and *practitioners*. Although Whittington (2007) adds a further theme, which he terms *profession* and relates to strategy as an institution within our societies, Jarzabkowski et al. (2007) conceptualises a framework based on the former three themes. Although these three themes are discrete elements, their interrelations need consideration when studying strategy-as-practice. Strategising, as the *doing of strategy*, occurs at the intersection of these three themes (Jarzabkowski et al., 2007; Whittington, 2006). I present a conceptualisation of strategy-as-practice research and its interrelations in Figure 2.6. In Figure 2.6, the points, labelled A, B, and C, illustrate the possible areas that researchers can focus in the perspective of strategy-as-practice. Label A is the interconnection between practitioners and practices, Label B represents the relationship between practices and praxis, and Label C refers to the interconnection between practitioners and praxis. Strategy practitioners are regarded as the link between the praxis in

a firm and the social practices that exist at the organisation and extra-organisation levels (Jarzabkowski and Spee, 2009; Whittington, 2006).
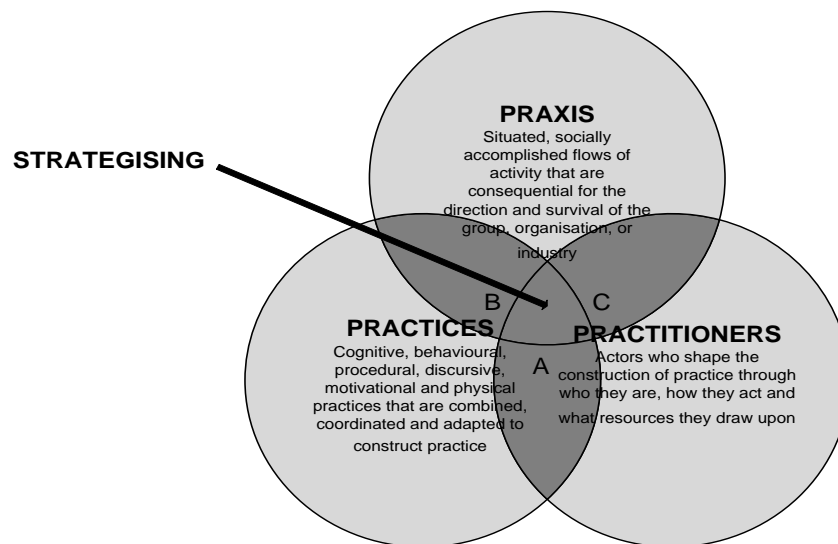
Figure 2.6: A conceptual framework for strategy-as-practice analysis
Source: Jarzabkowski et al. (2007: p. 11)

Strategy implementation relies heavily on practitioners since the realisation of strategic objectives depends on the adoption of practices by these practitioners (Jarzabkowski et al., 2007). I review the strategy-as-practice perspective further next.

2.6.1.1 PRACTICES, PRAXIS AND PRACTITIONERS

The strategy-as-practice perspective is concerned with a firm's *practices* which Whittington (2006: p. 619) defines as "the shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using *things*[1]". These practices take many forms, and their use and influence in the practice of strategy appears to be a significantly under-researched area. In particular, Jarzabkowski (2005) identifies three types of practices termed *administrative*, *discursive* and *episodic* practices. She found the strategy-as-practice research agenda focused, not specifically on practices per se, but rather was interested in practices-in-use. Administrative practices are those practices that typically serve the purpose of organising and co-ordinating strategy, such as planning and control mechanisms

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[1] Italics added and speech marks removed in the quotation.

and performance indicators; discursive practices are those practices that provide linguistic, cognitive and symbolic resources for interacting about strategy. Increasingly, research has shown the language that strategists use facilitates strategy. Episodic practices are those practices that create opportunities for, and organise the interaction between, practitioners in doing strategy such as, for example, meetings (Jarzabkowski, 2005). These strategy practices, in turn, underlie a firm's strategy praxis.

The embedded construction of situated activity is termed *praxis*. Praxis (a German word meaning practice) is a chain of social events "where operation and action meet, a dialectic synthesis of what is going on in a society and what people are doing" (Sztompka, 1991: p. 96). Praxis comprises the interaction between micro-level and macro-level contexts in which activity is constructed. For instance, macro-level or wider societal contexts constitute a current of social movement, "what is going on in a society", whilst micro-level contexts comprise any given group engaged in their own local construction of practice, "what people are doing" (Sztompka, 1991: p. 96). Strategy is a situated activity that is located within this praxis; constructed by actors in interplay with broader social, economic and political institutions (Jarzabkowski, 2005). A further definition of praxis is provided by Jarzabkowski and Spee (2009: p. 73) who defines the term as "a stream of activity that interconnects the micro-actions of individuals and groups with the wider institutions in which those actions are located and to which they contribute." The distinction between praxis and practices follows Reckwitz's (2002) interpretation of the dual sense of practice in social theory, both as something that guides activity and as activity itself. Accordingly, the term *practices* refers to shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using 'things'. In contrast, praxis refers to *actual* activity, in other words, what individuals actually *do* in practice. Practitioners are strategy's actors, the strategists who both perform this activity and carry its practices (Whittington, 2006). Furthermore, Whittington (2006) found the *doing of strategy* happened in episodes of praxis. Because individuals always act within a context, the separation of praxis from the social practices upon which individuals draw is not possible (Vaara and Whittington 2012). Therefore, strategy practices and praxis together constitute the actual strategic activities. The strategy-as-practice perspective is also concerned with practitioners. These *practitioners* are defined as the individual actors "who do the work of making, shaping and

executing strategies" internally at different organisational levels as well as in the external environment (Whittington 2006: p. 619). Adopting a practice approach calls for a deeper understanding of the human agency and engagement with what practitioners do in their strategic work (Whittington, 2006; Jarzabkowski et al., 2007). Whittington (2006) found that practitioners became an important theme for research since their characteristics and skills were what made a distinction between practices in general and what happened *in practice*. This finding implies that being experienced and skilful in strategy can become a source of competitive advantage for firms.

2.6.1.2 NARRATIVES

Strategy-as-practice research had initially concentrated on the visible elements of people, events and explicit tools (de La Ville and Mounoud, 2010). However, more recently it has become clear that much of the actual *doing* of strategy in firms takes place in the form of talk, text and conversation, thus linking the notion of strategy-as-practice with a body of literature that looks at such interaction through a discursive lens including a focus on narratives and storytelling (Fenton and Langley, 2011). Barry and Elmes (1997: p. 431) defines narratives as "thematic sequenced accounts that convey meaning from implied author to implied reader." Fenton and Langley (2011) view narratives as a paradigm or lens for examining strategy practice and the precise manifestation of narrative elements can vary depending on whether the focus is on practices, praxis or practitioners. They modify Jarzabkowski et al.'s (2007) conceptual framework for strategy-as-practice analysis by including a fourth element termed *strategy text*. Fenton and Langley (2011) found that this fourth element reflected considerable evidence that textual artefacts, such as strategic plans, featured prominently in strategising activities. Such strategy texts, or narratives, can be oral or written and single or multi-authored, and are generally future oriented, aligned with local cultural norms, and persuasive. A focus on the theory and systematic study of narratives and storytelling can assist scholars in their efforts to understand and to theorise this important strategy practice (Brown and Thompson, 2013). Good stories are considered to be an effective factor in implementing strategic ideas (de La Ville and Mounoud, 2010) however, the potential for symbiotic linkage between storytelling and strategising within

firms requires further theoretical and empirical research (Brown and Thompson, 2013; Fenton and Langley, 2011).

Much of the frustration with the positivist tradition in strategy research occurs because the human actor is marginalised (Jarzabkowski et al., 2007; Lowendahl and Revang, 1998). This position ignores the fact that people *do* strategy. As the focal point of the strategy-as-practice perspective is the practitioner, this view aims to reinstate the actor in strategy research. Whilst the view of practitioners might not be formally as *strategists*, their actions and interactions contribute to the strategy of a firm (Mantere, 2005). Therefore, a strategy-as-practice research agenda addresses the issue of multiple actors as knowledgeable and skilled practitioners of strategy, examining how their skills are constituted in undertaking different aspects of the work of strategy (Whittington, 2003). Furthermore, the involvement of strategy-making actors at board-level in firms is increasingly important. For example, Hendry et al. (2010) adopt a strategy-as-practice perspective in a study that takes a micro-level perspective on how boards *do* strategies. Whilst the strategy-as-practice perspective is concerned with strategy as something people in firms do, less addressed is the question of those actors outside the firm who also influence strategy. Whilst strategy literature has increasingly drawn attention to external practitioners who are situated outside the formal structure of the firm but shaped its strategy indirectly, such as consultants, customers and non-executive directors, there remains little empirical work on the identity of these practitioners and how their relationships to, and engagement with, the firm shape its strategy (Jarzabkowski et al., 2007; Jarzabkowski and Spee, 2009). I argue, therefore, the question of the identity and role of a firm's external practitioners opens new opportunities for research. Whilst a practice-based view of strategy included the strategy-as-practice perspective and contributed qualitative research on firm practices, praxis and practitioners, Bromiley and Rau (2014) argue that purely qualitative research has a limited ability to identify effective processes rigorously and suggest there is also a requirement for complementary quantitative research.

2.7 THE INDUSTRIAL MARKETING-BASED VIEW

So far in this chapter, I have reviewed the literature in the context of the industrial organisation economics-based and resource-based views of strategy. I present the literature in the context of the industrial marketing-based view and, in particular, the development of the Industrial Marketing and Purchasing Group (IMP) approach to understanding industrial markets next.

2.7.1 INDUSTRIAL MARKETING PERSPECTIVES

The traditional approach to understanding marketing had its roots in consumer marketing built around the *4Ps* of the marketing mix model (see for instance Booms and Bitner, 1981; Borden, 1964; Nickels and Jolson, 1976). Marketing scholars followed the same approach when they investigated the way firms marketed to other firms in industrial markets. However, in industrial markets, the marketing mixes appear to be more complicated whereby the promotional element appears to favour dyadic relationships between suppliers and customers (Cunningham and Turnbull, 1982). The research of the Industrial Marketing and Purchasing Group (IMP) into IM has been an evolutionary process for over three decades since its formation in 1976 (Turnbull et al., 1996). The initial IMP research group was borne out of a mutual dissatisfaction with the traditional, business marketing literature of the 1970s. The IMP especially challenged the traditional approach to marketing, especially relating to market characteristics and dynamics, and the tradition of perceiving transactions between firms as discrete and independent (Hakansson, 1982). A new perspective of business marketing emerged whereby the focus was on the exchange between business firms as an interaction between equally active economic entities, in which information and social exchange occurred as well as financial and product/service exchange because, according to Hakansson and Snehota (1989: p. 187), "no business is an island". IMP scholars also recognised that economic interdependence between firms would lead to the development of long-term relationships (Valla and Salle, 1997). Whilst the early research concentrated on dyadic- and triadic-levels of relationships between suppliers and customers, subsequent research examined the wider context of network-levels of relationships (Turnbull et al., 1996). This research aimed to identify and analyse the

network of relationships that would constitute the global exchange system (Easton, 1992). This enabled a greater understanding of the focal relationships and the behaviour of the actors within the wider network. Research into networks has led to the development of concepts such as networks as relationships, networks as structures, networks as positions and networks as processes (Easton, 1992). These themes of interaction, relationships and networks encapsulate the major research thrusts of the IMP and underlie much of the contemporary academic business market research in Europe (Turnbull et al., 1996). The theories of interaction, relationships and networks followed by the more contemporary related theories of strategic networks and regional strategic networks are reviewed further next.

2.7.1.1 INTERACTION

The development of the paradigm, which has become known as the interaction and networks perspective to understanding industrial markets, began because of a realisation the extant literature didn't appear to relate closely to what happened in industrial markets (Hakansson, 1982). This is because, unlike consumer markets, industrial markets do not consist of a large number of individual suppliers and customers. The interaction model conceptualised by Hakansson (1982) focuses on a dyad between suppliers and customers. Hakansson (1982) conceptualises a perspective on interaction, as a reciprocal action performed by both a supplier and a customer, in an *interaction model*. This *multi-level* model consists of four groups of variables or main elements. Hakansson (1982) found these main elements had an influence on the interaction between the buying and the selling firm. The first level of main elements describes the involved actors, both as firms and individuals. The second level of main elements describes the elements and the interaction process. The third level of main elements describes the environment/context in which the interaction takes place. The fourth level of main elements describes the *atmosphere* that has influences on and by the interaction. Hakansson (1982) conceptualises five atmosphere *dimensions* in inter-firm relations termed *power/dependence*, *trust/opportunism*, *closeness/distance*, *co-operation/conflict* and *expectations*. It appears to have become accepted that these five dimensions are adequate to explain and to predict the likelihood that a relationship will or will not be formed between parties, and that the dimensions will

be useful in understanding the developing character of an emergent relationship over time. Interactions are assumed not to take place in a vacuum, therefore interactions must have some setting, which sets the scene for relationship development, referred to as the *relationship atmosphere*. The notion of relationship atmosphere appears a central factor in developing the relationship between firms and in shaping the characteristics of that relationship over time (Hakansson and Snehota, 1995).

Hakansson and Snehota (1995) conceptualise a framework, which they term the *Actor-Resource-Activity (ARA) framework* in order to analyse connected business relationships. In this framework, the outcomes of an interaction process can be described in terms of three layers and that each of the three layers are interconnected and each affects and is affected by the array of resources, pattern of activities and web of actors in the wider network. The actor layer broadly relates to the interpersonal links developed between individuals through interaction. The resource layer relates to how the two actors' resources may have become more or less adapted and more or less mutually tied together as their interaction developed. The activity layer relates to the more or less extensive integration and co-ordination of activities that may have developed between actors (Hakansson and Snehota, 1995). However, the three levels are dependent and there is important interplay between them. Interaction between firms can be characterised in different ways. Complexity, symmetry and informality are structural characteristics of a relationship (Hakansson and Snehota, 1995). The complexity in a relationship can comprise the number, type and contact channels for those from each firm who are involved in a relationship. In addition, contacts can vary from level to level between firms. Most relationships in industrial networks are characterised by suppliers and customers being symmetrical in terms of resources and initiatives on each side. These relationships often demonstrate a low level of formality. For example, despite the existence of formal contracts, seldom they are referred to (Hakansson and Snehota, 1995).

2.7.1.2 RELATIONSHIPS

Ford (1980) found that supplier-customer relationships in industrial markets evolved over time and careful management could obtain the best possible value from these relationships.

The supplier-customer dyadic relationship is nothing new however. Relationships between suppliers and customers have existed for centuries. These relationships develop in a natural way over time as the suppliers and customers develop trust and friendships supported by products/services. Today, these relationships have become *strategic* and the process of relationship development is accelerated as firms strive to create relationships to achieve their goals (Wilson, 1995). Such relationships tend to be close and long-term but they are not always confined to a single relationship. Instead, each firm can have a portfolio of purchase and sales relationships and that portfolio needs managing by the firm. Whilst some relationships focus on a single transaction that can take months or years to complete, such as the purchase of a major piece of capital equipment, other relationships are more distant and the only contact between the two firms is by correspondence. Thus, the development of supplier-customer relationships is viewed as being an evolutionary process (Turnbull et al., 1996). Due to the often close and long-term relationships between suppliers and customers in industrial markets, it is important to distinguish between the individual episodes in a relationship. Episodes occur in a business or IM relationship when an exchange occurs between two parties (Hakansson, 1982). According to Hakansson (1982), there are four elements, which are exchanged, and these exchanges, which are termed *product* or *service exchange*, *information exchange*, *financial exchange* and *social exchange*, are critical in the construction of long-term relationships. In order for these relationships develop over time, it is necessary for both suppliers and customers to make some level of investment in the relationship.

There have been a number of studies focusing on investments in relationships (see for instance Johanson and Mattson, 1985; Wilson and Mummalaneni, 1986). Wilson and Mummalaneni (1986) found that relationships developed through incremental investments of resources made by both suppliers and customers. These investments take the form of adaptations to the areas of product, process and organisation (Hakansson, 1982) and are made not only to intensify the relationship and to demonstrate the interest the partner has in developing a strong relationship, but also with the faith, the other partner will reciprocate (Turnbull and Wilson, 1989). The supplier-customer relationship literature has been further developed with attention been given to the understanding of bonding between firms engaged in a relationship. In essence, a bond ties a business partner into a relationship

created through social interaction between business parties. Hakansson (1982) introduces two types of bonds namely *technical* and *social* bonds to the IM literature. Close relationships and co-operation between firms are not always a good thing and it may well be in a firm's interest to keep its distance when dealing with some counterparts, perhaps because there is an issue of trust or perhaps because there are simply no advantages in getting close. A *good* relationship is usually characterised by a co-operative intent between two firms (Ring and Van de Ven, 1994) and such a relationship can be an important factor in the development of a firm's technical abilities, creating the market position of the firm and leveraging an approach to new customers (Hakansson and Snehota, 1998).

2.7.1.3 NETWORKS AND STRATEGIC NETWORKS

In addition to the study of dyadic relationships, *networks* of relationships have also been studied (Hakansson and Snehota, 1989). Enmeshed in each business firm is a complex network of relationships. This network consists of the direct relationships that a firm has with its suppliers and customers as well as with other actors such as financial institutions and development partners. Also in the network are the relationships of these counterparts with other suppliers or customers. In strategy literature, scholars (see for instance Gulati et al., 2000; Zaheer and Bell, 2005) have increasingly examined the importance of strategic networks in firm performance. Strategic networks are "composed of inter-organisational ties that are enduring, are of strategic significance for the firms entering them, and include strategic alliances, joint ventures, long-term buyer-supplier partnerships, and a host of similar ties" (Gulati et al., 2000: p. 203). Such networks can give firms access to information, markets and resources and allow firms to achieve strategic objectives such as the sharing of risk (Gulati et al., 2000). What differentiates a relationship in a strategic network from a relationship in a typical market is the high degree of opportunities for joint value creation among the network actors (Jarillo, 1988). Whilst previous research on strategic networks builds on the resource-based view of firms, this perspective considers the network through the eyes of a single firm, where the functioning of the network is of secondary importance (Easton, 1992). In strategic networks, a focal actor, also called a hub firm (Jarillo, 1988), leads the network and such leading actors are often financially or technically powerful (Eklinder-Frick et al., 2011; Frear and Metcalf, 1995). Whilst previous

research on network formation mainly focused on the dyad level, there is also requirement for research at the non-dyad level that focuses on the formation of several relationships and inter-organisational networks (Partanen and Moller, 2012). As a driver of innovation, it is critical to "expand the ability to discover, to access and to interact with a potentially large number of diverse and specialised entities", that is, to organise a network process (Hakansson and Olsen, 2012: p. 95). At the simplest level, a strategic network can be considered to emerge when an actor obtains an arrangement where it outsources its activities to the most efficient supplier, retains the activity in which it enjoys the greatest advantage, and lowers its transaction costs (Jarillo, 1988). More recently, Koschatzky and Kroll (2007) propose that strategic networks can implement governmental innovation policy and such policies often encourage local firms and governmental agencies to collaborate in joint developments.

2.7.1.4 REGIONAL STRATEGIC NETWORKS

Hakansson et al. (2009: p. 236) found the nature of a network was "one word with many meanings." In an effort to bring about some uniformity to these multiple interpretations, Cova et al. (2010) conceptualise five different perspectives that characterise the application of the concept which are termed *territory*, *industry*, *alliance*, *communal* and *kinship*. In particular, the industry perspective focuses on mainly vertical business relationships involving the exchange of goods and services within a structured supply chain. This network perspective is implicit in the design of what is termed a *regional strategic network* (Eklinder-Frick et al., 2011, 2012; Hallen and Johanson, 2009). The taxonomy of inter-organisational co-operation by Hallen and Johanson (2009) makes a distinction between what they term *emerging co-operation* and *designed co-operation*. In terms of regional co-operation, regional strategic networks (RSNs) - or cluster initiatives - are seen as designed entities created by some initiators or founders, whereas clusters and industrial districts are seen as emerging spatial networks of firms in related lines of business that have grown and developed over time without central control (Hallen and Johanson, 2009). I present this taxonomy in Figure 2.7.

	Emerging co-operation	Designed co-operation
Inter-regional co-operation	Business Networks	Strategic Alliances
Regional co-operation	Clusters and Industrial Districts	Regional Strategic Networks
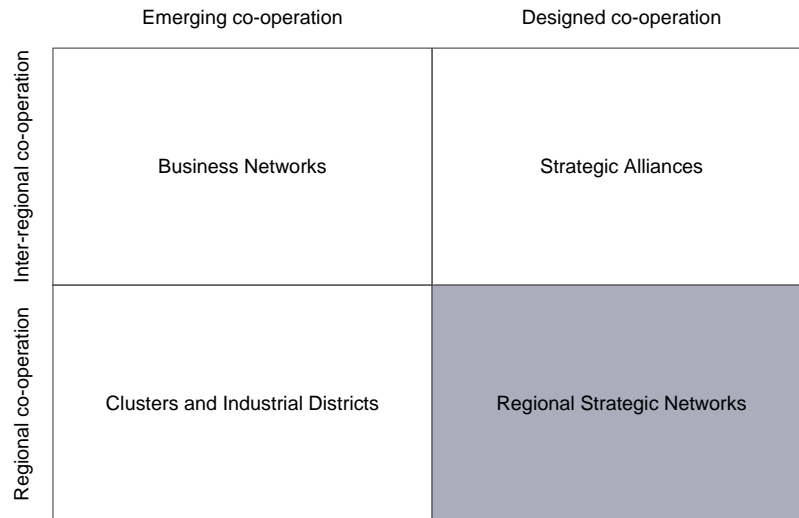
Figure 2.7: Four types of co-operative patterns between business firms
Source: Adapted from Hallen and Johanson (2009: p. 14)

Eklinder-Frick et al. (2011: p. 995) define a RSN "as a collaborative project between companies in a region operating with the support of public agencies or other organisations in order to stimulate regional development." RSNs appear to share several important features with strategic networks. An initiator designs both these networks, both have specific member firms, and both are administered by a central hub function. Therefore, RSNs reflect the formal set-up and the planned and organised structure of strategic networks, even though their ultimate goal is different, namely the member firms should develop mutual trust and a common culture that enables them to assume a state of self-organisation when the period of external public support ends (Persson et al., 2011). Johnson (1992) conceptualises the notion of culture into a *cultural web* identifying a number of elements that describe or influence culture. By describing the distinctive rituals, stories, symbols, power and organisational structures and control systems that can contribute to the firm's worldview, a firm's corporate culture can be characterised more clearly.

2.8 BUSINESS ECOSYSTEMS

In contrast to the IMP notion of *relationship atmospheres*, an alternative macro-level perspective of business ecosystems was conceptualised by Moore (1993, 1996). Moore originally coined the term *business ecosystem* to describe this notion of industrial networks.

According to Moore (1996), the performance of individual firms is derived from something much larger than the firms themselves, performance is derived from the success of their respective business ecosystems. In particular, Moore (1996: p. 26) defines the term *business ecosystem* as:

> "An economic community supported by a foundation of interacting organisations and individuals - the organisms of the business world. The economic community produces goods and services of value to customers, who are themselves members of the ecosystem. The member organisms also include suppliers, lead producers, competitors, and other stakeholders. Over time, they co-evolve their capabilities and roles, and tend to align themselves with the directions set by one or more central companies. Those companies holding leadership roles may change over time, but the function of ecosystem leader is valued by the community because it enables members to move toward shared visions to align their investments, and to find mutually supportive roles."

According to Iansiti and Levien (2004), a business ecosystem, which was originally derived from the natural sciences, is a loose network of suppliers, distributors, outsourcing firms, makers of related products or services, technology providers, and a host of other stakeholder actors that affect, and are affected by, the creation and delivery of a firm's own value propositions. In other words, business ecosystems allow an inter-related system of interdependent firms to create value which no single firm can create by itself (Adner, 2006, 2017; Clarysse et al., 2014). More recently, Adner (2017: p. 42) provides a helpful definition of a business ecosystem and states the "ecosystem is defined by the alignment structure of the multilateral [I add multi-level] set of partners that need to interact in order for a focal value proposition to materialise." In IM literature, Frow et al. (2016) define a business ecosystem as a network of relationships linked together by interconnected *practices*. Frow et al. (2016) conceptualise four *levels* of a health care ecosystem, which they term *micro-level*, *meso-level*, *macro-level* and *mega-level*, with examples of the respective actors at each level. I present an illustration of this ecosystem in Figure 2.8. Like an individual species in a biological ecosystem, each actor in a business ecosystem ultimately shares the fate of the network as a whole, regardless of that member's apparent strength (Moore, 1996).

MEGA LEVEL
Government agencies,
health funding bodies,
regulatory bodies, media

MACRO LEVEL
State health authorities,
professional associations,
unions in health care
sector, health insurers

MESO LEVEL
Hospitals, clinics, local
health support agencies,
care homes and hospices

MICRO LEVEL
Focal patient, clinicians,
nursing staff, allied health
professionals, families,
friends, other patients

Figure 2.8: Health care ecosystem
Source: Frow et al. (2016: p. 27)

A business ecosystem is partially an overlapping concept with the notions of the value chain and the value network (Hearn and Pace, 2006). In a value chain, firms link horizontally to each other and each provides products and/or services to the adjacent firm (Porter, 1985). The objective of a value chain is to provide value to the end customer. However, business ecosystems do not follow a linear value creation process and many of the stakeholder actors in such ecosystems fall outside the traditional value chain (Iansiti and Levien, 2004). Instead, different firms co-operate to deliver jointly a product/service to a customer. As a result, the value chain is not a linear process with upstream and downstream actors, but instead is a value network of firms with many horizontal relations (Moore, 1996). Therefore, embedded in business ecosystems is the notion of value networks (Hearn and Pace, 2006; Normann and Ramirez, 1993) and can be conceptualised as a group of stakeholder actors that simultaneously create value by combining their assets and skills (Eisenhardt and Galunic, 2000). In BM literature, Chesbrough (2007a) also acknowledges the connection between business ecosystems and value networks, which links customers and suppliers, including the identification of potential complementors and competitors. More recently, Vargo and Lusch (2011) incorporated the network dimension more explicitly and found that a business ecosystem became *the locus of co-creation processes* where focal actors (e.g. a firm and its customer) exchanged services in a context that integrated the networks of resources and resource-providing actors available to these focal actors. These actors and their networks are characterised as configurations of people, technologies and other resources that interact with other service systems to co-create value (Frow et al., 2014; Maglio et al., 2009).

There is also a growing consensus that business ecosystems provide *entrepreneurial* firms with the resources and information required to navigate in a constantly changing competitive environment (Zahra and Nambisan, 2012). The notion of entrepreneurial ecosystems (see for instance Adner, 2017; Cohen, 2006; Pitelis, 2012; Stam, 2015) only recently appears in the literature and there is not a widely accepted definition of the concept (Stam, 2015). Despite the current lack of a widely shared definition, the literature on entrepreneurial ecosystems focuses on the social context in allowing or restricting entrepreneurship. The entrepreneur, rather than the firm, is the focal point. The entrepreneurial ecosystem approach not only views entrepreneurship as a result of the

ecosystem, but also views the importance of entrepreneurs as central practitioners in the creation of the ecosystem and in keeping the ecosystem healthy (Stam, 2015). More recently, Adner (2017) makes a helpful distinction between two general views of business ecosystems, which he terms *ecosystem-as-affiliation*, which sees ecosystems as communities of associated actors defined by their networks and platform affiliations; and *ecosystem-as-structure*, which views ecosystems as configurations of activity defined by a value proposition. In particular, the ecosystem-as-affiliation perspective places emphasis on the breakdown of traditional industry boundaries, the rise of interdependence, and the potential for collaborative relationships in productive ecosystems. It focuses on questions of *openness*, highlighting measures such as number of partnerships, network density, and the centrality of practitioners in larger networks. Adner (2017) contends analyses held at the level of the *entrepreneurial ecosystem* or the *health care ecosystem* fall easily into this category. According to Adner (2017), strategy in the ecosystem-as-affiliation perspective tends to focus on increasing the number of actors that link to a focal actor or platform, increasing its centrality and anticipated power. I present the notion of ecosystem platforms next.

2.8.1 PLATFORM ECOSYSTEMS

Industrial ecosystems appear to be gaining popularity in describing collaborative and interdependent arrangements among larger sets of firms (Adner, 2006, 2017; Gawer, 2014; Moore, 1993). Iansiti and Levien (2004) conceptualise business ecosystems in the context of ecosystem *platforms* - services, tools, or technologies - that other members of the ecosystem can use to enhance their own performance. According to Iansiti and Levien (2004), platforms serve as the embodiment of the functionality that forms the foundation of the ecosystem, packaged and presented to members of the ecosystem through a common set of interfaces. Ecosystem members - or platform actors - then leverage these interfaces "as a kind of toolkit for building their own products and services and think of them as the starting point for their own value creation" (Iansiti and Levien, 2004: p. 149). *Industry platforms* are technological building blocks, that can comprise technologies, products, or services, that act as a foundation on top of which a group of interdependent firms - called an industry ecosystem - develop a set of inter-related products, technologies and services (Gawer, 2014). Industrial ecosystems build on the theories of industrial ecology and symbiosis

(Chertow, 2000) and are a system of interdependent firms whose performance depends on the actions of their collaborators (Adner and Kapoor, 2010; Moore, 1993). However, few studies have investigated the economic logic that connects the actors in a business ecosystem context (Tsvetkova and Gustafsson, 2012). Gawer (2014) argues the notion of platforms can be conceptualised as evolving organisations or meta-organisations that combine and co-ordinate constitutive agents who can innovate and compete; create value by generating and harnessing economies of scope in supply or/and in demand; and entail a modular technological architecture composed of a core and a periphery. Gawer proposes a classification system indicating that technological platforms appear in a variety of organisational forms: within firms, across supply chains and across industry innovation ecosystems. I present an illustration of this framework in Figure 2.9. The aim of this framework is "to represent the organisational continuum of technological platforms, where for each degree of interface *openness* [emphasis added], there is a corresponding organisational form, a set of accessible capabilities, and a corresponding type of governance" (Gawer, 2014: p. 1245).

	Internal platforms	Supply-chain platforms	Industry platforms
Organisational Form	Firm	Supply-chain	Ecosystem
Interfaces	Closed	Somewhat open	Open
Accessible Capabilities	Within the firm	Within the supply-chain	Within the ecosystem
Governance	Managerial authority	Contractual relationships	Ecosystem governance
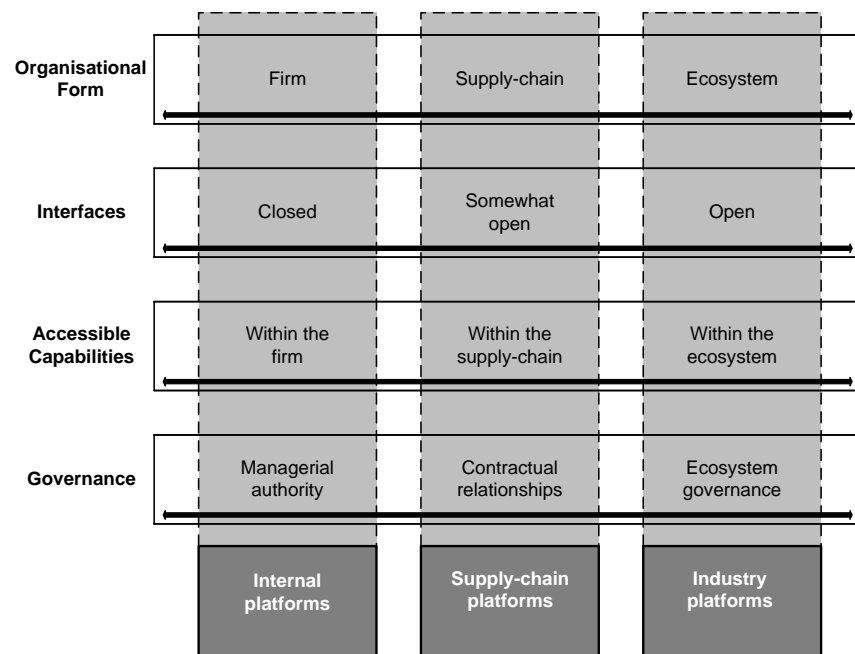
Figure 2.9: The organisational continuum of technological platforms
Source: Gawer (2014: p. 1246)

According to Adner (2017), the enthusiasm of the notion of ecosystems by *practitioners* raises new empirical opportunities for scholarly research. In particular, Adner (2017)

argues the variety of relationships within interdependent structures give rise to a variety of approaches to re-characterising and measuring core constructs such as capabilities and performance.

In terms of the current worldviews on what is strategy, according to Mintzberg et al. (1998), ten deeply embedded, narrow schools or concepts have dominated these views. These concepts span from the early prescriptive design, planning and positioning schools, as discussed earlier in this chapter, to the more recent descriptive cognitive, cultural, entrepreneurial, environmental, learning, and political schools. However, Mintzberg et al. (1998) argue that we must now move beyond the narrowness of each of these schools and pay more attention to the *integral beast* of strategy formulation. Combe (1999) adds to this argument and posits the theoretical case for integrating strategy paradigms into schools of thought at a philosophical level to aid empirical research. This raises the suggestion; therefore, there could well be a need to challenge the mature paradigms that have dominated the strategy literature for the past half century. I argue whether the concept of BMs could provide a new integrated strategy paradigm. I present an introduction to the BM concept in the next chapter.

2.9 CHAPTER SUMMARY

The purpose of this chapter was to present a critical review of the background to the BM concept including the literature on the evolution of strategy and industrial marketing (IM). I began the chapter with a historical overview of the evolution of strategy. Following this historical overview, I next reviewed the literature on the industrial organisation economics-based view of strategy, which included the theories of the generic competitive strategies model, strategic groups analysis and strategic alliances, followed by the resource-based view of strategy, which included the closely related dynamic capabilities-based view and knowledge-based view of the firm. The literature related to a practice-based approach to strategy and, in particular, the strategy-as-practice perspective was reviewed next. I next reviewed the literature related to the industrial marketing-based view of strategy, which included the theories of the Industrial Marketing and Purchasing Group (IMP) in the context of interaction, relationships and networks, followed by the related theories of

strategic networks and regional strategic networks. I completed the presentation of this chapter with a review of business ecosystem literature.

CHAPTER THREE

THE BUSINESS MODEL CONCEPT

3.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Chapter Two.	Background to the business model concept
Chapter Three.	The business model concept
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
	Current position in the thesis shaded

Figure 3.1: The position of the current chapter in the structure of the thesis
Source: Author

In this chapter, I complete the literature review section with a presentation of a critical review of BM literature. At the beginning of the chapter, I review the various terminologies of BMs followed by a review of the key components of BMs. BMs in the context of strategy and proximity are next reviewed which is followed by a review of OBM literature. At the end of the chapter, I conclude with a review of OBMs in the context of marketing, including literature on value co-creation and value co-destruction.

3.2 WHAT IS THE MEANING OF THE TERM *BUSINESS MODEL*?

As an alternative to the strategy paradigms reviewed in chapter two, the concept of BMs appears to offer a more contemporary perspective to the field of strategy. According to Casadesus-Masanell and Ricart (2011: p. 101):

> "Strategy has been the primary building block of competitiveness over the past three decades, but in the future, the quest for sustainable advantage may well begin with the business model."

During the past few years, the concept of BMs "have surged into the management vocabulary" and the use of the term has become "quite fashionable" with practitioners

(Shafer et al., 2005: p. 200). Whilst the literature on BMs has evolved since its early appearance in academic literature (see for instance Abell, 1980; Barnett, 1985; Jones, 1960), the concept has gained increasing importance since the dot.com era in the late 1990s (Demil and Lecocq, 2009; Doganova and Eyquem-Renault, 2009; Klang et al., 2014; Li et al., 2017; Mason and Spring, 2011; Wirtz et al., 2016; Zott et al., 2011). However, whilst the BM concept is "a relatively new, yet rich and potentially powerful concept in the strategy literature" (Zott and Amit, 2008: p. 1), the research in this field is still formative (Sanchez and Ricart, 2010; Velu, 2015; Wieland et al., 2017; Wirtz et al., 2016). Consequently, there is no commonly accepted view of what a BM should consist of (Casadesus-Masanell and Ricart, 2010a, 2010b, 2011; Chesbrough, 2007a; DaSilva and Trkman, 2014; George and Bock, 2011; Li et al., 2017; Osterwalder and Pigneur, 2002, 2010; Saebi and Foss, 2015; Sanchez and Ricart, 2010; Sorescu et al., 2011; Storbacka et al., 2012; Wirtz et al., 2016; Zott et al., 2011). This conceptual ambiguity is apparent because, with few exceptions, scholars have so far devoted little attention to empirical study of BMs (Baden-Fuller and Morgan, 2010; Morris et al., 2005; Zott and Amit, 2010). This inattentiveness also appears to be particularly true of marketing scholars (Wieland et al., 2017). However, whilst "conceptually rich" (Osterwalder and Pigneur, 2002: p. 2), according to Shafer et al. (2005: p. 200), practitioners "remain confused about how to use the concept" but add "business models can in fact play a positive and powerful role in corporate management." This view of practitioner confusion is also shared by Johnson (2010: p. 22) who states:

> "most leaders don't sufficiently understand their company's existing business model, the premise behind its development, its natural interdependencies, or its strengths and weaknesses when in pursuit of new growth. They simply don't know if they should leverage their core business and established model to deliver on a new customer opportunity or if that proposition is a move into the white space[2] requiring a new business model."

According to Johnson (2010), a BM is simply a *model* of a business.

A database search I conducted using the Thomson Reuters' Web of Science Core Collection citation index supports the formative nature of the BM concept. From this

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[2] Johnson (2010: p. 7) uses the term *white space* to mean "unchartered territory or an underserved market."

search, I divided the data into six multi-year periods (1970-1995, 1996-2000, 2001-2005, 2006-2010, 2011-2015 and 2016 only). I selected Web of Science because of "its focus on scholarly journals, its objective journal selection standards (e.g. impact, timeliness and peer review) and its widespread use within the academic community" (Klang et al., 2014: p. 460). In particular, Web of Science is one of the main academic databases for studying research contributions and indexes more than 15,000 journals and 50,000,000 articles. Therefore, I consider this database as having high quality and authenticity (Merigo et al., 2015). I present a histogram demonstrating the category distribution of published inter-disciplinary BM articles for the six multi-year periods in Figure 3.2. I based the search criterion on the words *business model*, *business models*, *open business model* or *open business models* in the *title* of the journal article relating to each of these six multi-year periods. I contend this histogram is quite revealing in several ways. The search revealed 2,487 documents including published articles, book reviews, editorial material and letters to editors. This search was then refined to include only published articles, thereby excluding book reviews, editorial material and letters to editors. This search revealed 991 inter-disciplinary journal articles published between 1970 and 2016. In particular, the lack of journal articles published in marketing literature was particularly evident with only thirty-seven articles published.
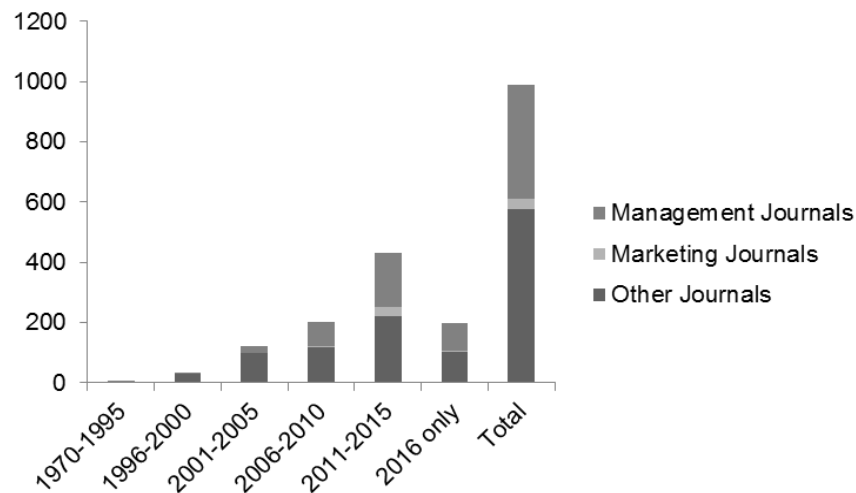
Figure 3.2: Distribution of published inter-disciplinary business model articles between 1970-2016
Source: Author

In order to establish the potential relevance of BM literature for marketing scholarship, it is helpful to examine some of the definitions of BMs. I present a selection of studies that have explicitly offered definitions of BMs in Table 3.1. It would appear that common to most of these definitions is the creation and capture of value. This raises the question, therefore, as to whether a BM is only concerned with value creation and value capture. However, Porter (2001: p. 73) argues that BM definitions are "murky at best" and adds:

> "Most often, it seems to refer to a loose conception of how a company does business and generates revenue. Yet simply having a business model is an exceedingly low bar to set for building a company. Generating revenue is a far cry from creating economic value, and no business model can be evaluated independently of industry structure. The business model approach to management becomes an invitation for faulty thinking and self-delusion."

Magretta (2002: p. 3), using a metaphor for explaining what a BM does, describes BMs as "stories – stories that explain how enterprises work", whilst other scholars describe BMs as *mental* models (Storbacka and Nenonen, 2011) and *recipes* (Baden-Fuller and Morgan, 2010). Magretta (2002: p. 4) adds, "a successful business model represents a better way than the existing alternatives. It may offer more value to a discrete group of customers, or it may completely replace the old way of doing things and become the standard for the next generation of entrepreneurs to beat."

Author(s)	Definition
Chesbrough (2007a: p. 12)	"At its heart, a business model performs two important functions: value creation and value capture".
Osterwalder and Pigneur (2010: p. 14)	"A business model describes the rationale of how an organisation creates, delivers and captures value".
Palo and Tahtinen (2013: p. 775)	"A networked business model guides how a net of companies will create customer and network value by developing collective understanding of the business opportunities and shaping the actions to exploit them".
Shafer et al. (2005: p. 202)	A business model is "a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network" and this core logic for creating and capturing value is the basis of a business model.
Teece (2010: p. 174)	"A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services".
Zott and Amit (2007: p. 181)	"A business model elucidates how an organisation is linked to external stakeholders, and how it engages in economic exchanges with then to create value for all exchange partners".

Table 3.1: A selection of definitions of business models in the literature

3.2.1 THE COMPONENTS OF BUSINESS MODELS

The identification of the components that describe BMs is, arguably, an important area of the BM literature. The term *business model* is composed of the word *business*, which refers to the activities related to the offering of products/services, and the word *model*, which refers to a simplified description of a more complex process formed after a conceptualisation process in the mind. According to Magretta (2002: p. 6):

> "Every viable organisation today is built on a sound business model, whether or not its founders or its managers [I add practitioners] conceive of what they do in those terms."

Teece (2010: p. 173) argues the notion of a BM "refers in the first instance to a conceptual, rather than a financial, model of a business." The success of the business is also often dependent on its practitioner's ability to modify, or even overhaul the BM whilst the business is actually trading (Magretta, 2002). According to Teece (2010: p. 187), designing a new BM requires "creativity, insight and a good deal of customer, competitor and supplier information and intelligence" and adds that it can "take time to get a business model right" (p. 191). Magretta (2002) argues that a successful BM should answer such questions as: Who is the customer? What does the customer value? How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost? However, Schweizer (2005) contends that in order to understand the structure of a BM, the following questions require addressing: How is the value chain of the firm configured with respect to the considered industry value chain? Where does the competitive advantage of the firm come from? How does the firm generate revenues and what is the existing revenue potential? Afuah (2004) describes a number of components that he asserts are common to all BMs. Other scholars (see for instance Afuah and Tucci, 2003; Chesbrough, 2003; Hamel, 2000; Magretta, 2002; Timmers, 1998; Weill and Vitale, 2001) attempt to conceptualise the various components of a BM in various contexts, namely electronic business, information systems, strategy, supply chain management and technology. Shafer et al. (2005) categorise these various components and, as a result, identify four major categories of a BM. These four major categories are termed *strategic choices*, *creating value*, *capturing value* and the *value network*. I present this model in Figure 3.3.

COMPONENTS OF A BUSINESS MODEL	
STRATEGIC CHOICES Customer (Target Market, Scope) Value Proposition Capabilities / Competencies Revenue / Pricing Competitors Output (Offering) Strategy Branding Differentiation Mission	**VALUE NETWORK** Suppliers Customer Information Customer Relationship Information Flows Product/Service Flows
CREATE VALUE Resources / Assets Processes / Activities	**CAPTURE VALUE** Cost Financial Aspects Profit

Figure 3.3: Components of business model affinity diagram
Source: Shafer et al. (2005: p. 202)

More recently, Osterwalder and Pigneur (2010) found that a BM could be conceptualised through nine basic building blocks that demonstrated the logic of how a firm intended to generate revenue. They refer to these building blocks as *customer segments*, *value propositions*, *channels*, *customer relationships*, *revenue streams*, *key resources*, *key activities*, *key partnerships* and *cost structure* and add these nine basic building blocks "cover the four main areas of business: customers, offer, infrastructure and financial viability" (p. 15). However, whilst Osterwalder and Pigneur's (2010) model was co-created following research that involved four hundred and seventy practitioners, Kindstrom (2010) argued that firms needed to design their value propositions around *the consumer*. This consumer-centric view is shared by a number of other scholars (see for instance Eyring et al., 2011; Johnson et al., 2008; Venkatraman and Henderson, 1998; Voelpel et al., 2004) who found the BMs of successful firms created value for customers by focusing on the customer value proposition as the most important component of their BMs. Demil and Lecocq (2009, 2010) provide an alternative perspective and conceptualise a framework what they term *the RCOV framework*. I present this framework in Figure 3.4.
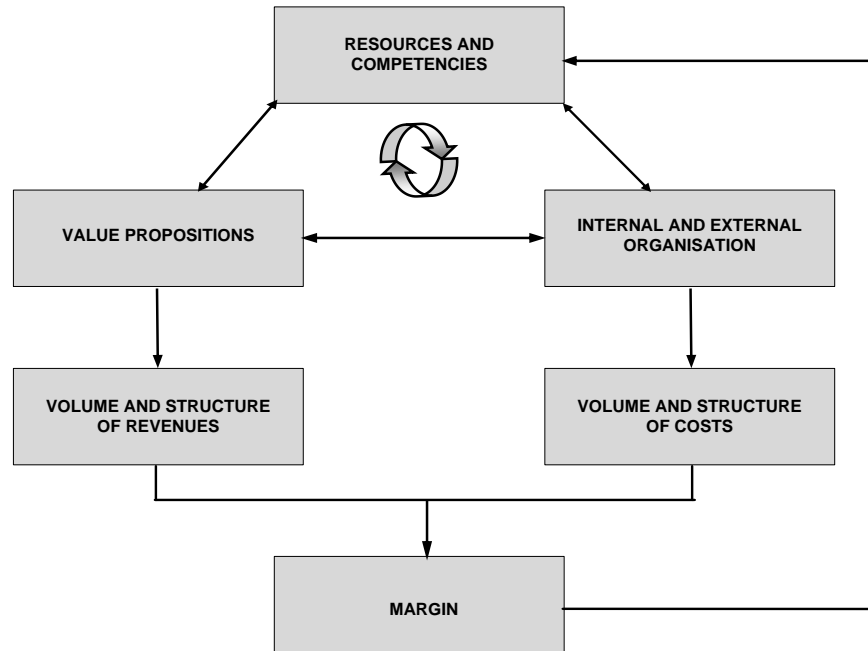
Figure 3.4: The RCOV framework: Main business model components and their relationships
Source: Demil and Lecocq (2010: p. 233)

Demil and Lecocq (2009, 2010) explain their framework consists of three fundamental components, namely resources/competencies, organisational structure and value propositions, to elucidate how BM operations are characterised by the interactions between these core components (and within their subsidiary elements), and how dynamically affected by inter-related sequences of deliberate management actions and environmental trends. Although common components such as customers, resources, revenue and value propositions are described in several conceptualisations of BMs, the composition of the whole set of components varies widely (Dahan et al., 2010; Demil and Lecocq, 2010; Svejenova et al., 2010) and there is little consensus on how the many components jointly shape the BM concept (Morris et al., 2005). Furthermore, the fact that new components are still being introduced (Casadesus-Masanell and Ricart, 2010a; Doz and Kosonen, 2010; McGrath, 2010) implies the overall range of components have not yet been exhausted.

Baden-Fuller and Morgan (2010: p. 157) explain that BMs are often linked to those firms that demonstrate "a particular form of behaviour". These models are referred to by the name of that firm, such as the McDonalds model or the Southwest Airlines model, whilst

others prefer the counterpart description of these firms, such as the franchising model or the low-cost airline model, because it is an example of a real business. Baden-Fuller and Morgan (2010: p. 157) also found the various definitions of BMs were "intimately linked with notions of taxonomies and *kinds*[3]." In discussing the possibilities for BM classification, Baden-Fuller and Morgan (2010) argue that each definition of a BM focuses on different characteristics and so is likely to produce a different set of classes. Baden-Fuller and Morgan (2010) also argue that classifications are worthwhile activities because of the possibilities they provided for, not only defining, explaining and understanding, but also for examining the similarities and differences in characteristics as well as the relationships between classes. However, whilst most attempts to classify and describe BMs have been taxonomic developed by abstracting from observations typically of a *single* industry, according to Baden-Fuller and Mangematin (2013), the literature lacks robust typological classifications of BMs.

3.3 BUSINESS MODELS AND STRATEGY

According to McGrath (2010), the BM concept is attractive because it suggests a change to the creation and implementation of strategies. However, a tension in these definitions is the attempt to differentiate the BM as a term from a more generic notion of strategy (see for instance Casadesus-Masanell and Ricart, 2010a; Teece, 2010). For example, Casadesus-Masanell and Ricart (2010a: p. 205) argue that BMs are a reflection of firms' realised strategies, "essentially, strategy coincides with [the] business model, so that an outside observer can know the firm's strategy by looking at its business model." Casadesus-Masanell and Ricart (2011: p. 107) add:

> "No three concepts are of as much use to managers [I add practitioners] or as misunderstood as strategy, business models, and tactics. Many use the terms synonymously, which can lead to poor decision making."

Vidal and Mitchell (2013) who found that a BM was the realised strategy of the firm and was a combination of complementary resources that supported the commercialisation of core products also shared this view that a BM is a reflection of a firm's realised strategy.

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[3] Italics added and speech marks removed in the quotation.

However, Gambardella and McGahan (2010: p. 263) argue that a BM is the "essence of a firm's strategy". Whilst a BM aids the analysis, testing and validation of a firm's strategic choices, it is not the same thing as strategy (Casadesus-Masanell and Ricart, 2011; Linder and Cantrell, 2001; Magretta, 2002; Mitchell and Coles, 2003; Morris et al., 2005; Osterwalder et al., 2005; Shafer et al*.,* 2005; Sorescu et al., 2011; Yip, 2004). According to Osterwalder and Pigneur (2002), the whole purpose of a BM is to provide the *missing link* between strategy and tactics. Furthermore, due to this ability to link strategy and tactics, BMs are viewed as a meso-level construct congruent with the day-to-day frame of action of practitioners (Demil and Lecocq, 2008). According to Magretta (2002: p. 6) BMs systematically describe:

> "…how the pieces of a business fit together. But they don't factor in one critical dimension of performance: competition. Sooner or later – and it is usually sooner – every enterprise runs into competitors. Dealing with that is strategy's job."

However, because BMs are not central to the two schools of thought about competitive advantage, namely the positioning school and the resource-based view, BM decisions fall into "the realm of managerial choice, and is therefore exceptionally useful to inform managerial decision making" (McGrath, 2010: p. 248). Whether or not a BM is the same thing as strategy, Shafer et al. (2005) argue, however, that a suitably constructed BM can serve as a powerful essential strategic tool for the firm.

3.4 BUSINESS MODELS AND PROXIMITY

In economic geography, the term *proximity* is used to explain the geographical space between firms, with the co-location of firms claimed to improve knowledge flows, and the production of knowledge and learning (Amin and Wilkinson, 1999; Loasby, 1999). In IM literature, Mason and Chakrabarti (2017) examine the role of proximity in designing BMs that work for those firms in markets operating at the bottom of the pyramid[4]. This study emphasises BM design and suggests proximity is an important dimension. Here, BMs are deployed as analytical frames to help entrepreneurs determine resource combinations to

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[4] Bottom of the pyramid is a socio-economic concept referring to the largest but poorest group of the world's population constituting an invisible and unserved market (Mason et al., 2013).

deliver market offerings in situ. Boschma (2005) identifies five dimensions of proximity termed: *cognitive*, *geographical*, *institutional*, *organisational* and *social*. Cognitive proximity is the closeness (or otherwise) of an actor's collection and interpretation of technological and market knowledge, relative to those of other firms in the network. Geographical proximity is the spatial or physical distance between economic actors both in its absolute and relative meaning. Institutional proximity operates at the macro-level and is concerned with the norms, rules and values of conduct of the broader institutional environment. Organisational proximity is the compatibility of knowledge-sharing routines between actors in the network. According to Boschma (2005), the more compatible these routines are the more control the firm has of knowledge flows in the business network. Finally, social proximity is the micro-level social relations between market actors with different forms of expertise. Mattes (2012) argues the notion of proximity is not a just a spatial phenomenon but a complex combination of spatial and non-spatial factors. Cognitive, social and organisational proximity suggests that BM design needs to take into account how the network operates and the types of value created through specific forms of interaction (Mason and Chakrabarti, 2017). According to Mason and Chakrabarti (2017), both market institutions and practices, and the strategic intent of practitioners shape firm structure. However, scholars have made little systematic effort to examine the socio-spatial-temporal dimensions of the BM process (Mason and Chakrabarti, 2017).

3.5 OPEN BUSINESS MODELS

Many core conceptualisations of *closed* BMs reviewed so far in this chapter have been argued to remain "somewhat simplified and static" (Palo and Tahtinen, 2013: p. 773) and "often difficult to distinguish from Porter-esque competitive strategy and increasingly only applied at the level of the firm" (Mason and Spring, 2011: p. 1032). This firm-level view of BMs also appears to be shared by Casadesus-Masanell and Ricart (2010a: p. 124) who suggest instead that firms "do not act in isolation, but rather interact with those of other industry participants - customers, suppliers, competitors, and producers of substitute and complementary products." Similarly, Zott and Amit (2010: p. 6) conceptualise a firm's business model as "a system of interdependent activities that transcends the focal firm and spans its boundaries." As an alternative to this *single-level* view, Bankvall et al. (2017) suggest a *multi-level* approach to BM analysis at the levels of the firm, relationship and

network. Johnson et al. (2008) also argue that this firm-level view of BMs makes them inadequate to analyse the interdependent nature of firms that are evolving in a business ecosystem context. Furthermore, firms that implement closed BMs focus primarily on developing BMs that consider only firm-level value creation (Spieth et al., 2014). This ambiguity presents problems for marketing scholarship both in defining the contribution it can make to the further development of BM theory, and in understanding how marketing can learn from current BM literature. As an alternative to this atomistic perspective on *closed* BMs, studies of *open* business models (OBMs) have started to appear in the literature. According to Chesbrough (2006: pp. 2-3):

> "Open [business] models create value by leveraging many more ideas, due to their inclusion of a variety of external concepts. Open models can also enable greater value capture, by using a key asset, resource, or position not only in the company's own business but also in other companies' businesses."

The term *open business model* was originally coined by Chesbrough (2006, 2007b). The notion of OBMs (see for instance Chesbrough, 2006, 2007b; Chu and Chen, 2011; Davey et al., 2011; Frankenberger et al., 2013, 2014; Miguel-Davila et al., 2012; Osterwalder and Pigneur, 2010; Wirtz and Ehret, 2013) are those BMs in which value is co-created between actors *outside* the boundaries of a single firm. According to Chesbrough (2003, 2006, 2007b, 2011), because useful knowledge is no longer concentrated in a few large organisations, practitioners need to adopt new, open models of innovation. According to Saebi and Foss (2015), in order to harness effectively the potential benefits of open models of innovation, firms need to deploy various practices to facilitate accessing and integrating knowledge residing outside the firm's boundaries. Chesbrough (2003, 2011, 2012) and Chesbrough and Appleyard (2007) conceptualise the notion of *open innovation* to refer to the use of both inflows and outflows of knowledge to improve internal innovation and expand the markets for external exploitation of innovation. In particular, Chesbrough argues that open innovation assumes that firms should (and can) seek to use internal as well as external ideas, and internal and external paths to market, as firms look to advance their technology. Such open innovation can also involve sharing risk and reward with its partners. According to West et al. (2014), open innovation has had a sizeable impact on *practice*. For instance, practitioners have increasingly realised the importance of specific capabilities to manage external collaborations effectively. Wieland et al. (2017) identify

collaboration taking a practice-based perspective as a priority for further BM research. Storbacka et al. (2012) found capabilities play a key role in BM design because they are manifested in the practices used by the practitioner in their value-creation processes. Whilst open innovation is one of the main talking points for management scholars in recent years, there are still unanswered questions that require further investigation (Chiaroni et al., 2011). Therefore, as a relatively new field of research, open innovation provides rich possibilities for new discoveries in *openness* (West et al., 2014). According to Hautz et al. (2017), this notion of *openness* is simultaneously a macro-level phenomenon and a micro-level instantiation. However, according to Chesbrough and Appleyard (2007: p. 58):

> "If we are to make strategic sense of innovation communities, ecosystems, networks, and their implications for competitive advantage, we propose that a new approach to strategy - open strategy is needed."

Appleyard and Chesbrough (2017: p. 310) define this notion of *open strategy* as "a firm's justification for participating in an open initiative, including its ability to capture value from the initiative." I argue here that the term *open initiative* can relate also to an OBM. Hautz et al. (2017: pp. 298-299) provide an alternative definition of *open strategy* as "a dynamic bundle of *practices* [emphasis added] that affords internal and external actors greater strategic transparency and/or inclusion, the balance and extent of which respond to evolving contingencies derived from both within and without organisational boundaries." Birkinshaw (2017) contends the role of such organisational boundaries in open strategy making should be a priority for further research. Whilst these definitions of open strategy appear to vary in their emphases, Chesbrough and Appleyard (2007) use the term to emphasise the exchange of knowledge between internal and external practitioners through the combination of open innovation and open co-ordination within *business ecosystems*. On the other hand, Doz and Kosonen (2008: p. 75) explain that open strategy is more a process requiring that firms "actively co-strategise and experiment with multiple stakeholders in line with a comprehensive architecture for staying connected with the world." Whilst open strategy draws on open innovation, it is not simplified by it (Hautz et al., 2017). Schmitt (2010) uses an alternative term *open strategising* to describe a process involving external stakeholders in issue framing, arena shaping and credibility building. However, according to Hautz et al. (2017), firms are only just starting to use what they term *open practices* and new open practices are continuously emerging. Therefore, further research is needed to

learn more about the various outcomes of different open practices on the firm by different types of practitioners (Hautz et al., 2017; Weiblen et al., 2013). As practices are typically not employed in isolation (Seidl and Whittington, 2014; Jarzabkowski et al., 2015) - in other words are employed collaboratively - there is also a need to examine how certain open practices relate to other open practices in firms in areas such as finance and marketing communications (Hautz et al., 2017).

Despite the seminal work of Chesbrough (2003, 2006, 2007b), the perception of what an OBM is appears to differ considerably among scholars. According to Weiblen et al. (2013), the concept is neither clearly defined nor clearly delineated from the closely related BM and open innovation fields. The reason for this confusion is, arguably, the formative nature of the OBM concept. For example, a cursory search of the Thomson Reuters' Web of Science Core Collection citation index reveals that little research in OBMs exists with only eleven articles, with the term *open business model* or *open business models* in the title, published in *business* and *management* category journals between 1970 and 2016. Furthermore, in the context of marketing scholarship, only one of these eleven articles was published in a journal classified as *Marketing* by the CABS (2015). I present a summary of these OBM articles published between 1970 and 2016 in Table 3.2. This table is quite revealing in several ways. From this small body of literature, networked BMs appear to be an emergent theme within OBM literature (Frankenberger et al., 2013). Identified, as a key component of BMs is the network perspective (Komulainen et al., 2006; Shafer et al., 2005; Westerlund et al., 2008) that emphasised the actors (Timmers, 1998; Weill and Vitale, 2001) and their roles (Chesbrough and Rosenbloom, 2002). However, research focusing on the dynamics and processes of BM development (Johnson et al., 2008) and on the influence of the network perspective on the BM and vice versa appears to be limited (Mason and Spring, 2011; Palo and Tahtinen, 2011). Furthermore, in the context of marketing scholarship, only four out of twelve BM articles in the context of the network perspective, published between 1970 and 2016, were published in a journal classified as *Marketing* by the CABS (2015). I present a summary of these twelve BM articles published between 1970 and 2016 in Table 3.3.

Journal	Author(s)	Title of article
International Entrepreneurship and Management Journal	Alcalde and Guerrero (2016)	"Open Business Models in Entrepreneurial Stages: Evidence from Young Spanish Firms during Expansionary and Recessionary Periods".
Industrial and Corporate Change	Colombo et al. (2016)	"Open Business Models and Venture Capital Finance".
California Management Review	Kortmann and Piller (2016)	"Open Business Models and Closed-Loop Value Chains".
Industrial and Corporate Change	Tucci et al. (2016)	"When do Firms undertake Open, Collaborative Activities? Introduction to the Special Section on Open Innovation and Open Business Models".
R&D Management	Frankenberger et al. (2014)	"The Antecedents Of Open Business Models: An Exploratory Study of Incumbent Firms".
Industrial Marketing Management+	Frankenberger et al. (2013)	"Network Configuration, Customer Centricity, and Performance of Open Business Models: A Solution Provider Perspective".
Universia Business Review	Miguel-Davila et al. (2012)	"Open Business Models in Systemic Contexts: The Case of The Mobile Phone Industry".
Technology Analysis & Strategic Management	Davey et al. (2011)	"Innovation in the Medical Device Sector: An Open Business Model Approach for High-Tech Small Firms".
African Journal of Business Management	Chu and Chen (2011)	"Open Business Models: A Case Study of System-On-A-Chip (Soc) Design Foundry in the Integrated Circuit (IC) Industry".
Universia Business Review	Sandulli and Chesbrough (2009)	"The Two Sides of Open Business Models".
MIT Sloan Management Review	Chesbrough (2007b)	"Why Companies should have Open Business Models".

+ Marketing journal as classified by the CABS (2015)

Table 3.2: Summary of open business model articles published between 1970-2016

This table is also quite revealing in several ways. From this small body of literature, Palo and Tahtinen (2011, 2013) conceptualise a framework for networked BM development of technology-based services in emerging markets. However, only Frankenberger et al. (2013) have examined the network perspective in the context of OBMs. Frankenberger et al. (2013) study a solution provider context and discover that solution customer centricity - the degree to which the focal firm focused on solution customers in the joint delivery of solutions - moderates the relationship between partnership networks and OBM performance. Their research also links extant insights from network research to OBM performance. However, although OBMs are by definition closely linked to the establishment and operationalisation of external networks, there appears to be a lack of research to explain the composition of these networks and their effect on the performance of OBMs (Frankenberger et al., 2013; Zott and Amit, 2009).

Understanding these relationships is of particular relevance for those traditional manufacturing firms wanting to diversify and become solution providers. A solution provider manufactures stand-alone products as well as bundles them with related services provided by its network partners into solutions that meet customers' needs (Davies et al., 2006, 2007). Increasingly, manufacturing firms have evidenced innovation by providing services to accompany their existing products throughout the life cycle. Different researchers have studied the integration of products/services into solutions, adopting different terms for the same concept. Among them, three appear to be of particular relevance to this study: service-dominant logic (Vargo and Lusch, 2004, 2008a, 2008b), servitisation (Neely, 2008; Smith et al., 2014; Vandermerwe and Rada, 1988), and systems integration (Davies et al., 2006, 2007; Hobday et al., 2005; Jacobides and MacDuffie, 2013). Despite the difference in terms, the central concept is the same: to move the focus of traditional manufacturing firms based on the design and sale of physical products to a new business orientation that considers functionalities and benefits delivered through products/services (Manzini and Vezzoli, 2003).

Journal	Author(s)	Title of article
International Journal of Business	Dellyana et al. (2016)	"Business Model Innovation in Different Strategic Networks".
Journal of Management Development	Lorange and Thomas (2016)	"Pedagogical Advances in Business Models at Business Schools - In the Age of Networks".
Industrial Marketing Management+	Velu (2016)	"Evolutionary or Revolutionary Business Model Innovation through Coopetition? The Role of Dominance in Network Markets".
Technological Forecasting and Social Change	Ghezzi et al. (2015)	"Strategy and Business Model Design in Dynamic Telecommunications Industries: A Study on Italian Mobile Network Operators".
International Entrepreneurship and Management Journal	Cautela et al. (2014)	"The Emergence of New Networked Business Models from Technology Innovation: An Analysis of 3-D Printing Design Enterprises".
Industrial Marketing Management+	Frankenberger et al. (2013)	"Network Configuration, Customer Centricity, and Performance of Open Business Models: A Solution Provider Perspective".
Industrial Marketing Management+	Palo and Tahtinen (2013)	"Networked Business Model Development for Emerging Technology-Based Services".
Universia Business Review	Casani et al. (2012)	"New Business Models in the Creative Economy: Emotions and Social Networks".
African Journal of Business Management	Chiou (2011)	"Dynamic Capabilities, Collaborative Network and Business Model: An Empirical Analysis of Taiwan HTC Corporation".
Journal of Business & Industrial Marketing+	Palo and Tahtinen (2011)	"A Network Perspective on Business Models for Emerging Technology-Based Services".
Journal of Management Studies	Mason and Leek (2008)	"Learning to Build a Supply Network: An Exploration of Dynamic Business Models".
Technovation	Calia et al. (2007)	"Innovation Networks: From Technological Development to Business Model Reconfiguration".

+ Marketing journal as classified by the CABS (2015)

Table 3.3: Summary of business model articles in the context of the network perspective published between 1970-2016

The term *servitisation* was originally coined by Vandermerwe and Rada (1988: p. 314) to describe the propensity for certain manufacturing firms to offer "fuller market packages or *bundles*[5] of customer-focussed [sic] combinations of goods, services, support, self-service, and knowledge." Whilst the shift towards servitisation was observed initially in manufacturing firms (Mathieu, 2001), later it was seen bringing together public-private sector firms (Davies, 2004; Kapletia and Probert, 2010). The notion of servitisation is now widely recognised as the process of creating value by adding services to products (Baines et al., 2009). Furthermore, the notions of servitisation or open service innovation (Chesbrough, 2003, 2006, 2007b, 2011) can be seen as developing a firm's innovative capabilities by effecting a move from products to product/service systems (Johnstone et al., 2009). The proliferation of servitisation in manufacturing firms has resulted in these firms offering both product and service solutions to generate superior customer exchange value and thus enhance competitive advantage (Smith et al., 2014).

In comparison to the notion of servitisation, in IM literature, Davies et al. (2007) conceptualise two contrasting types of firms that provide integrated solutions. First, the *vertically integrated systems seller* is a firm that offers products/services based on a single-seller design incorporating technology, products and propriety interfaces developed *internally*. Second, the *systems integrator* is a firm or practitioner capable for the overall system design and integration of products/service components supplied by *external* suppliers into a single functioning system. Therefore, the provision of integrated solutions is understood as a strategy of *vertical integration* conceptualised as a forward movement from products to services (Ansoff, 1957, 1968). The adoption of this BM, therefore, changes a firm's value proposition from one based on selling products to selling solutions. According to Davies et al. (2007), this customer-centric approach involves working backwards from a customer's needs and identifying options for organising the required capabilities to provide the solutions for those needs. However, whilst there appears to be a lack of research deployed to assist practitioners in these fields, research on the performance implications of servitisation and systems integration, in particular, appear to emphasise the need for a better understanding of its value creation and appropriation processes (Gebauer et al., 2012).

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[5] Italics added and speech marks removed in the quotation.

3.5.1 OPEN BUSINESS MODELS AND MARKETING

It appears that in many definitions of BMs, the notion of value is not just something that is produced; rather it is also something that is exchanged and consumed. Many scholars further acknowledge the centrality of BMs in the creation, capture and delivery of value to a firm's customers (see for instance Afuah, 2004; Afuah and Tucci, 2003; Baden-Fuller and Morgan, 2010; Chesbrough, 2007a, 2010; Johnson, 2010; Johnson et al., 2008; Morris et al., 2005; Teece, 2010). Exchange of value is central in many definitions of marketing. For example, Ringold and Weitz (2007) discuss the 2004 definition of marketing as including notions of creating, communicating and delivering value to customers. In IM literature, Mason and Spring (2011: p. 1035) study value delivery to customers through an examination of the theory behind BMs in the context of the recorded music industry and define value as "as the benefits derived by a customer from an exchange." Mason and Spring (2011) attempt to link a conceptualisation of what BMs are with what they do. Storbacka (2011) who presents a framework to assist firms in the effective management of a solutions business also discusses BMs in a solution business context. This framework enables *solutions* to improve value creation for customers, creates demand for these solutions, sells the solutions to the individual customers and receives compensation based on the customer's value-in-use. Shin and Park (2009) also discuss value creation in the context of e-auctions and demonstrate how variants of e-BMs create customer value through differentiation. Palo and Tahtinen (2011), who found that value exchanges between the service and the customer were important elements in a BM, raise value creation again in the context of technology-based services. According to Ritala et al. (2014: p. 237), the "role of both relational and firm specific resources essentially determines how much value can be created and who is in the position to appropriate it." This comment points to both organisational and person centric factors that underpin value capture. Storbacka et al. (2013) attempts to bring back organisational and person centric factors when proposing four dimensions with which to interrogate OBMs; customer embeddedness, offering integratedness, operational adaptiveness, and organisational networkedness. Value creation is central to marketing theory and practice (Beverland, 2012, Kelly et al., 2017) and there remains much to discover in marketing research about how firms create and deliver value

(Lindgreen et al., 2012) whether in the context of dyads (Dwyer et al., 1987), networks, products or services (Ford, 2011; Wirtz and Ehret, 2013).

3.5.2 OPEN BUSINESS MODELS AND VALUE CO-CREATION

In extant business and management literature, there does not appear to be a consensus relating to a definition of the notion of value (Kelly et al., 2017; Lindgreen et al., 2012). However, research does appear to indicate that value emerges when practitioners integrate and apply resources in *collaboration* with other practitioners (Vargo and Lusch, 2011). In IM literature, value is defined as being derived from the benefits and sacrifices perceived by the practitioner in the value proposition and the related exchange (Lindgreen and Wynstra, 2005). The concept of value co-creation is an emerging theme across the marketing discipline alongside BMs and OBMs (Fisher and Smith, 2011; Sheth and Uslay, 2007). In IM literature, Frankenberger et al. (2013: p. 672) provide a helpful definition of OBMs: "An open business model explains value creation and value capture of a focal firm, whereby externally sourced activities contribute significantly to value creation." According to Osterwalder and Pigneur (2010: p. 109), OBMs specifically describe the creation and capture of value by "systematically collaborating with outside partners." The value co-creation literature examines the processes through which value is created jointly *between* firms rather than within the boundaries of a *single* firm (Prahalad and Ramaswamy, 2000, 2004a, 2004b). However, the primary focus of this literature has focused on dyads between suppliers and customers, acknowledging the power of customers as innovators (Vargo and Lusch, 2004, 2008a, 2010). Later contributions develop value co-creation as an activity that takes place between "economic and social actors within networks interacting and exchanging across and through networks" (Vargo and Lusch, 2008b: p. 5). Reflecting the change from a customer-focused to a stakeholder-focused period in marketing, a focal shift from *the one to the many* within value co-creation has been suggested, for the role of multiple stakeholders in value co-creation is an under-researched area (Kornum and Muhlbacher, 2013).

A possible problem within the co-creation literature has been its grounding in the service-dominant logic, granted macro, meta-theoretical status by many scholars (Brodie et al., 2011; Lobler, 2011). However, Leroy et al. (2013) have criticised this *zooming out* and

instead advocate *zooming in* on more micro-level features of value co-creation. Several IM scholars (see for instance La Rocca et al., 2017) have zoomed in on the micro-level factors, particularly in the context of solutions businesses. Ferreira et al. (2013) note that solutions based BMs show the highest degrees of both integration of the customer within a company's value chain and co-ordination between elements of the value chain. Therefore, value co-creation is achieved in the OBMs of solutions businesses by the integration of the customer into each aspect of the value chain. Frankenberger et al. (2013) further discover that in solutions providers, the degree to which the customer is embedded in the value creation process affects the nature of the network structure. Lower customer centricity leads to more, weaker ties whilst higher customer centricity leads to fewer, stronger ties. Hence, there appears to be scope for the further development of both supply chain and network visions of OBMs. I illustrate the differences between three separate OBMs along a simplified solution-provider value chain in Figure 3.5. The grey activities in solution co-creation indicate the activities performed by the focal firm whilst its partners perform the white activities.

Whilst the debate on value co-creation has concentrated on customer value co-creation (see for instance Etgar, 2008; Gronroos, 2011; Payne et al., 2008), in reality, firms are embedded in dynamic networks of diverse stakeholders, including but not exclusive to customers (Granovetter, 1985). Distinctive contributions for IM therefore lie in the development of open business models, co-created with multiple stakeholders in a supply chain, and the end users of a value proposition. Furthermore, according to Bankvall et al. (2017), there is a requirement for an industrial network approach to BM analysis. In contrast to closed BMs, OBMs additionally focus on external resources as key contributors to a company's value creation process. Value in OBMs is therefore conceptualised as *co-created* between actors [I add practitioners] external to a focal firm (Frankenberger et al., 2013; Storbacka et al., 2012; Wirtz and Ehret, 2013). The adoption of OBMs offers the potential for firms to be more pluralistic in both the creation and capture of value. By encouraging firms to look beyond their own boundaries for ideas and intellectual property, they can potentially bring competencies and resources in to their own BMs whilst licencing their own under-utilised intellectual property to other partners within an OBM (Chesbrough, 2007b). Former levels on BMs appear to encompass dyadic, vertical supply chain as well as the broader business ecosystem context as dimensions of explication.

However, what seems particularly lacking in OBM literature is a *multi-level* focus on OBMs in the context of strategic practice. For instance, questions as to the identity and competencies of the key practitioners in OBMs appear yet to be examined. For example, only a limited body of work has examined the practices of boundary-spanning actors involved in organisational change processes (Khan et al., 2015; Perrone et al., 2003; Stamper and Johlke, 2003; Williams, 2013; Zhao and Anand, 2013), as well as their practices and praxis (Whittington, 2006; Jarzabkowski et al., 2007).

Solution co-creation: primary and support activities

Solution customer

3M SERVICES

SUPPORT ACTIVITIES

3M Services: process improvement, accounting, strategy, general management

3M Services	3M Services	Partner (e.g., film applicator)	3M Services

Product production | Solution sales | Service provision | Post-deployment support

Industry (e.g., car manufacturer)

SOLUTION PURCHASE

SAP

SUPPORT ACTIVITIES

SAP: training, IT infrastructure, project/solution templates and methodology

SAP	SAP and partner	Partner (e.g., consulting firm)	SAP and partner

Product production | Solution sales | Service provision | Post-deployment support

Industry (e.g., machine manufacturer)

SOLUTION PURCHASE

GEBERIT

SUPPORT ACTIVITIES

Geberit: training, special tools, planning software, on-site partner support

Geberit	Partner (e.g., plumber)	Partner	Partner

Product production | Solution sales | Service provision | Post-deployment support

Industry (e.g., property developer)

SOLUTION PURCHASE

Figure 3.5: A solution-provider value chain
Source: Frankenberger et al. (2013: p. 674)

In contrast to value co-creation, the notion of value co-destruction has been underlying in a growing number of service-dominant logic-related publications. According to Jaworski and Kohli (2006), interactions between actors can result in sub-optimal outcomes for them if these interactions occur under certain conditions. A further opportunity, therefore, lays in the breaking with the dominant consideration of value co-creation in a positive sense, with only a few scholars simultaneously considering the tensions between value co-creation and value co-destruction (exceptions include Echeverri and Skalen, 2011; Ple and Caceres, 2010; Smith, 2013). The definition of *value co-destruction* is a relational process between focal actors and their networks that results in a decline in at least one of the focal actors and/or the well-being of their network. During this process, the focal actors interact either directly (firm-to-firm, individual-to-individual, etc.) or indirectly by integrating and applying resources (Ple and Caceres, 2010). However, the erosion of this process can occur because of adverse transfers of core competencies to partners who subsequently emerge as competitors.

3.6 CHAPTER SUMMARY

I completed the literature review section of this thesis in this chapter with the presentation of a comprehensive review of BM literature. In this section, I reviewed three broad streams of literature to elucidate both the background to the BM concept as well as the BM concept itself. In particular, I selected these three broad streams of literature, namely strategy (including strategy-as-practice), IM, and BMs, based on the best possible understanding of their compatibility and complementarity to address the research objectives. I contend I provided revelatory insight (Corley and Gioia, 2011) into OBM literature by a novel synthesis of these three broad streams of literature. At the beginning of the chapter, I reviewed of the various terminologies of BMs followed by a review of the key components of BMs. BMs in the context of strategy and proximity were next reviewed which was followed by a review of OBM literature. At the end of the chapter, I concluded with a review of OBMs in the context of marketing, value co-creation and value co-destruction.

SECTION B
OBJECTIVES, METHODOLOGY AND METHODS

B.I SECTION INTRODUCTION

The purpose of this section is to present the methodological overview and discussion of the significant gaps in extant literature identified in the literature review chapters presented in Section A. Following this discussion, I present the research objectives including an introduction to the conceptual framework that I constructed for the study. Following the introduction to my conceptual framework, I present my justification of the research methodology deployed to answer the research objectives. In particular, I describe and defend the conscious stance that I adopted in relation to my social constructionist epistemological position. I believe that when considering the correct approach to a research problem, a number of dichotomous debates must be negotiated. The most significant of these dichotomies is qualitative versus quantitative, objective versus subjective and deductive versus inductive. In this section, I also challenge the nature of such entrenched dichotomies in IM scholarship and propose a non-dichotomous and pluralistic method for this study. Following this justification, I discuss the data collection, subsequent data analysis, ethical considerations and methodological limitations that faced the study.

CHAPTER FOUR

RESEARCH OBJECTIVES AND METHODOLOGY

4.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Chapter Four.	Research objectives and methodology
Section C.	**Findings, Conclusions and Contributions**
	Current position in the thesis shaded

Figure 4.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this chapter is to present the research objectives as well as the research methodology deployed to undertake this study. The purpose of this chapter is not just an account of how I obtained the empirical evidence but it is also an account of the potential limitations of the study. This is a fundamental chapter where the emphasis begins to change from *what* and *why* to *how* and where the constraints, both philosophical and practical, begin to be addressed. I begin the chapter with a presentation of the methodological overview and discussion of the significant gaps in extant literature identified from the literature review section as well as the related research objectives addressed in the study. In particular, I summarise the discussion of the significant gaps in extant literature by drawing upon elements from three inter-related domains. Following this discussion, I present the three research objectives. In order to address the research objectives, I constructed a conceptual framework presented in chapter five and chapter six. A review of the nature of research including the research process, the origins of a research methodology, the role of the researcher and the foundation for the theoretical contribution of this study is presented next. Following this review, I present my justification of the paradigm, including the epistemological and ontological considerations, and a justification of the methodology, which included the qualitative research design deployed for this study. I next present the criteria for case selection followed by data collection and case study analysis procedures. I

conclude the chapter with a discussion surrounding the ethical considerations throughout the design and implementation of this study as well as the limitations to the methodology deployed.

I present the methodological overview next.

4.2 METHODOLOGICAL OVERVIEW

According to Brinberg (1982), the research process involves drawing upon elements from three inter-related domains, which he terms the *conceptual domain*, the *methodological domain* and the *substantive domain*. In particular, the conceptual domain relates to components of the research process and their inter-relationships such as ontological assumptions, theories and models we used to make sense of phenomena in the substantive domain. The methodological domain relates to research methodologies such as design, sampling and methods of analysis. Finally, the substantive domain relates to the phenomena we address and/or the phenomena that affected important aspects of BMs whether we address them or not. I present Brinberg's model in Figure 4.2.
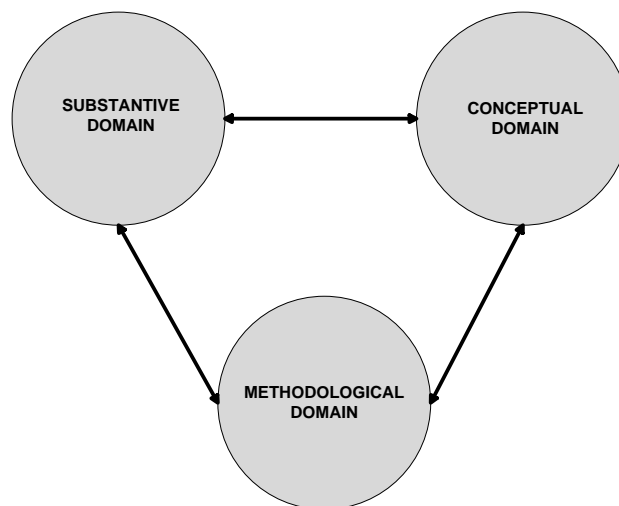
Figure 4.2: The three domains of research
Source: Adapted from Brinberg (1982: p. 41)

I deploy these three inter-related domains next to identify and discuss the significant gaps in extant literature in order to support the research objectives addressed in the study.

4.2.1 THE CONCEPTUAL DOMAIN

In recent years, the use of the term *business model* has become increasingly popular vocabulary with practitioners. However, BMs are a relatively new and potentially powerful concept in business and management literature. Several scholars have identified that research in this field is still *formative*. Consequently, there is no commonly accepted view of what a BM should consist of. This conceptual ambiguity is apparent because, with few exceptions, scholars have so far devoted little attention to empirical study of BMs. Furthermore, existing studies appear to provide only *single-level* insight into BMs. Although common components, such as customers, resources, revenue and value propositions, are described in several conceptualisations of BMs, the composition of the whole set of components varies widely. Hence, there is confusion how these components jointly shape the BM concept. Whilst some scholars have offered definitions of BMs, none of these definitions appear completely acceptable to practitioners. Furthermore, as new BM components continue to be introduced, the implication is the overall range of components is not yet exhausted. In addition, little systematic effort to examine the spatial dimensions of BM design is made. Whilst most attempts to classify and describe BMs have been taxonomic, developed by abstracting from observations typically of a *single* industry, the literature lacks robust typological classifications of BMs. These views, therefore, reflect confusion, which appears to have taken the focus away from proper dialogue on key questions such as practitioner identity and capabilities as well as their practices and situated praxis. An increasing number of scholars have called for research into the *multi-level* foundations of strategy, typically understood as foundations that were rooted in individual action and interaction. Substantial conceptual developments in BM literature are not translated into the notion of strategic practice and ideas about how practitioners can deploy BMs and achieve open innovation appear to be confusing and often contradictory. In addition, only a limited body of research has examined the work of boundary-spanning practitioners involved in organisational change processes. The question of the identity and role of these boundary-spanning actors as well as their practices and praxis in the context of BMs appears to be a significant lacuna and just as significant an opportunity for scholars to open up new avenues of research.

4.2.2 THE METHODOLOGICAL DOMAIN

In the literature review section of this thesis (Section A), I approached the review by taking a subjective, qualitative perspective. However, I argue this approach in isolation cannot adequately answer the question how knowledge generation transfers over time, nor adequately reveal the key journal articles and prominent scholars driving the BM concept at different points in time. Whilst the systematic literature review method has been deployed in a health care context, it can also be applied to any field of academic research. In addition to medicine, systematic literature reviews are quite common in other disciplines including business management, education and sociology. However, I contend there has been a lack of deployment of systematic literature review methodologies to reveal the intellectual development of BM literature in IM scholarship. At the time of submission of this thesis for examination, the only known deployment of systematic literature review methodologies within BM literature are published by George and Bock (2011), Klang et al. (2014), Wirtz et al. (2016) and Zott et al. (2011), but none of these articles are studied in an IM context. The lack of deployment of systematic literature review methodologies in IM scholarship appears, therefore, to be a very significant lacuna and just as significant an opportunity for scholars to deploy this methodology in OBM literature.

4.2.3 THE SUBSTANTIVE DOMAIN

Implicit in discussion of BMs is that whilst *closed* BMs focus on *internal* processes and design of infrastructure that enable single firms to create and capture value, *open* BMs (OBMs), on the other hand, focus on the creation/co-creation and capture of value between practitioners *beyond* the boundaries of a single firm. However, the question as to how value is created/co-created and captured in the interplay between actors who collaborate to develop solutions, appears largely unexplored. Implicit in discussion of BMs is they also hold the promise of elucidating the *networked* nature of the creation/co-creation and capture of value. Whilst research has shown the potential of opening up BMs, it currently lacks a consistent theory and research framework to analyse these models. This lack of a consistent theory and research framework is because the role of practitioners in value co-creation is an under-researched area. Whilst existing research has already started to take stock of the diversity of open practices, new open practices are continuously emerging that offer a

promising area of further research. Hence, I contend researchers interested in strategy-as-practice might want to explore the range of open practices available to firms and examine trends in the use of these practices. Therefore, further research is needed to learn more about the various outcomes of different open practices on the firm by different types of practitioners. Furthermore, the notions of regional strategic networks and business ecosystems appear to be gaining popularity in describing collaborative and interdependent practices among larger sets of firms. However, few studies have investigated the economic logic that connects practitioners in a business ecosystem context. Furthermore, as far as I am aware, no research yet considers OBMs and platform ecosystem integration. The OBM concept is neither clearly defined nor clearly delineated from the closely related BM and open innovation fields. The reason for this confusion is that, arguably, the OBM concept is still formative. As a result, there is a lack of research that can be deployed to assist practitioners achieve OBMs within their own firms.

So what I argue is needed, therefore, are further studies that offer *multi-level* insight into *open* systems of solutions - both in terms of clarity as open business models and of innovation as open business models. For instance, a missing key element in numerous overlapping studies is the context of *openness* and *boundaries*, and *value creation/co-creation* and *value capture* across and between these boundaries. This discussion relating to significant gaps in extant literature has informed the construction of a conceptual framework for the study. I present my conceptual framework and research objectives to be addressed in the study next.

4.3 RESEARCH OBJECTIVES

To re-iterate, practitioners are regarded as the link between the praxis in a firm and the practices that exist at the intra-, inter- and extra-organisational levels (Jarzabkowski and Spee, 2009; Whittington, 2006), and strategy implementation relies heavily on practitioners since the realisation of strategic goals depends on the adoption of practices by the firm members (Jarzabkowski et al., 2007). I propose, therefore, to study the *multi-level* relational interplay of the practitioners, their practices and their praxis within three firms that form an OBM situated within a business ecosystem. I will frame this study in the context of four multi-level value creation/co-creation domains, which I refer to as *intra-organisational*

factors, *inter-organisational factors*, *extra-organisational factors* and *practitioners and their capabilities*, against the two outcomes of *value co-creation* and *value capture*. I present these multi-level domains in a conceptual framework in Figure 4.3.
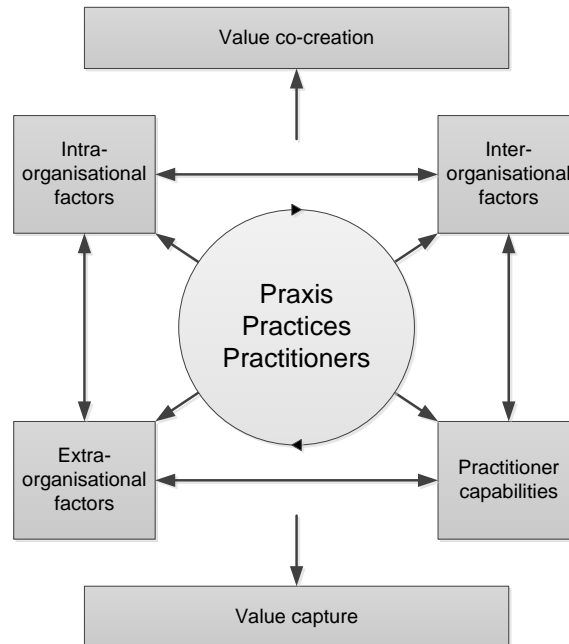
Figure 4.3: The conceptual framework of the study
Source: Author

I argue this framework is required as an organising device for the study. In order to challenge the underlying assumption that existing studies provide only *single-level* insight into BMs, the construction of the *multi-level* conceptual framework was informed by the literature. For instance, common to most BM definitions are the outcomes of value creation/co-creation and value capture. A number of scholars also include the network perspective in BM definitions (see Table 3.1). Furthermore, Zott and Amit (2007: p. 181) discuss how BMs are linked to "external stakeholders". These notions of networks and external stakeholders against the outcomes of value creation/co-creation and value capture informed the construction of the conceptual framework. I contend, therefore, the conceptualisation of the four multi-level value creation/co-creation domains provide a systematic means to conceptualise OBMs as strategic practice.

In order to investigate the research problem, I state the following three research objectives:

Research objective one

To provide an account of an OBM as strategic practice. More specifically:

a) What is *open* about OBMs?

Research objective two

Building on a practice perspective, to present an analysis of an OBM as a *multi-level* phenomenon. More specifically:

a) How internal factors affect openness (intra-organisational level).

b) What elements of inter-firm interaction affect OBM functionality (inter-organisational level)?

c) How the OBM's embeddedness in its external (ecosystem) context affects OBM functionality (extra-organisational level).

d) How personal (capability) factors underpin OBM functionality (actor level).

NB: I will explore functionality in terms of value capture and value creation/co-creation.

Research objective three

To gain an understanding of a solutions-based OBM context that crosses industry and sectoral boundaries.

NB: The case is set in a construction industry context in one of the Department of Health's NHS LIFT PPPs in a city-region situated in the North of England.

4.4 A REVIEW OF THE NATURE OF RESEARCH

A research methodology is neither appropriate nor inappropriate until applied to a specific research context (Downey and Ireland, 1983). An important dichotomy that demands consideration when deciding on the appropriate methodology for this study is that of theory testing versus theory generation (see Gioia et al., 2013). This dichotomy is because one view of the research process might portray it as a logical, deductive process. This is when research objectives are derived from gaps in knowledge or from situations where previously stated theories have failed, giving rise to new hypotheses, which are then tested, and lead to new theories being stated. However, whilst research may sometimes be like this, frequently it is not. Conversely, an alternative view of the research process is to approach the study from an inductive position (Bonoma, 1985; Perry, 1998). This is when a researcher seeks to build up theory that is adequately grounded in their data and when the researcher commences his research by collecting and exploring data without a predetermined theoretical or descriptive framework.

4.4.1 THE RESEARCH PROCESS

Most scholars appear to define a stage in any research methodology where they address the issue as to whether the researcher has hypotheses or questions to guide the study. This is a crucial stage in defining the research. According to Verma and Beard (1981: p. 184), a hypothesis is "a tentative proposition which is subject to verification through subsequent investigation. It may also be seen as the guide to the researcher in that it depicts and describes the method to be followed in studying the problem." A naive view of research might portray hypotheses as logically derived, yet Verma and Beard (1981) appear to suggest that in many cases hypotheses are hunches the researcher has about the existence of relationships between variables. Hypotheses, however, are an indispensable tool of academic research, this is because hypotheses are the working instruments of theory that can be tested and shown to be probably true or probably false. However, according to Bell (2005), some qualitative research studies do not start with a hypothesis. Instead, the researcher has an idea about what he or she intends to investigate but does not have a specified hypothesis to follow. Marshall and Rossman (2006) accept that qualitative research does not usually frame hypotheses or research objectives/questions as *if then*

statements of relationships between variables, they simply expand the definition of the terms *hypothesis* and *research objective/question* to embrace *wide-ranging inquiries*.

In this study, therefore, I acknowledge the work of Bell (2005) where she contends the important point is not whether there is, or is not, a hypothesis but there has been careful thought given to what is, and what is not, worth investigating and how that investigation will be conducted. The research process for this study has therefore been approached from an *inductive position* and the theory produced emergently (Bonoma, 1985; Eisenhardt, 1989; Eisenhardt and Graebner 2007; Perry 1998) rather than being based on hypotheses or propositions derived from previous literature.

4.4.2 THE ORIGINS OF A RESEARCH METHODOLOGY

The research methodology selected for this study is discussed next using a hierarchy of two criteria. The first criterion relates to the position taken on the general philosophy of research. The field of management research is formative, there is no definitive set of rules which can be applied that allow a researcher to establish the appropriate methodology for a given research objective/question and context. This is partly because the stance that researchers take varies, sometimes quite dramatically. There are three major ways of thinking about research philosophy, namely epistemology, ontology and axiology. Each contains important differences, which influence the way in which the researcher thinks about the research process, for example, the debate between the positivist and social constructionist[6] research philosophies (Easterby-Smith and Thorpe, 1997). Therefore, it is incumbent upon the researcher to arrive at a philosophical position adopted within the study and to share that position and the rationale for it, so that others can fully judge the research. The second criterion relates to the resource constraints of a doctoral study. This cannot be a primary factor in the selection since, if the methodology needed to address the research objectives significantly exceeds the resources available, this should challenge the appropriateness of the research objectives rather than lead to a reduction in research

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[6] Denzin and Lincoln (2005: p. 8) and Guba and Lincoln (1994: p. 105) refer to this epistemology as "constructivism".

outcomes. However, there is a need to ensure the methodology selected is capable of implementation.

4.4.3. THE ROLE OF THE RESEARCHER

In a study, a researcher has a range of options for their particular role. At one extreme, the researcher can endeavour to be an outside observer relative to the nature of the study. This position has a number of strengths, for example, the researcher is less likely to influence the facts, but it also has a number of weaknesses, for example, the distance needed between the researcher and the facts may not allow the observation of detail or the appreciation of subtle nuances. At another extreme, the researcher can become intimately involved in the study through participant observation. Again, this role has strengths, such as an intimate understanding of the data collected and, weaknesses, such as some loss of objectivity, and the inevitable influence of the researcher on the nature of the study. The nature of the research objectives for this study suggests avoiding the detail and nuances in favour of the *bigger picture*. This means that I adopted the role of outside observer. However, one should not interpret the outside observer as objective reporter. The researcher who chooses this role is still interpreting their observations, for both data collection and analysis, through their own subjectivity.

4.5 JUSTIFICATION OF THE PARADIGM DEPLOYED

The ways in which we think about research philosophy contain important differences that influence the way in which the researcher thinks about the research process. *Epistemology* is concerned with how I acquire knowledge and what constitutes acceptable knowledge in a field of study. *Ontology* is concerned with the nature of reality and whether the world is objective and, therefore, independent of humans, or subjective and exists through the action of humans in creating and recreating it (Blaikie, 2000; Cunliffe, 2011; Easterby-Smith et al., 2012; Easterby-Smith et al., 1991, 2002). "A key influence on understanding the epistemological and ontological foundations of business research has been Burrell and Morgan's (1979) exposition of the four paradigms they suggest reflect the assumptions that researchers make about the nature of organisations and how we find out about them" (Bryman and Bell, 2003: p. 22). Burrell and Morgan (1979) term these paradigms as

functionalist, *interpretive*, *radical humanist* and *radical structuralist*. Burrell and Morgan's (1979) use of the term *paradigms* draws on the work of Kuhn (1970) who derived the term from his analysis of revolutions in science. A paradigm is "a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, [and] how results should be interpreted" (Bryman, 1988: p. 4). According to Burrell and Morgan (1979), each paradigm contains assumptions that can be represented either as objectivist, where there is an external viewpoint from which it is possible to view the firm, which is comprised of consistently real processes and structures, or as subjectivist, where a firm is a socially constructed product, so it can only be understood from the point of view of the individuals who are directly involved in its activities. Morgan and Smircich (1980) build on Burrell and Morgan's work and argue that researchers need to "figure out their assumptions about the nature of social reality and what it means to be human (ontology) and the nature and purpose of knowledge (epistemology) before deciding which research methods might be appropriate" (Cunliffe, 2011: p. 649) for their research. According to Easterby-Smith et al. (1991: p. 24), "the job of social scientists should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience. The focus should be on what people, individually and collectively are thinking and feeling, and attention should be paid to the ways they communicate with each other, whether verbally or non-verbally."

I present my epistemological and ontological positions adopted for the study next.

4.5.1 EPISTEMOLOGICAL AND ONTOLOGICAL POSITIONS

Berger and Luckmann (1966) argue that all knowledge, including the most basic, taken-for-granted common sense knowledge of everyday reality, is derived from, and maintained by, social interactions. A major focus of what is termed *social constructionism* is to uncover the ways in which people participate in the construction of their perceived social reality (Easterby-Smith et al., 2012). In this study, I draw on the social constructionist epistemological tradition because I believe that this worldview of reality is not objective and exterior but is socially constructed and given meaning by people. Therefore, this worldview leads to an important question that demands consideration when deciding how I

can acquire knowledge for this study. In particular, this question concerns the epistemic distinction between knowledge known independently of experience, i.e. knowledge that is non-empirical, or arrived at beforehand, and knowledge known by experience, i.e. knowledge that is empirical, or arrived at afterwards. The knowledge acquired for this study is knowledge known by experience, i.e. which has been acquired based on empirical evidence, and is therefore a posteriori knowledge. A principal ontological question that demands consideration relates to the nature of the reality that exists in the social world. Berger and Luckmann (1966: p. 149) propose that society exists as "both objective and subjective reality, and any theoretical understanding of it must comprehend both these aspects", they further stated:

> "The individual, however, is not born a member of society. He is born with a predisposition towards sociality, and he becomes a member of society. In the life of every individual, therefore, there is a temporal sequence, in the course of which he is inducted into participation in the social dialectic. The beginning point of this process is internalisation: the immediate apprehension or interpretation of an objective event as expressing meaning, that is, as a manifestation of another's subjective processes which thereby becomes subjectively meaningful to myself. This does not mean that I understand the other adequately. I may indeed misunderstand him: he is laughing in a fit of hysteria, but I understand his laughter as expressing mirth. But his subjectivity is nevertheless objectively available to me and becomes meaningful to me, whether or not there is congruence between his and my subjective process."

In this study, therefore, I draw on such ontological properties as conscious human experiences, interpretations and understandings and suggest an ontological position which states that individual people (the respondents from the three firms) hold attitudes and emotions, and these attitudes and emotions (in the form of discourses) are meaningful components of the social world. These meaningful components of reality are subjective because they exist entirely through the action of humans.

I present the justification of the methodology and, in particular, the traditions of qualitative inquiry that I considered for the research design next.

4.6 JUSTIFICATION OF THE METHODOLOGY

Another important dichotomy that demands consideration when deciding on an appropriate method of inquiry for this study, is that of qualitative versus quantitative. Since the approach to this study is firmly relates to theory *building* rather than theory testing, the investigative assumptions of this study demand a purely *qualitative inquiry*, which according to Denzin and Lincoln (2005: p. 3) is "a field of inquiry in its own right." Qualitative researchers study "things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them" (Denzin and Lincoln, 2005: p. 4). However, one of the criticisms of qualitative research is its subjectivity (Bryman and Bell, 2003; Denzin and Lincoln, 2005; Halfpenny, 1979). The answer to this criticism is not to dismiss subjectivism, but to approach the study with an understanding of its place in the research process. "Qualitative research is a situated activity that locates the observer in the world" (Denzin and Lincoln, 2005: p. 4) which, according to Mason (2002: p. 1), enables the exploration of:

> "…a wide array of dimensions of the social world, including the texture and weave of everyday life, the understandings, experiences and imaginings of our research participants, the ways that social processes, institutions, discourses or relationships work, and the significance of the meanings that they generate. We can do this qualitatively by using methodologies that celebrate richness, depth, nuance, context, multi-dimensionality and complexity rather than being embarrassed or inconvenienced by them."

Given the complex, dynamic, innovative and under-researched character of this research topic, I contend a rich, in-depth qualitative study is the most appropriate research methodology for this study. In addition, because this study is interpretive and aims to develop meaningful insights into the BM concept, which currently lacks clear theoretical underpinnings (Doganova and Eyquem-Renault, 2009; Wieland et al., 2017), I have adopted an *exploratory* approach. Exploratory research is helpful when there is a need to gain some preliminary insights into the key issues of a topic in order to help shape future research (Hesse-Biber and Leavy, 2011; Phillips and Pugh, 2000).

4.6.1 A QUALITATIVE INQUIRY

According to Creswell (1998), there are five main traditions of qualitative inquiry; a biography, a phenomenological study, a grounded theory study, an ethnography and a case study, although Creswell (2007), later, replaces a biography for a narrative approach. These traditions have in each case epistemological considerations as well as ontological implications. This study is grounded epistemologically in the social constructionist philosophical tradition "in the sense that it is concerned with how the social world is interpreted, understood, experienced, produced and constituted" (Mason, 2002: p. 3). This study also draws on such ontological properties as conscious human experiences, interpretations and understandings, which according to Mason (2002), is well matched to a qualitative research methodology.

I present the tradition of qualitative inquiry selected for the study next.

4.6.2 RESEARCH DESIGN

Within the social sciences, researchers can deploy several research methods. Yin (2009) proposes a framework that provides guidance as to which research method is related to what sort of research objective/question. I present Yin's (2009) framework in Figure 4.4. The research methodology that I deployed for this study was a *single* case study method (see for instance Eisenhardt, 1989; Yin, 2003, 2009). Case study research is a well-established methodology in IM and network research (Visconti, 2009) which includes public-private sector partnership (PPP) procurement (Torvinen and Ulkuniemi, 2016), and plays an "important role in theory development within industrial marketing and the industrial networks paradigm" (Wagner et al., 2009: p. 6). Therefore, I contend it seems particularly appropriate to deploy these principles to the study of a cross-industry and cross-sectoral (public-private) OBM. However, according to Piekkari et al. (2010), both Eisenhardt's (1989) and Yin's (2003, 2009) approach to the case study design incorporates positivistic assumptions and goals. For this study, therefore, I adopted the case study definition proposed in IM literature by Borghini et al. (2009: p. 16) as "a deep understanding of the actors [I add practitioners], interactions, sentiments and behaviours [I add practices] occurring for a specific process through time."

Method	(1) Form of Research Question	(2) Requires Control of Behavioural Events?	(3) Focuses on Contemporary Events?
Experiment	how, why?	yes	yes
Survey	who, what, where, how many, how much?	no	yes
Archival Analysis	who, what, where, how many, how much?	no	yes/no
History	how, why?	no	no
Case Study	**how, why?**	**no**	**yes**

Figure 4.4: Relevant situations for different research methods
Source: Yin (2009: p. 8)

Furthermore, case studies are considered very appropriate as tools "in the critical, early phases of a new management theory, when key variables and their relationships are being explored" (Gibbert et al., 2008: p. 1465) and building theory from case studies is likely to produce theory that is accurate and interesting (Eisenhardt and Graebner, 2007). In addition, Amabile et al., (2001) found the case study design was ideal for creating managerially relevant knowledge. This argument also appears to be shared by Flyvbjerg (2006: p. 241) who adds, "the case study method in general can certainly contribute to the cumulative development of knowledge."

I present the selection and evaluation of the case next.

4.7 CASE SELECTION AND EVALUATION

A key question that demands consideration for this study is the number of cases selected. The main argument in favour of a multiple-case study is that it improves theory building because, by comparing two or more cases, the researcher is in a better position to establish the circumstances in which a theory will or will not hold (Eisenhardt, 1989; Yin, 2009). Eisenhardt (1989: p. 545) explains, "while there is no ideal number of cases, a number

between four and ten often works well. With fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing." However, to re-iterate, because Yin's (2003, 2009) approach to the case study design was seen as positivistic (Piekkari et al., 2010), I adopted the argument put forward by Patton (1990: p. 185) who contended the "insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size."

As an alternative approach to a multiple case study, therefore, I examine three firms as multi-level *multiple embedded units of analysis* (Yin, 2009) within a *single* or focal cross-industry and cross-sectoral (public-private) OBM case study context. I illustrate this particular multi-level case study approach in Figure 4.5.
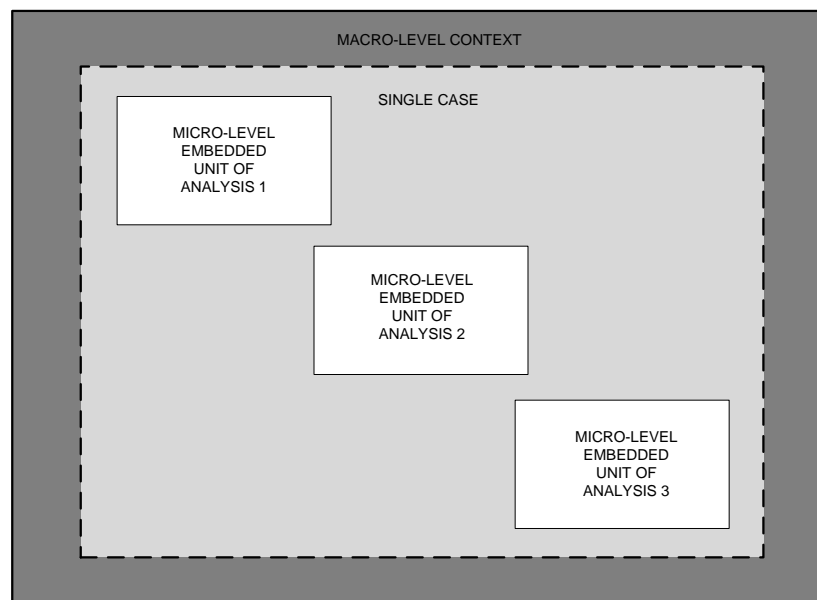
Figure 4.5: Basic types of designs for case studies (embedded multiple units of analysis)
Source: Adapted from Yin (2009: p. 46)

A key issue of the single case study design that demands consideration for this study is related to the *evaluation* of the qualitative research design deployed and, in particular, to the criteria of validity, reliability and generalisability (Easterby-Smith et al., 2012; Easterby-Smith et al., 1991, 2002; Golafshani, 2003; Mason, 2002; Stenbacka, 2001; Tsang, 2014) of the findings. However, Lincoln and Guba (1985: p. 316) argue "since

there can be no validity without reliability, a demonstration of the former [validity] is sufficient to establish the latter [reliability]". Lincoln and Guba (1985) posit that trustworthiness of a research study is important to evaluating its worth, which involves establishing *credibility*, *transferability*, *dependability* and *confirmability*. The term *generalisability* is an aim in quantitative research normally achieved by statistical sampling procedures (Silverman, 2013). However, some researchers doubt that generalisability is achieveable, or even relevant, in qualitative research (Tsang, 2014). For instance, Lincoln and Guba (1985: p. 110) contend: "The only generalisation is: there is no generalisation." Furthermore, other scholars (see for instance de Rond and Bouchikhi, 2004) contend that generalisation is *not* appropriate to case studies. Therefore, an important dichotomy that demands consideration is on the one hand, we are taught you cannot generalise from qualitative research, but on the other hand, some scholars do generalise from qualitative research.

In this study, the primary purpose for the deployment of the single, (focal) OBM case study is to *seek* theoretical generalisability (Tsang, 2014), also referred to as analytical generalisability (Yin, 2009, 2010), to the contexts of other OBMs, regardless of sector or industry context. Yin (2009, 2010) argues the findings from the single case study should follow a process of analytical generalisation. Yin (2009, 2010) defines analytical generalisation as a two-step process. The first step involves a conceptual claim whereby researchers demonstrate how their case study findings bear upon a particular theory, theoretical construct, or theoretical (not just actual) sequence of events. The second step involves applying the same theory to implicate other, similar situations where analogous events also might occur.

In particular, the three firms, which comprise a lead (hub) firm, a supplier firm and a buyer firm, form a supply chain through from upstream supplier to downstream end user. I purposively selected these three firms because these firms illustrate collectively processes that are of interest (Silverman, 2013), in other words illustrate a cross-industry and cross-sectoral (public-private) OBM. This supply chain takes in and considers a public and private sector downstream dyadic, a vertical upstream supply chain buyer-supplier dyad, as well as the broader strategic network and business ecosystem contexts of the three firms, in a solutions provision arrangement. The head offices of the three firms are geographically

co-located. The first private sector firm, Builder, acts as the hub firm. The second private sector firm, Inbound, acts as the supplier firm, occupies an upstream position in Builder's supply chain whilst the public sector firm, Buyer, acts as the buyer firm, occupies a downstream position in Builder's supply chain. Builder is a family-owned property development, property management and retail business based in the North of England. Respondents from Builder view the firm as a new-age developer not only responsible for the finance, design and construction of a facility, but also for that facility's ongoing operation, management and maintenance. Inbound is a family-owned business founded as an independent building supplies firm based in the North of England. Builder's transactions with Inbound take place within a single (construction) industry context. Buyer is a partnership between the public and private sectors responsible for delivering the Department of Health's LIFT programme in the North of England. The broader strategic network context of Builder's OBM crosses multiple industry boundaries and the exchanges between Builder and Buyer cross a sectoral boundary between public and private sectors. Therefore, I assume Builder, as the hub firm of the study, to be the primary designer of the OBM (in the terms used by Storbacka et al., 2012). I further discuss the background to the three firms in chapter five.

4.8 DATA COLLECTION

I present the data collection, including the primary and secondary sources of data obtained for the study, as well as the sampling and time horizon for the study, sequentially next.

4.8.1 SOURCES OF EVIDENCE

Varieties of sources of evidence are deployed in qualitative research and the choice of method depends on the purpose of the study. Yin (2009) identifies six commonly used sources of evidence in case study research and terms these as *documentation*, *archival records*, *interviews*, *direct observation*, *participant observation* and *physical artefacts*. Not all of these sources of evidence are essential in every case study investigation, but the importance of multiple sources of evidence to the reliability of the study is well established and the use of each of these sources of evidence may require different skills by the researcher (Yin, 2009). All of these sources of evidence, however, "can provide important

insights and knowledge" to an empirical investigation (Nelson et al., 1992: p. 2). For this study, *two* main sources of evidence were utilised. The secondary source of evidence utilised was the use of documentary evidence and the primary source of evidence utilised were semi-structured interviews. I discuss further these two main sources of evidence next.

4.8.1.1 SECONDARY SOURCES

At the beginning of the data collection and analysis phase of the study, I consulted secondary sources of evidence to acquire background information about the three firms. I downloaded these secondary sources of evidence from the websites of the three firms in the form of documentary PDF[7] files. One of the principal sources of documentary evidence was in the form of, what Bryman and Bell (2003) term *organisational documents*. The organisational documents that I consulted for this study comprised reports and accounts, factsheets, press releases and other related documents. According to Bryman and Bell (2003: p. 413), "such materials can provide the researcher with valuable background information about the company." In considering the different types of documents used in the social sciences, Scott (1990) suggests *four criteria* for assessing the quality of such documents:

1. Authenticity. Is the evidence genuine and of unquestionable origin?
2. Credibility. Is the evidence free from error and distortion?
3. Representativeness. Is the evidence typical of its kind? If not, is the extent of untypicality known?
4. Meaning. Is the evidence clear and comprehensible?

However, Yin (2009) cautions on the use of documents because they are not always accurate, and might be biased. Therefore, I evaluated the organisational documents consulted for this study using Scott's (1990) four criteria.

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[7] Portable Document Format (PDF) is a file format used to present documents on a personal computer or other mobile device.

4.8.1.2 PRIMARY SOURCES

I next selected the interview evidence on the basis of being a research method that enables individual respondents' perspectives to be examined and in more depth, nuance, complexity and roundedness (Mason, 2002) than might be achieved by using other methods such as focus groups. The interview is a widely deployed method in qualitative research and its flexibility makes it attractive for researchers (Bryman and Bell, 2003; Mason, 2002). However, as Whyte (1953) highlights, an interview in qualitative research, does not stand-alone and only has meaning to the researcher in terms of the other interviews. There are three main types of interview utilised in qualitative research termed the *structured interview*, the *semi-structured interview* and the *unstructured interview* (Bryman and Bell, 2003; Mason, 2002). I adopted the semi-structured interview for this study because I drew on such ontological properties as conscious human experiences, interpretations and understandings of social reality (Mason, 2002).

Kvale (1996: p. 19) views interviews as a "specific form of conversation" which involve interaction, reflection and content. In particular, a semi-structured interview technique is recommended for research objectives/questions investigating everyday routines and actions. I considered the practitioner activities and processes of the three firms to be such everyday routines and actions. In advance of the interview process, I devised a list of questions in the form of what Bryman and Bell (2003) term an *interview guide*, which indicates relevant topics and potential questions to guide myself through the interview process. Consistent with the principles of convergent depth interviewing (Rao and Perry, 2003), the interview guide was developed taking into account relevant thematic areas arising from extant OBM literature as well as the dynamic interpersonal relationship between researcher and respondent. Each interview question is portrayed using two dimensions: thematically, which means the relevance to the research topic; and dynamically, which means the interpersonal relationship between researcher and respondent (Kvale, 1996). Robson (2011) recommends considering both dimensions when planning the interview, but also whilst executing the interview. Kvale (1996) also describes nine different types of question that may be deployed in an interview situation and terms these as *introducing questions*, *follow-up questions*, *probing questions*, *specifying questions*, *direct questions*, *indirect questions*, *structuring questions*, *silence*, and

interpreting questions. Any research interview should follow a certain predefined structure but the interviewer can deviate more or less away from that structure. I present the interview guide that I constructed for undertaking the semi-structured interviews in Appendix 2.

4.8.2 SAMPLING

In qualitative research, sample size takes on a different meaning to that deployed in quantitative research. Some qualitative researchers argue that representativeness and sample size are less important than in quantitative research (see for instance Bryman and Bell, 2003; Mason, 2002; Onwuegbuzie and Leech, 2007). In a qualitative inquiry, findings cannot be generalised to a specific population and inquiry emphasis is placed on acquiring a sample of respondents capable of finding richness of detail (Patton, 1990; Yin, 2009). According to Miles and Huberman (1994), qualitative researchers tend to work with small sample populations nested in their context and studied in-depth, and these samples tend to be purposive rather than random. For this study, I selected the respondents from the three firms using purposive sampling. I acknowledge the subjectivity of unit selection - i.e. when selecting the respondent population of the three firms - in purposive sampling means that it can potentially be difficult to convince the reader the judgement I used to select units to study is appropriate. However, the main objective of purposive sampling is to focus on particular characteristics of a population that are of interest and which will best enable myself to answer the research objectives (Mason, 2002; Patton, 2002; Silverman, 2013). Drawing from a purposive sample builds in variety and acknowledges existing opportunities for intensive study (Stake, 2000). For this study, the type of purposive sampling that I deployed was expert sampling. According to Silverman (2013), expert sampling is a type of purposive sampling technique used by researchers when the research needs to glean knowledge from individuals that have particular expertise. Expert sampling can be particularly helpful where there is a lack of empirical evidence in an area and high levels of uncertainty. As this study is exploratory, I argue that such expertise is required to reveal potential new phenomena relating to firms that have deployed OBMs.

The population consisted entirely of a sample of practitioners from the three firms. In particular, these senior- and middle-managerial-level practitioners came from general

management, human resources, business development and financial management disciplines. I interviewed twenty-five respondents face-to-face for between one and two hours' duration. These interviews were audio recorded and subsequently transcribed by myself prior to analysis. I present a summary showing the names and roles of the individual respondents from the three firms in Table 4.1. I changed the names of the respondents for purposes of anonymity.

Firm	Name of respondent	Role of respondent
Builder	John	CEO
Builder	Philip	Senior Manager
Builder	Peter	Senior Manager
Builder	David	Senior Manager
Builder	James	Senior Manager
Builder	Robert	Senior Manager
Builder	Gary	Manager
Builder	Charlotte	Manager
Builder	Jane	Manager
Builder	Rachel	Manager
Builder	Dawn	Manager
Inbound	Michael	CEO
Inbound	George	Senior Manager
Inbound	Lindsay	Senior Manager
Inbound	Thomas	Senior Manager
Inbound	Richard	Manager
Inbound	Jack	Manager
Inbound	Harry	Manager
Inbound	Amanda	Manager
Buyer	Emma	CEO
Buyer	Mark	Senior Manager
Buyer	Peter	Senior Manager
Buyer	Paul	Senior Manager
Buyer	Natalie	Manager
Buyer	Alison	Manager

Table 4.1: Summary of respondents

For this study, I placed an emphasis on interviewing a few key respondents who were representative of particular disciplines of the three firms, for instance, board directors and other senior- and middle-managerial-level practitioners, with the intention of gaining insight and understanding. In particular, the spread of these respondents ensured different perspectives on the solutions OBM studied (see for instance Piekkari et al., 2010). The guiding principle is that *less is more*, that it is more important to work longer, and with

greater care, with a few respondents than more specifically with many of them (McCracken, 1988). During the interview process, I asked the respondents a number of open-ended questions according to the interview guide. The respondents were free to elaborate on their own thoughts and digress when it was necessary. In response to those digressions, I then adapted the questioning, in order to make the respondents elaborate more on their experiences, interpretations and understandings. I found the semi-structured interviews provided a high level of contextual insight and understanding and helped me to inform an impression with regard to the three firms. I continued with the interviews as long as these continued to generate new contextual insights and understanding. I also followed the principles of theoretical saturation (see for instance Black and Tagg, 2007; Cheung et al., 2007; Eisenhardt, 1989, Zou and Lee, 2007). Such an approach is rich in context and supports the authenticity of the findings (Miles and Huberman, 1994). I addressed potential biases in the interview data by applying Lincoln and Guba's (1985) criteria of methodological trustworthiness. In terms of credibility and dependability, the interview process provided an opportunity for myself to probe answers further. For instance, I was able to confirm whether both parties understood terminology in the same way, which increased credibility and dependability. I achieved dependability through the respondents' deep understanding of their respective firm's OBMs. In terms of confirmability, the use of open questions helped the collection of the empirical evidence to overcome potentially existing biases. This increased dependability, as it helped to track down variances. The ability to trace data back to its source was crucial in relation to confirmability. Finally, in terms of transferability, the interviews did not claim to create generalisable knowledge applicable for the whole population (Gioia et al., 2013).

4.8.3 TIME HORIZON

A further key question that demands consideration is whether this study should be a cross-sectional study, representing a *snapshot* taken at a particular point in time, or a longitudinal study, representating events over a given period. As the macro-level environment the three firms operated in was dynamic, I considered, therefore, that it would be appropriate for a cross-sectional study to be undertaken. The collection of the primary and secondary data took place over two periods. The first period was between November 2012 and November 2013 and the second period was between December 2015 and March 2016.

4.9 DATA ANALYSIS

I deployed a general analytic framework (Yin, 2009) to analyse and arrive at my own interpretation of the qualitative data. At the heart of this analysis was the task of identifying themes (Bernard and Ryan, 2010; Miles, 1979; Spiggle, 1994; Yin, 2009). These themes are derived from the characteristics of the phenomena being studied, from local common sense constructs, and from researchers' values, theoretical orientation and personal experience with the subject matter (Bulmer, 1979; Maxwell, 1996). I present a general analytic framework, which illustrates the two main steps that I deployed for the analysis and interpretation of the qualitative data, in Figure 4.6.
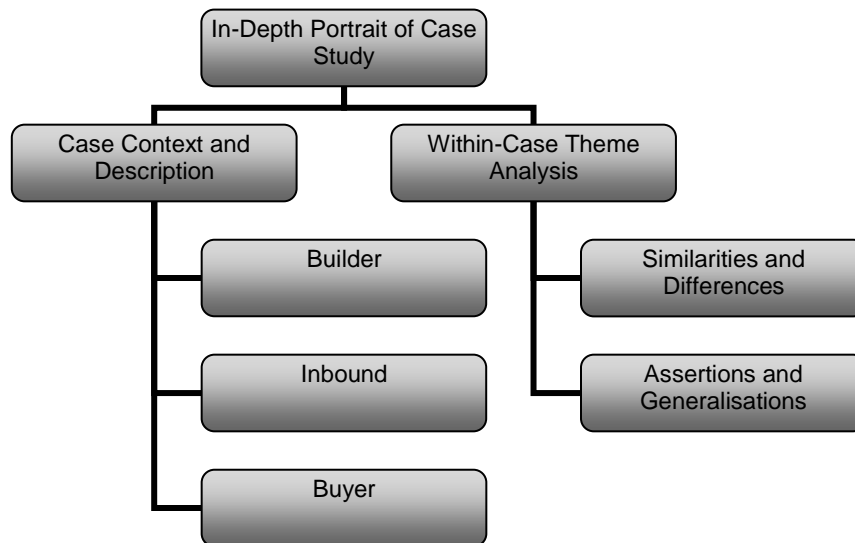
Figure 4.6: Framework for analysis and interpretation of the qualitative data
Source: Adapted from Creswell (2007: p. 172)

Specifically, in the first step of the framework, I set the three firms into the context of the case study by presenting the background information. In the second step of the framework, I analysed the three firms using my reflective interpretation. In particular, I identified initially a number of similarities and differences followed by assertions and generalisations from which a number of key thematic areas emerged.

4.9.1 THEMATIC ANALYSIS

According to Saldana (2013: p. 3), a code in a qualitative inquiry "is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data." The coding of the data comprised three stages: (1) analysis of individual interview transcripts, (2) identification of common recurrent themes and (3) analysis of shared themes. The first stage entailed initial coding and categorisation. Each interview transcript was analysed separately as a unit of analysis to understand both the experience of those respondents and to identify the emergent themes. I began the within-case theme analysis of the data with an impressionistic reading of the respondents' interview transcripts for each of the three firms. The objective of this analysis was to gain a holistic interpretation of the respondents' experiences of each firm as a standalone entity. Following this holistic interpretation, the coding method I deployed was *descriptive coding*. Descriptive coding summarises in a word or short phrase the basic topic of the passages of the respondents' interview transcripts (Saldana, 2013). Due to the large amount of rich data to be analysed, I deployed the computer aided qualitative data analysis software application NVivo 11 (Bazeley, 2007; Easterby-Smith et al., 2012; Easterby-Smith et al., 1991, 2002; Gummesson, 2005; Lewins, 2016; Saldana, 2013; Seale, 2005) to assist with the coding of the data. However, I only used NVivo to *facilitate* the organisation and process of data coding because there are some limitations to the software. For example, relying only on NVivo can lead to the risk of losing the actual context in the data (Lewins, 2016). I present the node structure report in Appendix 3. Following the initial coding of the respondents' interview transcripts, I attempted to arrange the emergent themes into categories. This software enabled me to arrange the data into categories more systematically and efficiently (Denzin and Lincoln, 2005).

In the second stage, I aggregated the identified categories and searched for emergent patterns. For example, it enabled me see more easily which respondents had mentioned company culture, corporate citizenship, empowerment, innovation, knowledge sharing, partnerships/relationships and trust. My aim here was to discover whether the data from individual respondents appeared to offer convergent unique themes capturing commonalities and patterns (Spiggle, 1994) in the data across the three firms. Through these comparisons, I reduced these themes to fundamental patterns that constituted the

principal emergent themes in the data (Schouten, 1991). In the third stage, I organised the data into increasingly more abstract units of information by building categories and patterns inductively so that meaning could be extracted and theory developed. For example, such categories included capabilities, collaboration, openness (lower/higher interdependency) and proximity.

4.10 ETHICAL CONSIDERATIONS

Ethical considerations were paramount throughout the design and implementation of this study and were considered alongside the ethical guidelines of the University of Hull. During the study, I clearly stated the purpose of the research at all stages of contact with respondents from the three firms. I made it clear the purpose of the research was part of a Doctor of Philosophy research degree that I was undertaking at Hull University Business School. In particular, the *overriding* ethical concern for this study was in terms of both respondent and firm confidentiality. I offered, therefore, guarantees to the respondents from the three firms in respect of anonymity of real names of individuals and real names of firms. I explained that respondents could withdraw from the interview at any time. I also guaranteed the quotations presented in this thesis or in published academic journals and conference papers would be non-attributable. I further explained that only my supervisor and myself would see the transcripts. The transcripts and audio recordings would be securely kept and subsequently destroyed at the end of the study. However, I stated the findings from the study might be re-produced and published in academic journals and conference papers. Where respondents provided me with confidential information on the basis that it helped me to clarify a point or situation, but would not be used by myself, I adhered to this request. I present a copy of the University of Hull research ethics approval in Appendix 4.

4.11 LIMITATIONS

Every study is subject to certain limitations and I recognise the research findings presented in this thesis are by no means definitive and important questions remain unresolved. In particular, I believe it is important to highlight that the findings from this study have been

limited due to the methodological constraints that resulted from the research design and from the data set.

The first constraint related to the research design deployed in the study. Whilst the social constructionist epistemological position adopted for this study allowed for an in-depth exposition of the three firms that formed the focal OBM, other philosophical positions could have provided additional perspectives to the concept of OBMs. For instance, the application of a critical realist epistemological position to this case study (see for instance Easton, 2010) could have provided a contrast to the findings presented in this study and contributed to knowledge about cross-industry and cross-sectoral (public-private) OBMs. Further investigations into the concept would therefore be encouraged to enrich and widen knowledge in this field.

The second constraint related the data set collected for the study. During the data collection and analysis phase of the study, I discovered some limitations with the deployment of semi-structured interviews. For instance, within the limited time available to me for access to the respondents, I was conscious that these respondents might not have been able to provide sufficient rich and in-depth information. Thus, I argued it was crucial to create a rapport with the respondents, and to prepare the questions and interview techniques well. I also found that I needed to probe respondents without being directive or judgemental. The analysis of the interview data proved to be time consuming and I needed to avoid bias.

4.12 CHAPTER SUMMARY

The purpose of this chapter was to present the research objectives as well as the research methodology that was deployed to undertake this study. I began the chapter with a presentation of the methodological overview and discussion of the significant gaps in extant literature that was identified from the literature review chapters in Section A as well as the related research objectives to be addressed in the study. Following this discussion, I presented my conceptual framework. A review of the nature of research including the research process, the origins of a research methodology, the role of the researcher and the foundation for the theoretical contribution of this study was presented next. Following this review, I presented my justification of the paradigm, including the epistemological and

ontological considerations, and a justification of the methodology, which included the qualitative research design deployed for this study. The criteria for case selection was presented next followed by data collection and case study analysis procedures. I concluded the chapter with a discussion surrounding the ethical considerations throughout the design and implementation of this study as well as the limitations to the methodology deployed.

In the next section, I present the findings, conclusions and contributions of the study.

SECTION C

FINDINGS, CONCLUSIONS AND CONTRIBUTIONS

C.I SECTION INTRODUCTION

In this section, I present the findings from the data collection and analysis phase of the study as well as to present the contributions to extant knowledge made by the study. The findings address several gaps, weaknesses and omissions identified in extant business model (BM) literature. In particular, the theoretical contributions to OBM literature in industrial marketing (IM) scholarship presented in this section, will be achieved by examining a cross-industry and cross-sectoral (public-private) single (focal) solutions open business model (focal OBM) based around a single (hub) lead firm, I will call Builder (the hub firm), and two other individual firms, I will call Inbound (the supplier firm) and Buyer (the customer firm), as embedded units of analysis, to which these three firms were geographically co-located. In particular, the findings contribute to OBM literature in IM scholarship by offering multi-level insight into an OBM as a regional strategic network, a network that also forms part of a national platform ecosystem. In this section, I also present practical contributions by offering insights into OBMs from the perspective of strategy-as-practice (see for instance Jarzabkowski, 2004, 2005; Jarzabkowski et al., 2007; Seidl and Whittington, 2014; Vaara and Whittington, 2012; Whittington, 1996, 2003, 2006, 2007). In particular, strategy practitioners are regarded as the link between the practices and the resultant elements of situated praxis that existed at the intra-, inter- and extra-organisational levels, thus breaking with the rhetorical nature of much business model (BM) literature, and as illustrated in my conceptual framework of the study presented in Figure 4.3.

I present the findings and the contributions to extant knowledge made by the study as *four* distinct chapters. In particular, I present the introduction and the background context to the three firms that form the focal OBM, as well as the other ecosystem actors, in chapter five. The findings from the within-case theme analysis related to the three firms are presented in chapter six. In particular, I present the within-case theme analysis using my reflective interpretation. A number of thematic areas emerged from the identified similarities and differences. In particular, the presentation of the findings respects each of the aspects of my conceptual framework's intra-organisational factors, inter-organisational factors, extra-

organisational factors and practitioners and their capabilities value creation domains against the two outcomes of value co-creation and value capture. I present my conceptual framework again here as Figure C.1 in order to illustrate the *multi-level* perspectives to the study as well as to inform the structure of chapter six. During the within-case theme analysis, it became particularly evident there was a certain degree of connectivity and interdependency between the framework's four multi-level value creation domains indicating they were not mutually exclusive.
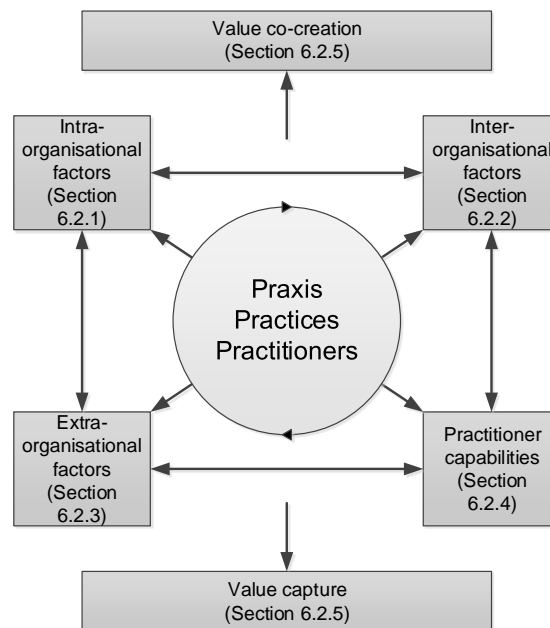
Figure C.1: Multi-level perspectives of OBM practice
Source: Author

In the presentation of the findings, I follow a narrative strategy for presenting process data (Langley, 1999) whilst exposing the multi-level relational interplay between practices, praxis and practitioners. Since the primary data for this study consists of interview transcripts, I use direct quotations throughout chapter six to support theory as it is constructed. Throughout chapter six, quotations from respondents are indicated, 'as follows' as opposed to quotations from literature sources indicated, "as follows". Respondent quotations consisting of more than *thirty* words are indented and presented in single line spacing. Details, directly or indirectly identifying respondents of the three firms are anonymised. Other than, in the interests of anonymity, I present respondent quotations verbatim. I also present the findings following in the IM tradition (see for instance

Eklinder-Frick et al., 2011; Wilson et al., 2010) reporting verbatim quotations. I structure the presentation of the findings as twenty-five key findings (also see Frankenberger et al., 2013). I present the conclusions to the study in chapter seven. Finally, I present the contributions to theory, methodology and practice made by the study and the limitations and suggestions for further research arising from the study in chapter eight, which concludes with my personal reflections on the research journey.

CHAPTER FIVE

INTRODUCTION TO THE FOCAL OPEN BUSINESS MODEL CASE STUDY

5.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
Chapter Five.	Introduction to the focal open business model case study
Chapter Six.	Presentation of findings
Chapter Seven.	Conclusions
Chapter Eight.	Contributions, further research and reflections
	Current position in the thesis shaded

Figure 5.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this chapter is to present the first step of the general analytic framework that was presented in chapter four, the introduction and the background context to the three firms, as embedded units of analysis, that form the focal OBM. In particular, in the first part of the chapter, I present an overview of the three firms, namely Builder (the hub firm), Inbound (the supplier firm) and Buyer (the customer firm) in the context of an OBM. Next, I present an overview of the Private Finance Initiative (PFI) and the National Health Service (NHS) Local Improvement Finance Trust (LIFT) public-private sector partnerships (PPPs) in order to provide background context to the study. An in-depth portrait of the three firms is presented next which is followed by an overview of the other platform ecosystem actors.

I present an overview of the three firms, namely Builder, Inbound and Buyer, as embedded units of analysis, that form the focal OBM, next.

5.2 AN OVERVIEW OF BUILDER, INBOUND AND BUYER

The head offices of the three firms were geographically co-located in a medium-to-low-technology sectoral city-region situated in the North of England. The management and decision makers of these firms were also co-located allowing spatial proximity (see for instance Boschma, 2005; Boschma and Frenken, 2010; Mason and Chakrabarti, 2017; Weterings and Boschma, 2009) and non-spatial proximity (Mattes, 2012) to exist. According to Boschma and Frenken (2010), proximity can act as a driving force for the formation and the evolution of networks. I used the term *medium-to-low-technology* to classify industrial sectors by traditional metrics such as the Organisation for Economic Co-operation and Development (OECD) system of classification based on percentages of sales revenues that firms in an industry devote to research and development expenditures (Hatzichronoglou, 1996). I focused on what are termed *non-core* areas (Lagendijk, 2000). Whilst such areas are not facing acute problems of decline or marginality, these areas are located outside the principal metropolitan areas of the UK. Research in the context of such peripheral and more distant regions has attracted less attention from scholars (Virkkala, 2007). Therefore, this lack of research appears to be a significant lacuna and just as significant an opportunity for researchers to study and gain understanding as to how the notion of co-location affects OBMs in peripheral rather than in core geographic space.

In terms of supply chain positioning, I present Builder as the hub firm. Potentially, this firm is also a lead firm in terms of the PPP ecosystem. Inbound (the supplier firm) occupies an upstream position in Builder's supply chain whilst Buyer (the customer firm) occupies a downstream position in Builder's supply chain. According to Mentzer et al. (2001), a direct supply chain is composed of a focal firm, its supplier firm and its customer. Furthermore, Christopher (2011) defines a supply chain as a network of firms that are involved, through upstream and downstream linkages, in different activities and processes that create value for customers. I selected Builder as the lead (hub) firm because, in a strategic network, a focal actor often leads the network and such leading actors are often financially or technically dominant (Frear and Metcalf, 1995). Builder's transactions with Inbound take place within a single industry context. The broad supply chain context of Builder crosses multiple industry boundaries and the exchanges between Builder and Buyer cross a sectoral boundary between public and private sectors. Therefore, I assume Builder, as the hub firm,

to be the *primary designer* of the OBM (in the terms used by Storbacka et al., 2012). The research into Inbound and Buyer concerned the same research process and methods as those deployed in Builder. I argue that considering these comparisons will add conceptual strength and depth to the data from the hub firm.

Builder (the hub firm) is a family-owned independent property development, property management and retail business based in a city-region situated in the North of England. A number of respondents from Builder explained they saw the firm as what they termed a *new-age developer* not only responsible for the finance, design and construction of a facility, but for that facility's ongoing operation, management and maintenance. The ambition of the firm is for its practitioners to offer superior levels of service by building close working relationships with its customers (which include Buyer), its supplier firms (which include Inbound) and other platform ecosystem actors. Hence, the focal OBM contains many explicit notions of co-location and localness. The firm's various business units offer a variety of services ranging from large-scale project development and delivery, to hard, soft facilities management, and legal compliance services. In addition, the firm serves over four million customers every year from its petrol/convenience retail outlets. The firm's legal compliance and petrol/convenience retail outlets businesses are beyond the scope of this study. Inbound (the supplier firm) is an independent building supplies business based in the same city-region as Builder situated in the North of England. The firm has grown organically into one of the largest independent building supplies firms in the UK. In a similar finding to Builder, the ambition for the firm is also for its practitioners to offer superior levels of service by building close working relationships with its customers (which included Builder) and supplier firms. However, this finding raises the issue of the demarcation of the value co-creation concept. To re-iterate, value co-creation refers to the active involvement of firms in various stages of the production process (see for instance Prahalad and Ramaswamy, 2000; Vargo and Lusch, 2004). In the literature regarding active citizen involvement, the term *co-production* is prominent (Brandsen and Pestoff, 2006). Since the concepts of value co-creation and value co-production appear to be related (Vargo and Lusch, 2004) or even interchangeable (Gebauer et al., 2010), I use the term *value co-creation* from hereon. An example of one such close working relationship was displayed by Inbound, which was seen by a number of respondents, from both Builder and Inbound, as a supply partner to Builder for the provision of various construction materials

for Builder's projects under the NHS LIFT PPP contract. Buyer (the customer firm) was a Special Purpose Vehicle (SPV) firm under the Department of Health's NHS LIFT PPP based in the same city-region as Builder and Inbound situated in the North of England and is a partnership between the public and private sectors. Builder is a stakeholder partner of Buyer and has two directors on the board of Buyer.

As embedded units of analysis that form the single case study, I posit the three firms all participate in an *open business model* (see for instance Chesbrough, 2006, 2007b; Chu and Chen, 2011; Davey et al., 2011; Frankenberger et al., 2013, 2014; Miguel-Davila et al., 2012). The three firms all interact with those of other industry participants, for example, customers, supplier firms and other co-located stakeholder actors, as a solutions partnership. An OBM approach to value creation, therefore, points to beyond firm boundaries and includes the active participation of customers, supplier firms and other co-located stakeholder actors. Therefore, the three firms that form the focal OBM within the strategic network, act not in *isolation* (Casadesus-Masanell and Ricart, 2010b) but in *collaboration* (Frankenberger et al., 2013, 2014; Osterwalder and Pigneur, 2010; Wirtz and Ehret, 2013) with their other platform ecosystem actors, thereby contributing to the creation/co-creation and capture of value (Frankenberger et al., 2013, 2014; Moore, 1993, 1996). To re-iterate, Frankenberger et al. (2013) conceptualise a helpful model that illustrates the differences between three *separate* OBMs along a simplified solution-provider value chain. I adapted this model, which advances extant OBM literature by illustrating the differences between the three firms that formed the *single* focal OBM along a simplified solution-provider value chain. I present this adapted model in Figure 5.2. The grey activities in solution value co-creation indicate the activities performed by the practitioners from each of the three firms. The practitioners from the partners of these three firms performed the white activities. The hatched grey and white activities were performed both by the practitioners from these firms *and* by the practitioners from one or more partners of these three firms.

Solution value co-creation: primary and support activities

Solution customer

INBOUND

SUPPORT ACTIVITIES

Inbound: Independent UK-wide building supplies firm

Other business ecosystem actors	Inbound and other business ecosystem actors	Inbound	Inbound

Product production | Solution sales | Service provision | Post-deployment support

Builder

SOLUTION PURCHASE

BUILDER

SUPPORT ACTIVITIES

Builder: Family-owned independent property development and property management firm

Builder and Buyer	Buyer	Builder	Builder

Product production | Solution sales | Service provision | Post-deployment support

Buyer

SOLUTION PURCHASE

BUYER

SUPPORT ACTIVITIES

Buyer: Department for Health NHS LIFT SPV firm (LIFTCo)

Buyer and Builder	Buyer	Builder	Builder

Product production | Solution sales | Service provision | Post-deployment support

Other business ecosystem actors

SOLUTION PURCHASE

Figure 5.2: The focal OBM's solution-provider value chain
Source: Adapted from Frankenberger et al. (2013: p. 674)

Despite the proliferation of the term *open* business model in extant BM literature, during the data collection and analysis phase of the study, respondents from the three firms did not appear to use the term. In the following quotation, John (CEO, Builder) states how he viewed the success of his firm's OBM:

'I see our business model based on a family business as opposed to the PLC[8] model. A kind of SME[9] model employing say up to three hundred people which is innovative and entrepreneurial. […] Our business model has been extremely successful for us because of our partnership approach, you know… partnership which shows one another deep respect and trust… and of course openness to create innovative solutions for our customers.'

Semantically, the quotation from John, related to the singular use of the terms *business model*, *entrepreneurial*, *innovative*, *openness* and *partnership*, appeared to indicate that he was unaware of the meaning of the terms *OBM* and/or *open innovation* deployed in BM literature (see for instance Chesbrough 2003, 2006, 2007a, 2007b, 2010, 2011, 2012). To re-iterate, open innovation refers to external ideas or innovations brought into a firm's own innovation process because not all good ideas originate from inside the firm (Chesbrough, 2003, 2011, 2012). In addition, linguistically, the use of the term *customers*, in plural, by this respondent was typical of several others, which appeared to indicate that, in addition to Buyer, certain other stakeholder actors were considered *customers* of Builder. To reiterate, these customers from the firm's legal compliance and petrol/convenience retail outlets businesses, are beyond the scope of this study.

For the purpose of this study, I understand OBMs to be a sub-class of BMs in which collaboration between Builder, Inbound and Buyer and the other platform ecosystem actors, are decisive elements of the collaborative creation/co-creation and capture of value (Frankenberger et al., 2014).

I present the background context and description relating to the three firms next.

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[8] Public Limited Company.
[9] Small and Medium-sized Enterprise.

5.3 THE FOCAL OPEN BUSINESS MODEL CASE STUDY

The purpose of this section is to present the background context and description relating to the three firms, namely Builder, Inbound and Buyer, as embedded units of analysis, that form the focal OBM. Builder and Inbound both operate in the private sector whilst Buyer operates in the public sector. Inbound is the *supplier firm* to Builder and Buyer is the *customer firm* to Builder. However, I argue the focal OBM actually forms a *regional* strategic network (in the terms used by Eklinder-Frick et al., 2011, 2012; Hallen and Johanson, 2009), a network that also forms part of a multi-level, *national* platform ecosystem (Gawer, 2014; Iansiti and Levien, 2004). To re-iterate, the definition of the term *regional strategic network* is a *collaborative* project between firms in a region operating with the support of public agencies or other organisations in order to stimulate regional development (Eklinder-Frick et al., 2011, 2012). As a preamble to the presentation of the background context and description relating to the three firms, an overview of PPPs is next presented which an in-depth portrait of Builder, Inbound and Buyer follows. The final part of the section presents an overview of the other platform ecosystem actors. In addition, Builder and Inbound also form part of other BMs and OBMs. These other BMs and OBMs are beyond the scope of this study.

Key finding 1: The three firms that form the focal OBM also form a *regional strategic network*.

Key finding 2: The *regional strategic network* also forms part of a *multi-level*, national *platform ecosystem*.

I present the background context and description of the three firms next.

5.3.1 BACKGROUND CONTEXT

As a preamble to the presentation of the background context and description relating to the three firms, I present an overview of PPPs and, in particular, the PFI and the NHS LIFT PPP next in order to provide background context to the three firms. I based the findings

presented in this section on secondary sources of data, which I redacted in order to preserve anonymity.

5.3.1.1 PUBLIC-PRIVATE SECTOR PARTNERSHIPS

At the time of the formation of the NHS in 1948, the UK government had a vision to have a health centre in every community that would bring together the different elements of health care and create easy access to services (Department of Health, 2000). By the early 1990's, the government sought to address inefficiencies it understood existed in the NHS. This involved the introduction of hospital trusts and the quasi-market for hospital-based health care to increase the cost-effectiveness of tertiary health care delivery and the introduction of general practitioner fund holders, making them the gatekeepers of funding for their patients and ensuring that funding followed service provision. In addition, there was an acceptance that infrastructure procurement within the NHS would benefit from attracting private sector funding and expertise, previously unavailable to the sector (National Audit Office, 2005). Since the government struggled to find adequate funding for basic maintenance, as well as large-scale investment without infringing Treasury limits and financial markets' expectations regarding the long-term sustainability of government expenditures, the PFI was seen as a way of providing desperately needed infrastructure improvements. Among PFI supporters, there was an expectation that this new approach would attract private sector funds, resources, practitioner capabilities, expertise and innovation to the provision of public sector infrastructure. It was also hoped the PFI would prevent many of the issues prevalent in public sector-managed capital projects, including delays, high operational and maintenance costs, poor design, overspend and low residual values whilst introducing discipline that was more commercial and encouraging value for money (National Audit Office, 2005).

A PPP is a generic term for a government service or private business venture funded and operationalised through a government partnership and one or more private sector firms (National Institute for Health Research, 2010). According to Scharle (2002), there are at least six meanings of the term *partnership* which are distinguishable in the promotional, political and professional literature. First, management reform: skills to find new markets,

to enhance productivity and to stay ahead of the competition are needed to improve government performance. Government practitioners must become more occupied with making deals than with administration procedures. Second, problem conversion: government practitioners have to commercialise problems. Third, moral regeneration: partnerships are intended to have moral effect on the people involved. Fourth, risk shifting. Fifth, restructuring of public service. Finally, power sharing. According to Ghere (1996), three types of PPP can be identified that range from informal collaboration with market players, to contractual, to joint venture. In essence, the PPP examined in this study is a contractual relationship between a public sector and a private sector party, in which the private sector party provides a public service or project and assumes substantial financial, technical and operational risk in undertaking the project. In some types of PPP, the cost of using the service is borne exclusively by the users of the service and not by the taxpayer. In other types of PPP, notably the PFI, the private sector makes capital investment in return for a long-term contract with national government to provide agreed services and the cost of providing the service is borne wholly or in part by that government (House of Commons, 2011).

The UK Conservative government introduced the PFI in 1992 to encourage private sector firms to become more involved in public sector development projects (National Audit Office, 2005). The PFI is a system under which the private sector funds capital developments for the public sector. It reflects the idea that government should cease to be the direct provider of services and should instead purchase those services. The previous Labour government[10] embraced the concept seeing the PFI as a means of attaching private capital discipline and efficiency on to public sector projects. PFI projects are linked by contracts that contain clauses designed to apportion risk equally between the two parties, the idea being that risks are shared by creating a balanced relationship through mutual dependence (House of Commons, 2011). In many cases, a PPP consortium forms a limited liability company, called a SPV to develop, build, maintain and operate the asset for the contracted period. A SPV firm is a limited liability company or limited liability partnership to which the debt of another firm is transferred. By transferring its debt into a SPV, a firm is able to isolate itself from any risk the debt may pose. SPV firms are an integral part of

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[10] The Labour government between 1997 and 2010.

PPPs common throughout Europe, which rely on a project finance type structure (House of Commons, 2011). Usually, the consortium is comprised of a building contractor, a maintenance firm and a bank lender(s). The SPV firm signs the contract with the government and with the employment of sub-contractors, the SPV builds and subsequently maintains the facility (House of Commons, 2011). I also argue that this consortium appears to provide an example of a platform for OBM *innovation* situated around an industry ecosystem. To re-iterate, industry platforms are technological building blocks that act as a foundation on top of which a group of interdependent firms (called an industry ecosystem) collaborate to develop a set of inter-related products/services (Adner and Kapoor, 2010; Gawer, 2014; Moore, 1993).

Key finding 3: The regional strategic network provides a platform for OBM *innovation* situated around the multi-level, national platform ecosystem.

The Department of Health launched NHS LIFTs in England in 2000 with the objective to achieve that ambition (Department of Health, 2000). NHS LIFTs were a new form of PPP that invested in new build primary care properties and aimed to improve the overall quality of the primary care estate in England. In doing so, the NHS LIFT PPP also aimed to offer services that were traditionally only available in hospitals. The NHS LIFT PPP, which was intended for smaller-scale projects than PFIs, aimed to attract £1 billion of private investment into primary care by 2010 (National Institute for Health Research, 2010). Although ninety per cent of patient contact with the NHS was for primary care services - the care received upon first contact with the health care system - investment in primary care properties historically has been inadequate and piecemeal (National Audit Office, 2005). In particular, NHS LIFTs were a new approach aimed at improving this long standing under investment in primary care facilities that housed health care and social care services. Historically, primary care property was provided under a variety of arrangements - private ownership by general practitioners, private sector leases and central NHS provision. Less than half of the government's existing portfolio of primary care properties had been purpose built (Department of Health, 2000). The NHS LIFT PPP encouraged the co-location of health care and social care professionals in one building together with a more integrated approach to primary care. Co-location was seen to aid referral between primary

care professionals and strengthened links between primary and social care services. The integration of services would benefit patients who needed to draw on wider community services, particularly in deprived areas where the overlap between users of primary and social care services was greatest (National Audit Office, 2005).

Partnerships for Health (PfH) was established in 2001 as a joint venture between the Department of Health and Partnerships UK. In December 2006, the Department of Health acquired the full shareholding of PfH and was renamed Community Health Partnerships (CHP) in November 2007. The aim of CHP was to create quality primary and community estate facilities that served the needs of local communities and contributed towards improving people's health and wellbeing (National Institute for Health Research, 2010). CHP aimed to facilitate PPPs and linked the public sector (Department of Health and local government) and private sectors (development, infrastructure and investment funds) together to build and maintain a wide range of general practitioner, primary and community health care and social care and local government estate, facilities and services (National Institute for Health Research, 2010). The first building constructed under the NHS LIFT PPP opened in autumn 2004 and CHP had established forty-nine NHS LIFT SPV firms, known as NHS LIFT companies (LIFTCo), had been established across England by December 2005, and together delivered more than three hundred NHS LIFT buildings, which were used by local communities throughout England (National Institute for Health Research, 2010). Each LIFTCo was incorporated in the form of a limited liability company linked by a PPP contract - known as a strategic partnering agreement - between the public and private sectors and typically was a joint venture comprised of co-located stakeholder actors (typically Clinical Commissioning Groups (CCGs), local authorities and general practitioners), private sector partners and CHP. I considered whether this platform ecosystem actually formed a *cluster* (in the terms used by Hallen and Johanson, 2009). However, to re-iterate, clusters are emerging spatial networks of firms in related lines of business that have grown and developed over time *without* central control (Hallen and Johanson, 2009). Regional strategic networks, on the other hand, are designed entities *created* by some initiators or founders (Eklinder-Frick et al., 2011). I further argue, therefore, this example of a platform ecosystem is *not* situated in a local or regional network. Instead, each LIFTCo appears to provide an example of an innovative *regional*

strategic network (Eklinder-Frick et al., 2011, 2012; Hallen and Johanson, 2009), a network that also forms part of a multi-level *national* platform ecosystem (see for instance Frow et al., 2016; Gawer, 2014; Iansiti and Levien, 2004).

A key component of PPP contracts was an exclusivity clause giving the LIFTCo the right to build all primary care properties for a CCG situated within their local authority boundaries. I argue the existence of a geographically bounded system here. This appears key to understanding OBMs that cross the boundaries of organisations. Consequently, the NHS LIFT PPP removed the need to go out to tender for future construction projects because all facilities could be delivered by the same local LIFTCo (National Audit Office, 2005). This approach ensured good quality bids for relatively small capital schemes and could save on bid costs. Whilst in the early years the focus had been on primary care facilities, since then the NHS LIFT PPP has broadened its approach, with the development of children's centres, leisure and wellbeing centres, libraries and other education services (National Audit Office, 2005). CHP was also involved in property and asset management as the head tenant for the NHS LIFT estate and was responsible for the overall management of these buildings (National Institute for Health Research, 2010). CHP then in turn granted underleases[11] to general practitioner practices, dentists, pharmacists or other health care and social care providers.

A feature with the NHS LIFT PPP is the use of standardised documents such as the *lease-plus* agreement and the *underlease-plus* agreement. These two types of lease agreement are designed specifically for the public sector. A benefit of these documents is they are written in the interest of tenants and contain a number of advantageous provisions not normally found in commercial leases, for example, maintenance costs are the responsibility of the LIFTCo, not the tenant. These documents avoid the need for tenants to have to endure protracted negotiations. The NHS LIFT PPP also guaranteed to maintain its buildings during the lifetime of the project. Leases were offered to tenants for typically periods of twenty to twenty-five years, to allow the LIFTCo a guaranteed income stream to recover the capital costs of its developments (National Institute for Health Research, 2010). Although the requirement for the NHS LIFT PPP was assessed against a number of criteria,

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[11] An underlease, or a sublease, is a lease granted by a tenant or lessee; especially, a lease granted by one who is himself a lessee, for any fewer or less number of years than he himself holds.

the population served by a NHS LIFT PPP was important because it was an indicator that a steady supply of schemes would be forthcoming, making the local LIFTCo viable over the twenty to twenty-five-year period of the partnership. The population served by a NHS LIFT PPP ranged from one million people within the Greater Manchester area to only one hundred and ninety-six thousand in Oxford (National Audit Office, 2005). The Department for Health stated that NHS LIFT PPP areas generally required a minimum population of between three hundred and five hundred thousand people to be attractive to private sector investment. Similarly, the level of capital investment through a NHS LIFT PPP also needed to be sufficient in order to attract private sector investment (National Audit Office, 2005).

I present the background context and description of Builder, Inbound and Buyer, as embedded units of analysis that form the focal OBM, as well as the other platform ecosystem actors, sequentially next.

5.3.1.2 BUILDER (THE HUB FIRM)

The purpose of this section is to present the background context and description of Builder as the lead (hub) firm that forms part of the focal OBM. I adopted the term *hub firm* because, according to Jarillo (1988), the hub firm is essential to the notion of a business network. The hub firm is the firm that establishes a strategic network and takes a proactive approach in the care of it. I considered the use of alternative terms including the *focal firm* (Batt and Purchase, 2004; Holmen and Pedersen, 2003), the *flagship firm* (Rugman and D'Cruz, 1997), the *lead firm* (Humphrey and Schmitz, 2002) and the *anchor firm* (Feldman, 2003; Giblin, 2011), but the term *hub firm* has been adopted from hereon. Furthermore, the use of the term *hub firm* as opposed to the term *focal firm* also, arguably, helps to avoid any confusion with my use of the term *focal OBM* in this study. I contend the hub firm is actually a *platform leader* (Adner, 2017) in this *regional* strategic network. Essentially, Builder appears to be an OBM innovator rather than a technology innovator.

Builder was founded as a family-owned construction firm based in a city-region situated in the North of England. One respondent from the firm explained the current owner, who joined the firm in the late 1970s in what was seen as a difficult economic climate for the

construction industry, had an ambition to move the business forward and diversify the firm by the offer of new but complementary product/services in new market areas. This ambition to move the business forward was facilitated by the replication of a BM the current owner had seen during an earlier visit to the United States where a construction firm had successfully diversified its BM by a strategy of forward integration and offering new, but complementary product/services in new market areas. This strategy fits with the fourth quadrant of Ansoff's (1957, 1968) product/mission matrix (more commonly referred to nowadays as Ansoff's matrix). Ansoff (1957, 1968) contends that this fourth quadrant of his matrix, termed *diversification*, occurs when the firm integrates backwards or forwards into adjacent activities in the value chain. The resultant strategy of forward integration of Builder's value chain by the offer of new but complementary product/services in new market areas, was demonstrated by the systematic de-construction of the firm's outdated BM and subsequent re-invention of new value propositions by becoming a property developer working with customers, supplier firms and other regional strategic network and platform ecosystem actors in collaboration, not only responsible for the finance, design and construction of a facility, but also for that facility's ongoing operation, management and maintenance. This trend of firms effecting a move from products to product/service systems, termed *systems integration* (see for instance Davies et al., 2006, 2007; Hobday et al., 2005; Jacobides and MacDuffie, 2013), is now widely recognised as the process of creating value by adding services to products (Baines et al., 2009). I discuss further the notion of systems integration in the context of the focal OBM in the next chapter.

By the early 1990s, the first stage in implementing the ambition to move the business forward into new product/market areas involved the development of a petrol filling station the firm owned into a petrol/convenience retail outlet. This development occurred at a time when there were few supermarkets retailing fuel and the firm initially grew from one site to six sites over a five-year period. This organic growth of the firm's petrol/convenience retail outlets resulted in the establishment of the firm's retail business unit. Following the establishment of the retail business unit, further growth occurred beyond its six sites because of the acquisition of a local competitor. However, a number of respondents from the firm reported the main catalyst for the implementation of the firm's vision to move the business forward into new product/market areas was the opportunity to bid for the

construction of a new primary school planned for a new private housing estate in the hub firm's city-region. In 1998, the firm became a bidder for the building of the school under the PFI. This PFI primary school project enabled the firm to become involved, with not only the construction and financing of the facility, but also with the provision of ongoing facilities management solutions post construction. This primary school PFI development heralded the beginning of the re-invention of the firm into what a number of respondents termed, a *new-age developer*. A number of respondents from the firm also explained that following the success of the firm's primary school PFI development, Builder found that it wanted to build on this success and the then new NHS LIFT PPP in the city-region was seen as an opportunity for the firm to build on the experience and knowledge that it had gained. A number of respondents from the firm reported they understood that PPPs worked better on a smaller scale and on a local level. This notion of localness was seen to provide a competitive advantage over the nationally based contractors, where Builder could offer complementary facilities management solutions rather than just construction and maintenance-based services. In order to deliver the NHS LIFT PPP in the hub firm's city-region, a new firm was formed as the LIFTCo. This new firm, which I refer to as Buyer in this study, invested in, built and managed health care and social care facilities including doctor and dental surgeries, pharmacies, outpatient facilities, residential care facilities and several other facilities on behalf of the then Primary Care Trust (PCT). A number of respondents saw both Builder and Buyer as a key partner to Buyer. According to Porter (1994), the presence of a locally based supply chain is important to foster working relationships and the exchange of knowledge. I present Buyer, as an embedded unit of analysis that forms part of the focal OBM, later in this chapter.

A number of respondents from Builder reported the firm's ambition was to be a world class localised firm serving not only its customer, Buyer, but also certain other platform ecosystem actors. For example, the firm was a benefactor to a range of co-located charitable organisations within the sectors the firm was working. I present the group structure of the firm in Figure 5.3. The group structure of the firm was divided into two main core business units. Division A encompassed a number of separate business units and was organised into four sub-divisions that included activities such as investment,

construction, project development and facilities management. These four sub-divisions were collectively responsible for the delivery of the NHS LIFT PPP in the city-region.
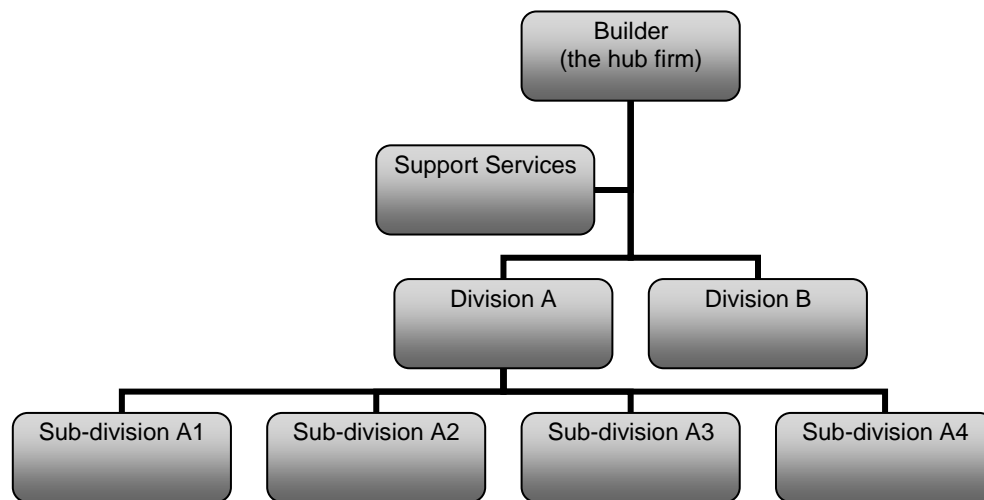
Figure 5.3: Builder group structure
Source: Author

Division B was a single business unit that encompassed the firm's retail operations, which served over four million customers every year from twelve petrol/convenience retail outlets. Unlike Division A, this business unit had no separate sub-divisions. In addition, the firm also had a centralised team to provide specialist support services to the business units in areas such as finance, health and safety, human resources and information technology. Division A was positioned at the centre of the Builder group structure, and was an 'umbrella' business unit for the firm's investment, project development, construction and facilities management sub-divisions. The investment sub-division A1 had the responsibility for directing the firm's diverse investment portfolio. As the firm continued to develop and move into new industry sectors, the sub-division was challenged with providing a host of funding solutions for both the firm and its partners in the public and private sectors. In particular, the sub-division explored new investment models and addressed the investment needs related to delivering the broadest possible range of co-located community-based projects and developments. The project development sub-division A2 had the responsibility for how the firm designed, developed and delivered its projects. This exploration of new investment models was focused around the customer where knowledge was shared with its

customers. The construction sub-division A3 had the responsibility for the delivery of construction projects for its customers, particularly in the education and health sectors. Sub-division A3 placed itself within the business and non-business communities it served and worked alongside these local communities to deliver projects that made a positive impact on local life. The facilities management sub-division A4 had the responsibility for delivering the firm's maintenance responsibilities for its growing property portfolio. Operating under long-term PPP contracts, the sub-division provided facilities management services with the aim of maintaining the property portfolio to the same standard as when they were new. A full range of tailored, cost-effective packages was offered including hard services, such as planned and reactive buildings maintenance services, together with provision of soft services such as cleaning, grounds maintenance and site supervision. In particular, the sub-division provided an integrated approach to extended services such as caretaking, catering and long-term buildings maintenance, including mechanical and electrical, and grounds maintenance, through to detailed life-cycle planning and superior delivery. This interplay between the firm's investment, project development, construction and facilities management sub-divisions appeared to point to the existence of an internal capability in Builder that allowed boundary-spanning practices to exist across its sub-divisional boundaries by its various practitioners. The notion of boundary spanners, which refers to those practitioners whose primary role involves working within collaborative multi-firm and multi-sectoral contexts (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Williams, 2013; Zhao and Anand, 2013), in the context of the focal OBM is elucidated further in the next chapter. Division B, the retail business unit, served ninety thousand customers a week from twelve petrol/convenience retail outlets in the locality. These retail outlets, which were located at the heart of the local communities they served, were tailored to meet the needs of those communities in terms of the range of products sold. According to one respondent from the firm, at the time of the interview, Builder's property portfolio was valued at approximately £85 million.

5.3.1.3 INBOUND (THE SUPPLIER FIRM)

The purpose of this section is to present the background context and description of the second firm, Inbound as the supplier firm to Builder that forms part of the focal OBM. The

second firm's supply chain positioning was upstream of Builder. Inbound was founded as an independent builders' merchant based in the same city-region as Builder. The firm moved into its first purpose-built premises in the late 1990s but its founder soon realised that he was not content with operating from only one branch. The firm then began to grow organically by implementing a strategy that enabled it to expand beyond the North of England into new, UK-wide, geographical locations. This market development of Inbound's OBM fits with the third quadrant of Ansoff's (1957, 1968) product/mission matrix. Ansoff (1957, 1968) contends that this third quadrant of the matrix, *existing products/services in new markets*, occurs when the firm maintains the security of its present products/services whilst venturing into new market areas. Market development can include entering into new market segments, exploiting new uses for the product/service or spreading into new geographical areas.

Today, according to one respondent from the firm, Inbound is one of the largest independent building supplies firms in the UK. The ambition of the firm was to be a one-stop-shop for the supply of a broad range of construction materials for its customers, all at competitive prices. Inbound, therefore, stocked a broad range of products from the construction industry's leading manufacturers. The ownership structure of the firm was divided between the firm's chief executive officer (CEO) and a number of senior-managerial-level practitioners as well as two investment institutions. The firm was also a benefactor to a range of local and national charitable organisations. The organisational structure of the firm was flat and de-centralised. In order to support its geographically diverse branch network, the firm had a central team based at its head office in the same city-region as Builder and Buyer to provide support services to the individual branch businesses in administrative areas such as finance, health and safety, human resources, information technology and procurement. A senior-managerial-level branch director whose responsibility was to drive the firm's relationships with each branch's local customer base led each owner-managed branch business. A number of respondents from the firm reported that Inbound's OBM had been likened to a franchise, albeit with important differences. Each branch business was incorporated as a separate limited company, which formed a subsidiary company of Inbound. Inbound (as the holding company) owned a seventy-five per cent share of each branch subsidiary firm with the remaining twenty-five per cent being

owned by the branch director. Respondents from Inbound reported they viewed the firm as a central support function rather than a head office, a function that provided all of the working capital for each branch subsidiary firm. However, the branch properties were leased from various property development firms who invested capital to construct the firm's branch buildings in return for long-term lease commitments from Inbound. The firm managed all support functions such as credit control and purchasing centrally. Typically, each branch director had joined the firm with a background running a successful branch for one of Inbound's competitor firms, but where they would have enjoyed much less freedom to make their own decisions in terms of the management of their branch. A number of respondents from the firm reported the attraction of joining Inbound was that it offered its branch directors the opportunity to own a financial share of their branch, the potential for uncapped earnings, as well as the opportunity for more autonomy in the management of their branch.

5.3.1.4 BUYER (THE CUSTOMER FIRM)

The purpose of this section is to present the background context and description of the third firm, Buyer as the buyer - or customer - firm to Builder that formed part of the focal OBM. The third firm's supply chain positioning was downstream of Builder and the exchanges between Builder and Buyer crossed a sectoral boundary between public and private sectors. Buyer, a limited liability company, was founded as a partnership between the public and private sectors responsible for delivering the NHS LIFT PPP based in the same city-region as Builder and Inbound situated in the North of England. Buyer was specifically incorporated as a SPV firm to deliver the NHS LIFT PPP within the municipal boundary of its local municipal authority partner. Buyer was linked by a PPP contract between the public and private sectors, including Builder as well as another private sector partner and two public sector partners. This PPP contract provided the government's formal commitments to provide health care and social care solutions in the city-region. The notion of formal contracts is elucidated further in the next chapter. The constitution of each of the LIFTCo's reflected the need for significant private sector involvement in the running of the PPP. This particular PPP manifested itself in sixty per cent of the shareholding of Buyer being owned by the private sector. Builder, and a second private sector firm with

experience in the development, planning and operation of hospitals and health care projects, together owned sixty per cent of Buyer. The remaining forty per cent of the shares in Buyer were held by the public sector, which included twenty per cent being held by the government's Department of Health. From the beginning of April 2013, the public sector shareholding in each of the LIFTCo's transferred to CHP, which included the twenty per cent shareholdings that were previously held by PCTs. When the firm developed new projects, each of the private sector shareholders had the opportunity to invest sub-ordinated debt into the financing arrangements for the project, which attracted an annual return. Sub-ordinated debt is debt which ranks after other debts should a firm fall into liquidation or bankruptcy. With over £100 million of investment, the ambition of the firm was to invest in, build and manage health care and social care facilities across the city-region. The firm was also a benefactor to a range of co-located charitable organisations within the districts of the city-region the firm was working. The organisational structure of the firm's operational team was flat and consisted of few people when compared to Builder and Inbound. In particular, this operational team consisted of a CEO who was responsible for five small business units. These five business units provided the firm's estates planning and developments, project management, operations, marketing and public relations, and administration functions.

5.3.1.5 OTHER PLATFORM ECOSYSTEM ACTORS

In addition to the regional strategic network, there were also a number of other stakeholder actors situated within the platform ecosystem. The term *stakeholder actors* refers to any *individual, group or community* living within the influence of the businesses of the three firms or likely to be affected *by* their management decision-making, and any individual, group or community likely *to* influence the management decision-making of the businesses of the three firms (Friedman and Miles, 2006). Buyer's Strategic Partnering Board consisted of representatives from Builder, a second private sector firm, CHP, the local CCG, NHS Foundation Trust, NHS England and NHS Property Services, and was overseen by an independent chairperson. The Strategic Partnering Board was essentially a steering board to co-ordinate all the different requirements and to create an integrated solutions strategy. To re-iterate, the term *business ecosystem* is defined as a network of relationships

that are linked together by interconnected *practices* (Frow et al., 2016) whilst an ecosystem *platform* provides the services, tools, or technologies that other ecosystem actors can use to enhance their own performance (Iansiti and Levien, 2004). Iansiti and Levien (2004) also found that a firm would probably rely on hundreds, or even thousands, of other firms, which thus made it impossible to establish the exact boundaries of their business ecosystems. Instead, they argue that firms should try to identify systematically the other firms with which their own firm is *most closely intertwined* and determine the *dependencies that are most critical* to their business. To re-iterate, Frow et al. (2016) conceptualise a helpful model that illustrates four levels of a health care ecosystem. I adapted this model in the context of the focal OBM's regional strategic network and national platform ecosystem to illustrate my judgement of who Builder appeared to be most closely linked, and the dependencies that were most critical to Builder's business. I present this adapted model in Figure 5.4.
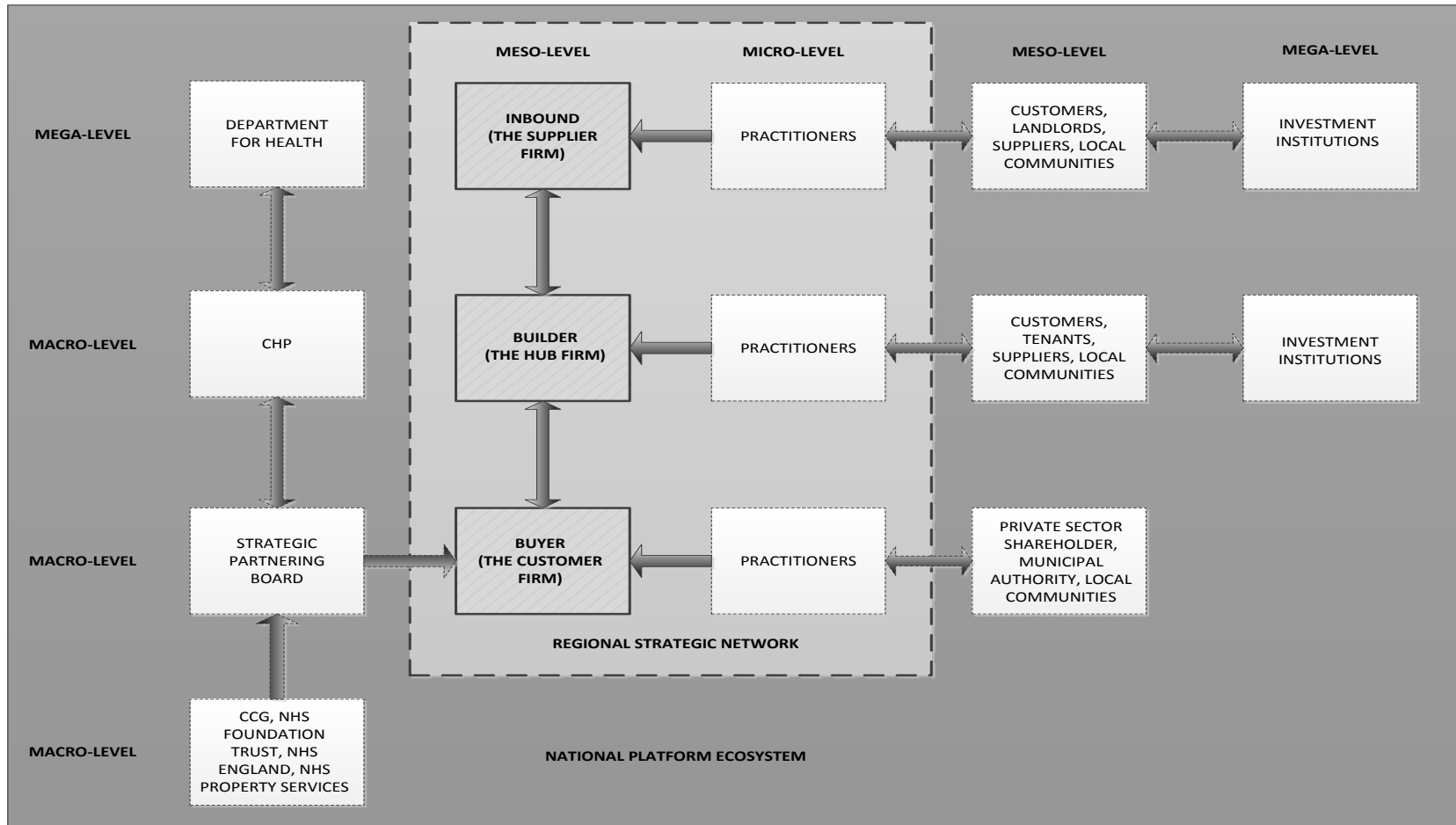
Figure 5.4: A multi-level perspective of the focal OBM
Source: Adapted from Frow et al. (2016: p. 27)

I will now illustrate further my argument the focal OBM forms a regional strategic network, a network that also forms part of a *multi-level*, national platform ecosystem, by deploying the four *levels* of a health care ecosystem by Frow et al. (2016).

At the *mega-level*, the Department for Health was responsible for the launch of the NHS LIFT PPP in the city-region. Also at the *mega-level*, under the NHS LIFT PPP in the city-region, Buyer's (as the LIFTCo) projects were co-financed, by both Builder and a number of third party investment institutions. These investment stakeholder actors took the form of banks and other investment institutions in the platform ecosystem. Under the terms of the PPP contract, whilst Builder directly contributed equity, some ninety per cent of the capital expenditure for developing the NHS LIFT real estate was sourced through sub-ordinated debt into the financing arrangements for the project, which attracted a financial internal rate of return for Builder. In addition to Builder, Inbound was co-financed through equity and debt. Whilst the firm's CEO and other directors owned fifty-five per cent of the firm, some forty-five per cent was sourced through venture capital firms, banks and other investment institutions in the platform ecosystem.

At the *macro-level*, the first public sector firm that formed part of the focal OBM's national platform ecosystem was CHP. I presented the role of CHP earlier in this chapter in section 5.3.1.1 in the context of the NHS LIFT PPP. The second public sector firm was the city-region's CCG. The government's health White Paper entitled *Excellence and Equity: Liberating the NHS*, which was published in July 2010, outlined government plans to give general practitioners more involvement over how NHS money was spent through the abolition of PCTs and the creation of general practitioner-led CCGs. The White Paper received royal assent in March 2012 under the Health and Social Care Act 2012 (Health and Social Care Act, 2012). PCTs worked with local authorities and other agencies that provided health care and social care locally to ensure the needs of their local communities were being met. Following the abolition of the local PCT on 1st April 2013, a new local CCG, which had responsibility for commissioning services for their local communities, took over the PCT's responsibilities in the city-region. CCGs, which were overseen by NHS England, whose stated aim was to improve the health outcomes for people in England, worked with patients and health care and social care professionals and in

partnership with local communities and local authorities. CCGs were responsible for commissioning elective hospital care, rehabilitation care, emergency and urgent care, most community health services and mental health and learning disability services within their boundaries, and for commissioning services for any unregistered patients who lived in their area. All general practitioner practices belonged to a CCG. The local CCG was clinically-led with a membership comprising local general practitioner practices (Health and Social Care Act, 2012). The local CCG had a budget of around £362 million at the time it took over the planning and commissioning of hospital, community health and mental health services in the city-region. The third public sector firm was the city-region's NHS Foundation Trust. The city-region's NHS Foundation Trust provided a variety of services for people with mental health problems, learning disabilities, addictions and community services. The fourth public sector firm was the city-region's local municipal authority. The city-region's local municipal authority provided solutions to improve health and reduce inequalities across the city-region. The fifth public sector firm was NHS England. NHS England encouraged public participation and supported clinicians and practitioners to improve health outcomes. The final public sector firm was NHS Property Services Ltd. NHS Property Services Ltd aimed to improve the delivery of clinical services and enhanced the NHS experience by ensuring safe, efficient and well-maintained facilities. At the *meso-level*, Builder, Inbound and Buyer all evidenced relationships with other platform ecosystem actors. These actors were co-located customers, supplier firms, communities, and municipal authorities. In addition to Builder, there was also a second private sector partner in Buyer. This private sector partner developed and operated health care projects in the UK and overseas. For the sake of completeness, the practitioners employed by Builder, Inbound and Buyer were situated at the *micro-level* within the regional strategic network.

To return to the three key findings presented in this section, specifically that the focal OBM forms a regional strategic network; a network that also forms part of a *multi-level*, national platform ecosystem; and a network that provides a platform for OBM *innovation* situated around this platform ecosystem. I have advanced the thesis in this section by the discovery that the three firms that formed the focal OBM actually formed a regional strategic network. This regional strategic network was a collaborative project between two private sector firms and one public sector firm in a medium-to-low-technology sectoral city-region

situated in the North of England who operated with the support of the Department for Health in order to stimulate regional development. I also discovered that this regional strategic network was situated within a multi-level, national platform ecosystem in order to enable and provide additional functionalities to the three firms. The hub firm was actually a platform leader in the *regional* strategic network whereby this firm collaborated with the other two firms to develop a set of inter-related products/services. I conclude, therefore, this platform ecosystem provided an example of cross-industry and cross-sectoral (public-private) OBM innovation. This notion of the focal OBM that formed a regional strategic network, a network that also formed part of a multi-level, national platform ecosystem, and a network that provided a platform for OBM *innovation* situated around this platform ecosystem is discussed further in the next chapter.

5.4 CHAPTER SUMMARY

I presented the introduction and the background context to the three firms, namely Builder (the hub firm), Inbound (the supplier firm) and Buyer (the customer firm), as embedded units of analysis, that formed the focal OBM in this chapter. In this chapter, I argued the focal OBM actually formed a regional strategic network, a network that also formed part of a multi-level, national platform ecosystem. In particular, in the first part of the chapter, I presented an overview of the three firms in the context of the focal OBM. An overview of the PFI and the NHS LIFT PPPs was presented next in order to provide background context to the study. I presented an in-depth portrait of the three firms next followed by in-depth portrait of the other platform ecosystem actors.

I present the findings arising from the examination of the three firms in the next chapter.

CHAPTER SIX

PRESENTATION OF FINDINGS

6.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
Chapter Five.	Introduction to the focal open business model case study
Chapter Six.	Presentation of findings
Chapter Seven.	Conclusions
Chapter Eight.	Contributions, further research and reflections
	Current position in the thesis shaded

Figure 6.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this chapter is to present the second step of the general analytic framework that was presented in chapter four, the findings from the within-case theme analysis of the three firms, namely Builder (the hub firm), Inbound (the supplier firm) and Buyer (the customer firm), as embedded units of analysis, that form the focal OBM. According to Patton (2002), in the course of fieldwork, ideas and directions for analysis will occur, that patterns will take shape and themes will begin to emerge. I present the within-case theme analysis using my reflective interpretation, where a number of thematic areas emerge from the different activities and processes.

The three firms form a supply chain through from upstream supplier to downstream end user. This supply chain takes in and considers a public and private sector downstream dyadic, a vertical upstream supply chain buyer-supplier dyad, as well as the broader strategic network and business ecosystem contexts of the three firms, in a solutions provision arrangement. I use the term *ecosystem* here as something more embedded than a notion of business environment (Clarysse et al., 2014). To re-iterate, Christopher (2011) defines a supply chain as a network of firms that are involved, through upstream and

downstream linkages, in different activities [I add practices] and processes [I add praxis] that creates value for customers. To re-iterate, I contend the three firms actually form a regional strategic network, a network that also forms part of a multi-level, national platform ecosystem. In the findings, I draw on three of Boschma's (2005) five dimensions of proximity, which, arguably, appear strongly interconnected with the focal OBM. I also present the findings by adopting a strategy-as-practice perspective, where strategy practitioners are regarded as the link between the situated praxis in a firm and the micro-level practices that exist at the intra-, inter- and extra-organisational levels. However, there has been a lack of a commonly accepted understanding of the micro-level divide by management scholars. For example, economics scholars have used the term *micro-level* to refer to the firm-level whilst others, such as psychology scholars, have used the same term to refer to individuals (Molloy et al., 2011). Consequently, there appears to be confusion about how to apply the concept. In order to provide some clarity to these terms, the term *micro-level* that I deploy in this study refers to the practices and praxis of *individual* practitioners (see for instance Rouleau, 2005). Specifically, I address the first, second and third research objectives by first, providing an account of an OBM as strategic practice. Building on a practice perspective, second, by presenting an analysis of an OBM as a multi-level phenomenon; and third, gaining an understanding of a solutions-based OBM context that crosses industry and sectoral boundaries.

6.2 OPEN BUSINESS MODELS AS STRATEGIC PRACTICE

The purpose of this section is to present the findings from the within-case theme analysis of the three firms, namely Builder, Inbound and Buyer, as embedded units of analysis, that form the focal OBM. To re-iterate, the case examined here is that of a cross-industry and cross-sectoral (public-private) single (focal) solutions OBM based around a single (hub) lead firm, namely (Builder), and two other individual firms, as embedded units of analysis, in which Builder, Inbound and Buyer are co-located. Within the focal OBM, the NHS LIFT PPP in the city-region involves Buyer, as a LIFTCo, taking over the ownership, financing and management of public sector infrastructure and services and tying the public sector into an exclusive long-term contract with the private sector (Builder) and a second private sector firm. Buyer has exclusive rights to develop new primary care properties in the city-region

over a period of between twenty and twenty-five years, using a standardised procurement process, subject to value for money tests. Whilst Builder contributed equity, some ninety per cent of the capital for developing the NHS LIFT properties was provided through debt (National Institute for Health Research, 2010). NHS Property Services Ltd through Buyer owns the properties and income is earned through rental payments from health care and social care provider tenants, such as general practitioners, the local municipal authority, pharmacists and the local CCG.

During the data collection and analysis phase of the study, it became evident from a number of respondents that Builder and Buyer had very different motivations for being involved in the NHS LIFT PPP in the city-region. Buyer was characterised as being motivated by the opportunity to develop a range of innovative solutions, which would improve quality and access for its co-located non-business communities to health care and social care facilities. Builder, on the other hand, appeared to be motivated primarily by the opportunity to achieve long-term sustainable profits from its partnership with Inbound and Buyer with the implication the interest of its shareholders would take precedence over the needs of its co-located non-business communities. Notwithstanding these differences, there appeared, however, to be a broad consensus among respondents from Builder and Buyer that, although public and private sectoral interests differed, these two firms were, in partnership, aligned in the pursuit of developing high quality local health care and social care facilities which would benefit their co-located non-business communities.

I identified a number of emergent themes during the within-case theme analysis of the three firms. In the following sections in this chapter, I present the findings from each of these themes whilst exposing the multi-level relational interplay between practices, praxis and practitioners. In particular, the presentation of the findings respects each of the aspects of my conceptual framework's intra-organisational factors, inter-organisational factors, extra-organisational factors and practitioners and their capabilities value creation domains against the two outcomes of value co-creation and value capture. However, whilst scholars (see for instance Jarzabkowski, 2005; Jarzabkowski et al., 2007; Jarzabkowski and Spee, 2009; Sztompka, 1991; Whittington, 2006) offer definitions for the terms *practices*, *praxis* and *practitioners*, none of these definitions appear to have been fully accepted by the academic

community (Seidl and Whittington, 2014). Consequently, I believe there appears to be *confusion* about how to apply the concept. In order to provide some clarity to these terms for this study, I adopted a language of shared norms for acting (as practices), alongside the actual activities for implementation, i.e. what people *do* in practice (as praxis), and the individuals (being practitioners) involved in these actual activities (Whittington, 2006). In a customer-supplier relationship, a customer progresses through a sequence of regular practices that all need support, either by the customer, supplier firm or other platform ecosystem actors. According to Gronroos (2011), the customer's practices have corresponding practices on the supplier side, and this set of corresponding practices should meet in ways that help the customer's activities flow towards a successful and profitable business outcome.

I present the findings from the within-case theme analysis in the context of the conceptual framework's intra-organisational factors that support the focal OBM next.

6.2.1 INTRA-ORGANISATIONAL FACTORS

The purpose of this section is to present the findings in the context of the first value creation domain, intra-organisational factors as those factors within an individual firm that specifically support the focal OBM. In particular, the first value creation domain relates to the various micro-level *intra-organisational value creating practices* that exist *within* the boundaries of the three firms. I identified in the literature review section of this thesis that a question as to the nature of the various practices evidenced by practitioners in OBMs seemed yet to be examined. I argue these various practices actually are *open practices* (in the terms used by Hautz et al., 2017). During the data collection and analysis phase of the study, the notion of organisational culture emerged as a recurring intra-organisational feature of the three firms. Organisational - or firm - culture shapes behaviours, ethics and judgements [I add practices] that relate to the performance and reputation of firms and the service that it provides to customers (Johnson, 1992). The foundation of the cultures of the three firms was established in Builder and Inbound by their founding CEOs and established in Buyer by LIFT in the city-region. In BM literature, Morris et al. (2005) found that a well-conceptualised BM affects and was affected by such organisational variables as

organisational culture. More recently, Thompson and MacMillan (2010) also emphasise the importance of organisational culture in shaping BM design. However, there is, presently, no broadly agreed definition or framework of the notion of organisational culture in extant literature (Alvesson, 2013) and, furthermore, the notion of organisational culture in BM literature appears to be an under-researched area. The three firms that formed the focal OBM each had their own distinctive organisational cultures. In varying degrees, a notion of *openness* also resonated with the three firms and formed an intuitive way for their practitioners to understand intra-organisational practices.

Key finding 4: The existence of a number of intra-organisational factors facilitates cultures of openness that form the foundation to the focal OBM.

Key finding 5: These cultures of openness point to the existence of open practices within the focal OBM.

I present the intra-organisational attitudinal practices that support the focal OBM next.

6.2.1.1 OPEN ATTITUDINAL PRACTICES

During the data collection and analysis phase of the study, various behavioural (I offer the alternative term *attitudinal*) practices were evidenced as a recurring intra-organisational feature of the three firms. Practitioner attitudinal practices appeared to be powerful levers that influenced a culture of *openness* within the focal OBM. A number of respondents from Builder reported the firm's practitioners were expected to demonstrate certain shared attitudinal practices. Unusually, these shared attitudes were favoured by the firm over the more commonly found notion of shared company values because the way the firm's practitioners behaved towards each other, as well as their customers, supplier firms and other co-located stakeholder actors was seen as central to the success of Builder. Underpinning these attitudinal practices appeared to be the notion of firm culture. The firm's attitudinal practices appeared, therefore, to be about creating a culture of *openness* in Builder where everyone had ownership and responsibility for doing the right thing, because it was the right thing to do. This culture of *openness* appeared to be about both creating

shared company values and then translating these values into shared practitioner attitudes. These shared practitioner attitudes (I offer the term *open mind-set* here), arguably, reflected a set of values held by the firm's CEO and other members of the senior team that was so established that it created a powerful incentive within these practitioners to continue to adopt or accept prior attitudes. In other words, the firm's CEO and other members of the senior team, who needed, to not only establish the firm's shared values, but also to personally demonstrate they meant them through their actions, could only establish these attitudinal practices. In the following quotation, Philip (Senior Manager, Builder) elucidates on the firm's practitioner attitudes: 'We have expected and required behaviours rather than company values… because in the end, it is how our people behave toward each other that really matters.' In another quotation, John (CEO, Builder) discusses in more detail the rationale for the firm's practitioner attitudes:

> 'Do you know what I mean when I say *beliefs*? I mean beliefs as opposed to behaviours? Well, I like to use the word *behaviours*. Behaviours in [Builder] means to act professional as well as act as team players... we have no lone warriors here.'

In this quotation, John appeared to indicate the firm's attitudinal practices were top-down led by the firm's CEO and which required its practitioners to act as team players in a professional manner. This finding, relating to leadership praxis leading to firm practice, is similar to Yukl (2002) who found that that firm's leader often strongly influenced the attitudes expected by practitioners in firms. However, this finding was set in a different context to this study. The firm's attitudinal practices, in particular, were manifested in three inter-related parts. These three inter-related parts were first, being positive, second, being professional and third, being customer focused. The strategy praxis was explained by one respondent from Builder who stated that being positive meant practitioners converting positive energy into performance, being professional meant acting collaboratively as team players in the delivery of the firm's value propositions to the highest standards and, finally, being customer focused meant demonstrating respect and putting the firm's customer (Buyer) first. This finding, relating to being professional, is similar to Wright and Edwards (1998) who found the creation of team players in firms was likely to be reinforced by some sort of behavioural or *soft skills* training. However, this study did not adopt a multi-level strategy-as-practice perspective. In the following quotation, John (CEO, Builder) goes on to

explain that those practitioners in his firm that failed to demonstrate the firm's attitudinal practices did not remain employed by the firm:

> 'We are obsessed with these behaviours in our recruitment. People in [this] company who do not believe in these behaviours usually don't stay here very long. So we hire on those, we promote on those and we fire on those.'

In this quotation, John appeared to acknowledge that it was recognised that certain candidates would not be sympathetic to the firm's attitudinal practices. This quotation also appeared to suggest, however, the firm endeavoured to maximise the development of practitioners who did demonstrate these practices. Whilst Builder's behaviours appear to be favoured by the firm over the notion of shared company values, I suggest, however, these three attitudinal practices of being positive, being professional and being customer focused bear similar characteristics to those of shared company values. This top-down led approach to these practices appeared to indicate the firm's culture was concerned more with investing in its intangible human capital rather than in purely tangible bricks and mortar. Like other assets, human capital, defined as the productive capabilities of people, creates value in the market place, but unlike other assets, the potential value of human capital can only be fully realised with the co-operation of the practitioner (Wright et al., 1994).

In contrast, there was no evidence of the adoption of Builder's attitudinal practices by Inbound's practitioners. The firm's lower interdependency and lack of *openness* with Builder were displayed by the alternative notion of shared company values. Inbound's shared company values were built around first, achieving the highest possible results in all areas of customer service, growth and profitability and second, the welfare of the firm's customers, practitioners, local communities and the environment. The firm recognised that its practitioner attitudes could significantly affect these areas. In the following quotation, George (Senior Manager, Inbound) discusses the notion of his firm's shared values:

> 'We're not party to [Builder's] behaviours, we have shared values. Our shared values encompass things like… and I'm reading this now… our customer service, our communities, our environment and a commitment to continuous improvement.'

This quotation from George, whilst confirming the firm preferred the alternative notion of shared values rather than the adoption of Builder's attitudinal practices, thereby demonstrating lower interdependency and lack of *openness* between the two firms, also appeared to confirm the firm's commitment to continuous improvement thereby indicating innovation within the focal OBM. However, higher interdependency and culture of *openness* between Builder and Buyer *were* evidenced, in particular, by the adoption of Builder's attitudinal practices by Buyer. In the following quotation, Mark (Senior Manager, Buyer) comments on the adoption of these practices by Buyer:

> 'We follow the [Builder] behaviours... you know, we follow all that stuff. There's nothing we do differently. There's no different language that we use that they wouldn't recognise from their own. I'm not saying that we're like sheep that follow it… we do it because often what they do is the right thing in our eyes.'

In this quotation, Mark appeared to suggest the firm adopted Builder's attitudinal practices because these practices were seen as the right thing to do. In the following quotation, Mark (Senior Manager, Buyer) comments further on his first impressions about these practitioner attitudes:

> 'At first, it [Builder's attitudinal practices] almost felt a bit religious in a way, like one of those churches in America that you hear about… it's almost like a cult and it isn't like that… but that's the only thing I could make it relate to. But it isn't like that at all… it's purely about a mind-set.'

Semantically, the use of the term *mind-set* by this respondent appeared to suggest the adoption of Builder's attitudinal practices by the firm had been incorporated as an established *open mind-set* of practitioner attitudes into its culture. In addition, the quotation from Mark relating to the use of the terms *religious*, *cult* and *churches in America*, also appeared to indicate that Builder's attitudinal practices were viewed with a metaphorical evangelism within Buyer. This finding, which suggested these practices felt somewhat religious within the firm, is similar to with that of Berger et al. (2007: p. 142) who found that "evangelical zeal" was a capability evidenced by what they termed the *corporate social policy entrepreneur* where, right from a firm's inception, giving back to local communities was integral to the firm's culture. However, this study was set in a different context to this

thesis. I present this notion of being a benefactor to the local communities of the three firms later in the thesis in the context of my conceptual framework's extra-organisational factors. In a similar finding to Builder, the firm's attitudinal practices were replicated in three inter-related parts. As stated earlier in this chapter, these three inter-related parts were evidenced as first, being positive, second, being professional and third, being customer focused. The strategy praxis involved practitioners converting positive energy into performance, acting collaboratively as team players in the delivery of the firm's value propositions to the highest standards, and demonstrating respect.

I present the intra-organisational recruitment practices that support the focal OBM next.

6.2.1.2 OPEN RECRUITMENT PRACTICES

During the data collection and analysis phase of the study, various recruitment practices were displayed as a recurring intra-organisational feature of the three firms. Practitioner recruitment practices appeared to be powerful levers that influenced a culture of *openness* within the focal OBM. An example of a practice evidenced by Builder was concerned with a preference for the direct employment of only core-function-related practitioners, locally-sourced from the city-region. The firm only recruited from beyond the city-region when suitable candidates could not be sourced locally. The strategy praxis involved the firm's core-function-related practitioners supplemented by sub-contracted locally sourced practitioners only where the firm could not justify full-time permanent roles. The firm's two sub-divisions that supplemented its core-function-related practitioner headcount with sub-contracted practitioners were the construction sub-division A3 and the facilities management sub-division A4. Sub-contractors supplemented the core-function-related practitioner headcount in the construction sub-division particularly during the firm's various periods of construction. In the following quotation, David (Senior Manager, Builder) recalls how the firm's recruitment practices have changed during the past number of years in his sub-division:

> 'We don't have any tradesmen directly employed on the major sites... we sub-contract everything. Effectively everyone works for another company and we project manage it. The employment level on site was probably eight people to

what probably had up to two hundred people a day on site. Whereas fifteen years ago we would have probably had a hundred people employed on site and a hundred sub-contractors. So it shows how the company has changed over the years.'

In this quotation, David recollected how the firm's recruitment practices have changed during the past fifteen years from one of predominantly direct employment to one of predominantly sub-contracted employment which was project managed by the firm's sub-division during the various periods of construction. Similar recruitment practices also supported the firm's facilities management sub-division. The ratio of direct employment to sub-contracted employment was dependent on both the availability of practitioner capabilities and the availability work for that particular discipline. In the following quotation, Robert (Senior Manager, Builder) describes the evolution of recruitment practices in his sub-division:

'It's a mix really, we employ quite a lot ourselves, joiners, gas engineers, plumbers and in turn they do some painting as well. We currently have contractors or suppliers for things like intruder alarms, fire alarms, electrics... things like that so we've got a mix at the moment. But that's a fairly fluid one, we only took air conditioning in-house, for example, this year... we used to contract that out previously so it is a fluid mix depending on the skills we've got and the amount of work we've got for that particular trade as to whether we can support a full-time position or have to contract it out to someone.'

In this quotation, Robert described how the firm's justification for full-time permanent roles appeared to be dependent both on a balance between the availability of internal practitioner capabilities and the long-term availability of work for that particular discipline. Builder placed a high importance on the recruitment of talented (I use the word *capable*) practitioners. An example of another practice displayed by Builder, as part of the recruitment of new practitioners, was the deployment of an extended interview. The strategy praxis typically involved an initial telephone screening process, a number of individual and group activity-based tasks, and a formal interview. In the following quotation, John (CEO, Builder) describes the strategy praxis for the recruitment of capable candidates:

'At interviews… God don't we go through things... we have telephone screening, we have group work, we have the formal interview, we bring them

in on a Saturday. If they don't want to come in on a Saturday… well they won't probably fit in here. So, as I have said, we obsess on recruitment to get the right talent into [Builder].'

This quotation from John highlighted the firm's fixation for the recruitment of capable practitioners and elucidated the rigor of the firm's extended interview. This extended interview was intended to determine whether a candidate would likely display the firm's *open mind-set*. In another quotation, Charlotte (Manager, Builder) explains that it is the well-qualified and capable candidates who also tend to demonstrate the more amiable qualities that are the ones who are more likely to be offered roles with the firm: 'We tend to get lots of good, qualified and talented candidates who want to work for [Builder], but the ones who are nice and like people tend to succeed.' In this quotation, Charlotte appeared to confirm that qualifications and capabilities alone were not sufficient to be offered roles with the firm. In addition, the firm also placed a high value on those candidates who tended to be likeable and friendly.

In a similar finding to Builder, a number of respondents from Inbound also reported the firm placed a high importance on the recruitment of capable people. In particular, the firm had been successful in attracting capable people from other co-located competitor firms. An example of a practice evidenced by Inbound, as part of the recruitment of new employees, was concerned with the firm's preference to recruit senior-managerial-level branch directors for its new branches from other co-located competitor firms. This practice, termed *employee referral*, is an internal recruitment practice deployed by firms to select and recruit suitable candidates from their existing social networks. The strategy praxis involved a formal in-depth interview undertaken personally by the firm's CEO. In the following quotation, Michael (CEO, Inbound) discusses the reasons why his firm manages to attract branch directors for its new branches from other co-located competitor firms:

'So a typical new branch director would be somebody who would initially approach us... they'd been working for a [Competitor A], [Competitor B] or somebody like it and they'd been running a branch successfully in an area for four or five years. They're sick of the controls that these companies are putting on them, you know... very little freedom to make their own decisions, you know… they're just gatekeepers really looking after the shop. So they want something more out of it... like they want higher earning potential.'

This quotation from Michael highlighted the reason candidates made unsolicited approaches to Inbound seeking potential branch management roles was because of their frustration working for competitor firms. For instance, these competitor firms appeared to offer little or no management autonomy, limited earnings potential and no opportunities for equity stakes in the firms. In the following quotation, Michael (CEO, Inbound) goes on to explain the attraction for branch directors of other competitor firms in working for the firm:

> 'So basically, we try and invest in people who are local people, who have run successful builders' merchants for our large competitors and they come to us with lots of disciplines that are driven into them in terms of managing the administrative side of the business but actually want a bit more freedom in terms of trading... so without having to refer upwards every time they want to give a discount to attract a larger order or whatever they want to buy from us. They want to have some input into products stocked on the ground, they want to have some input in terms of the car they drive and they want to have some input into a number of other areas so that's all part of our flexibility in helping them to fulfil their ambitions which is to run their own business but actually not take all the risk because actually there's no risk to them because they haven't got their branch on the line... sorry they haven't got their cash on the line.'

In particular, this quotation from Michael also revealed the firm's culture of *openness* appeared to be an attraction for candidates from co-located competitor firms. In particular, the attraction for these practitioners to join Inbound appeared to lie in the opportunity to take an equity stake in a firm whose industry sector they were familiar with, enjoy more autonomy in the management of that firm and to share the risk profile of their branch with Inbound. The firm's branch directors undertook the recruitment of practitioners in Inbound's geographically diverse network of branches locally. In a similar finding to Builder, the firm also only recruited people who displayed the right capabilities, attitude and a passion for excellent customer service and where these capabilities could be nurtured by the firm. An example of another practice displayed by Inbound was concerned with the attendance of all newly recruited sales-related practitioners at a compulsory three-day induction workshop. The strategy praxis involved participation at both plenary sessions and breakout sessions to introduce new sales-related practitioners to the business and its objectives, its products/services, its practitioners and its customers.

In a similar finding to Builder, Buyer also placed a high importance on the recruitment of capable people who also displayed Builder's attitudinal practices. An example of a practice evidenced by Buyer was concerned with the creation of what one respondent termed *sustainable employment*. This practice involved a preference for the recruitment of capable people sourced locally. In a similar finding to Builder, the firm only recruited practitioners from beyond the city-region in cases when suitable candidates could not be sourced locally. In the following quotation, Emma (CEO, Buyer) highlights her firm's commitment to the recruitment of locally sourced people from the city-region:

> 'Wherever we work in [city-region], we… we look to our local communities first for skills and labour as well as local suppliers… to… this all contributes to the local economy.'

The use of the terms *local communities* and *local economy* by this respondent appeared to allude to the notion of corporate citizenship. I present the notion of corporate citizenship in the context of the focal OBM later in this chapter in the context of my conceptual framework's extra-organisational factors.

In a similar finding to Builder, recruitment in Buyer also involved an extended interview practice to try to ensure the firm only selected the right candidates. In the following quotation, Emma (CEO, Buyer) elucidates how her firm's extended interview practice maximises the selection of suitable candidates:

> 'We spend an awful long time making sure we find the right people. People are the most important part of our business. Because if we don't find the right people it's not going to work. We try really, really hard to make sure we get the right ones in the first place.'

However, in the following quotation, Mark (Senior Manager, Buyer) explains that, despite being technically competent, not all candidates will be prepared to accept the firm's attitudinal practices:

> 'You could probably find ten or twenty people technically that could do the job but you've got to be sure that they're going to fit in. The inter-personal skills… how they're going to fit into a smallish team, will they buy into that because not everybody gets that… it might be too soft and fluffy for some people.'

In these quotations, both Emma and Mark appeared to confirm that qualifications and capabilities alone were not sufficient to be employed by the firm. The firm also placed a high value on those candidates' inter-personal skill-sets but these respondents also appeared to acknowledge that not every candidate would be sympathetic to the firm's attitudinal practices.

I present the intra-organisational development and recognition practices that support the focal OBM next.

6.2.1.3 OPEN DEVELOPMENT AND RECOGNITION PRACTICES

During the data collection and analysis phase of the study, various development and recognition practices were displayed as a recurring intra-organisational feature of the three firms. Practitioner development and recognition practices appeared to be powerful levers that influenced a culture of *openness* within the focal OBM. Builder's practitioners were recognised as its number-one asset. One respondent from the firm described a feature of the firm's culture using the term *meritocracy* where recognition depended on a practitioner's individual capabilities. In the following quotation, John (CEO, Builder) explains how his firm's teams are supported to reach their full potential in a meritocratic culture:

> 'We care for our people and invest in their personal development, encouraging them to reach their full potential. I mean… we are a home for talent. All our teams… I mean people are respected, encouraged and supported to reach their full potential in a culture which pursues and rewards excellence… well in a meritocracy really.'

The use of the term *talent* [I add capabilities] by this respondent appeared to confirm that this promise of providing structured career progression for the firm's practitioners to reach their full potential was based entirely on personal capability. Whilst the term *talent* can be defined as demonstrating a natural aptitude or skill, there does not appear to be a single concise or consistent definition of the term *talent management* in extant literature (Ashton and Morton, 2005; Lewis and Heckman, 2006, Tansley, 2011). However, the term has been referred to as a collection of activities or *practices* that include practitioner development,

and performance management (Lewis and Heckman, 2006). In the following quotation, John (CEO, Builder) explains further the importance of ensuring the firm maximises the productivity of capable practitioners:

> 'People are important to [Builder] talent-wise... you've got to have the right talent in the building... okay? I don't know if you're into football, but you can get one footballer who goes into one culture and they don't perform, but if they go into another culture... they're world beaters. It's the culture they're in. At [Builder], we have to make sure that people who feel that they're on the right bus are actually sitting on the right seat, because it's important to get the best out of you.'

This quotation from John described how the firm only sought the recruitment of practitioners who would likely demonstrate the firm's attitudinal practices and where the firm could potentially develop their capabilities. In the following quotation, Jane (Manager, Builder) discusses the notion of capabilities in Builder:

> 'In the highly competitive market place that we see today, companies that want to attract talented people must also be clever at developing these people. I mean developing them constantly to keep up with the pace.'

In this quotation, Jane alluded to the fact that firms must be prepared to develop continuously its practitioners in order to remain competitive in the market place.

An example of a practice in Builder was concerned with performance appraisal. The strategy praxis required the firm's practitioners and those concerned with their performance, typically the individual practitioner's line manager, to engage in a regular dialogue about their performance and development and the support they required in their role. Performance appraisal was used to both assess recent performance and focus on future career objectives, opportunities and resources needed. One respondent from the firm commented the practice of performance appraisal was a holistic process that brought together many activities that collectively contributed to the effective management of practitioners and teams in order for the firm to achieve high levels of performance. In a similar finding to Builder, an example of a practice evidenced by Inbound was also concerned with performance appraisal. However, unlike Builder, because the organisational structure at Inbound was flat and de-centralised, the practice of performance appraisals only

related to the firm's centrally based senior executive team as well as the locally based senior-managerial-level branch directors. The strategy praxis required the firm's practitioners concerned with employee performance, typically department heads and individual branch directors, to engage in a regular dialogue about their performance and development and the support they required in their role. It was used to both assess recent performance and focus on future career objectives, opportunities and resources needed. One respondent from the firm explained the firm's branch directors all received a share of the profits generated by their branch, which incentivised them to concentrate on the development of customer relationships and in turn the development of sales. The practice of performance appraisals enabled these branch directors to engage in a regular dialogue about their performance and development and the support they required in their roles. In a similar finding to Builder and Inbound, an example of a practice displayed by Buyer was also concerned with performance appraisal. The strategy praxis involved the firm's practitioners concerned with employee performance, typically department heads, to engage in periodic dialogue about their performance and development and the support they required in their role. In the following quotation, Emma (CEO, Buyer) explains how the practice of performance appraisal is implemented in Buyer:

> 'We have a really strong staff appraisal system and process in place which links directly into the business plan. So all the things we said we are going to do as a company have somebody's name on them. […] Mid-way through the year we review it to see what's changed and what needs to change.'

In this quotation, Emma appeared to indicate the high level of value placed on the firm's practitioners and how the practice of performance appraisal was used to assess past performance, to identify required future contributions and to focus on future career objectives.

Building on the cultures of *openness* in the three firms, an example of a practice evidenced by Builder was concerned with the incentivisation of its practitioners. The practice of building incentives into an arrangement or system intended to attract, retain and motivate the actors within it. One respondent explained that getting the firm's employee reward practices wrong could have significant negative effects on the motivation, commitment and morale of its practitioners. The strategy praxis involved the firm's practitioners receiving

tangible incentivised remuneration as well as intangible training and development opportunities that led to the promise of structured career progression to reach their full potential. A number of respondents from Inbound also stated the firm's practitioners were recognised as its primary asset. An example of a practice displayed by Inbound was concerned with the management of an employee reward programme to help attract, retain and motivate high-quality people. The strategy praxis involved the firm's practitioners receiving tangible incentivised remuneration as well as intangible training and development opportunities that led to the promise of structured career progression to reach their full potential. In the following quotation, Richard (Manager, Inbound) highlights the firm's commitment to the training and development of its practitioners: 'We are committed to the relevant training and development of our people, taking into account their existing skills and requirements.' The quotation from Richard appeared to confirm Inbound's commitment to the training and development of its practitioners providing support when required to complement and supplement their existing capabilities.

In a similar finding to Builder and Inbound, Buyer's practitioners were also recognised as its primary asset and were rewarded with incentivised remuneration and training and development opportunities that led to the promise of structured career progression to reach their full potential based entirely on personal capability. An example of a practice evidenced by Buyer was concerned with the management of an employee reward programme to help attract, retain and motivate high-quality practitioners. The strategy praxis involved the firm's practitioners receiving tangible incentivised remuneration as well as intangible training and development opportunities that led to the promise of structured career progression to reach their full potential. In the following quotation, Mark (Senior Manager, Buyer) comments on the firm's training and development opportunities:

> 'Our people are the most important part of the business. […] Staff training and development is very much encouraged here… on day release etc. Nobody here can say that they've been held back.'

Whilst the quotation from Mark did not use the term *meritocracy*, he did confirm the firm's practitioners were recognised as its primary asset and were incentivised with training and development opportunities. The implication being the firm's practitioners were rewarded

based on merit. These findings, relating to the incentivisation of practitioners, are similar to Chesbrough (2003) who found that, in the context of open innovation, there was a need for firms to introduce practitioner reward systems, which were geared to promoting the efforts of practitioners toward the achievement of open, collaborative outcomes.

I present the intra-organisational empowerment and inclusion practices that support the focal OBM next.

6.2.1.4 OPEN EMPOWERMENT AND INCLUSION PRACTICES

During the data collection and analysis phase of the study, empowerment and inclusion practices were displayed as recurring intra-organisational features of the three firms. Practitioner empowerment and inclusion practices appeared to be powerful levers that influenced a culture of *openness* within the focal OBM. Hautz et al. (2017) identified empowerment as a factor of open strategy, but this study was not set in the context of OBMs. Schmitt (2010) also found that inclusion, which referred to internal or external consultation, was a factor of open strategy but, again, this study was not set in the context of OBMs. A number of respondents from Builder reported there was an absolute expectation for its practitioners to put the customer first because high levels of customer service and subsequent customer satisfaction were seen to lead to long-term sustainable profitability. One respondent explained that customer service was seen as a way of life in the firm, not a department. I noted that this absolute expectation to put the customer first was reinforced by the firm's strategic plan document, which was entitled *Happy Customers*. In the following quotation, John (CEO, Builder) discusses the rationale for his firm's customer-first expectation:

> 'The customer is the reason for our business, the customer drives our business. […] We expect our people to put the customer first and we don't take negativity here. […] What we do here is get great people into the company, engage them, give them permission... do all this stuff. They then treat all the customers well and if they're treated well then you get profits.'

In this quotation, John highlighted the operationalisation of this customer-first expectation was concerned with a practice known as empowerment. In particular, the strategy praxis

involved the empowerment of the firm's practitioners with delegated responsibilities to offer advice and support, solve problems and resolve conflict without the need to refer upwards to their department heads. In the following quotation, Charlotte (Manager, Builder) elucidates further on this practice of empowerment:

> 'We believe our people perform more… more effectively when they have a thorough grasp of the rules of engagement, you know company policies and procedures and the like and the delegated authority we give them as employees. […] We've made our customer service more effective here by simply empowering our people to make on the spot decisions, without having to go through their line manager first. You know what I mean [author's first name]?'

Linguistically, the quotation from Charlotte, related to the singular use of the terms *delegated authority* and *empowering our people*, appeared to indicate that she was discussing the firm's culture of *openness*. The quotation from Charlotte also appeared to concur with a study by Wilkinson et al. (2004) who found the practice of engagement was often linked to the practice of empowerment.

In a similar finding to Builder, a number of respondents from Inbound also commented there was an absolute expectation within the firm for its practitioners to put the customer first. In the following quotation, Richard (Manager, Inbound) elucidates further on the firm's customer-first expectation in the context of customer service: 'We differentiate ourselves by employing and retaining the very best people with the right knowledge, attitude and a passion for excellent customer service.' In another quotation, Jack (Manager, Inbound) provides a similar comment: 'We pride ourselves on our customer service and believe that it's our people who really set us apart from the competition.' In these quotations, both Richard and Jack highlighted both the firm's customer-first expectation as well as the importance of the firm's practitioners to deliver superior customer service. In a similar finding to Builder, a number of respondents from Inbound also highlighted the operationalisation of this customer-first expectation was concerned with a practice known as empowerment. The strategy praxis involved the firm's practitioners being empowered with delegated responsibilities to offer advice and support, solve problems and resolve conflict without the need to refer upwards to their department heads. According to Baird and Wang (2010), the notion of empowerment is widely recognised as an essential

contributor to organisational success. In the following quotation, Michael (CEO, Inbound) discusses his firm's commitment to the practice of empowerment:

> 'It's about empowering people, giving them self-worth to make their own decisions and try and live their lives as if they do own the business... but obviously within our framework.'

In the following quotation, Jack (Manager, Inbound) discusses further the notion of empowerment in the context of both the firm's centrally based senior management team and the locally based senior-managerial-level branch directors:

> 'One of the things we've majored on is building the relationships we have with our customers and we allow our people much more freedom in terms of whether it's entertaining them... mixing with them if you like from a social point of view, we don't kind of restrict them in those areas... we give them the freedom to build a more social relationship which complements the business relationship... we encourage our people to do that.'

Semantically, in the quotations from Michael and Jack, their singular use of the terms *empowering people, self-worth to make their own decisions, much more freedom* and *we give them the freedom*, appeared to indicate they were discussing the firm's culture of *openness*. These respondents highlighted that both the firm's centrally based senior management team, as well as the locally based branch directors, were empowered to develop social as well as business relationships with Builder. According to Yukl (2002), democratic structures and processes, and practitioner ownership of firms often evidence empowerment. This notion of shared decision making is discussed by a number of scholars (see for instance Bergman et al., 2012; Carson et al., 2007; Yukl, 2002) who offer various definitions of the practice of shared leadership but all of these definitions appear to describe a similar phenomenon - team leadership by more than only the appointed leader. Nearly all shared leadership concepts in extant literature entail the practice of broadly sharing power and influence among a set of individuals rather than centralising it in the hands of a single individual who acts in the clear role of a dominant superior (Denis et al., 2012). However, in contrast to Builder, the firm's de-centralised organisational structure aimed to establish a balance between the practice of empowerment, local autonomy and centralised control. In

the following quotation, Jack (Manager, Inbound) elucidates on this balance between empowerment, local autonomy and centralised control:

'Because we're structured that way, we don't classify ourselves as a head office, we class ourselves as central support and we do exactly as that sounds... whatever it does to support those branches in whatever it is. We can't dictate from here... well to a certain extent anyway. The branches can opt out from here... they can purchase from elsewhere if they so wish.'

Linguistically, the quotation from Jack, related to the singular use of the term *we can't dictate from here*, appeared to indicate that he was discussing the firm's culture of *openness*. In the following quotation, George (Senior Manager, Inbound) discusses further on this balance between empowerment, local autonomy and centralised control:

'It's all about the empowerment that is the important feature in the business model. If it works, we can concentrate on optimising the overall stuff like the funding of the business and the quality of the deals we do with suppliers. We can focus on that aspect of it which is for the benefit of everybody, whilst our entrepreneurial branch managers get on with the key bit which is driving the customer relationships and driving the sales.'

The firm's culture of *openness* was further displayed by respondents who highlighted the firm's practitioners, working in its head office-based central support function, concentrated on supporting the geographically diverse network of branches. This central support was in areas such as credit control and purchasing whilst the practitioners working in the de-centralised network of branches concentrated on the development of customer relationships and in turn the development of sales. In a similar finding to Builder, a number of respondents from Inbound also commented the practice of empowerment enabled its practitioners to maximise sales within the firm's de-centralised organisational structure. In the following quotation, George (Senior Manager, Inbound) discusses the practice of empowerment in the context of revenue generation:

'Our branch managers are very hungry to make sales, hungry to make sales as profitable as they can. So it's the empowerment aspect that's an important thing in the business model.'

Semantically, the use of the term *hungry* by George appeared to suggest the practice of empowerment enabled the firm's branch directors to satisfy their strong desire to achieve healthy sales for their branches. In the following quotation, Richard (Manager, Inbound) elucidates further the practice of empowerment in the context of revenue generation:

> 'If the branch manager is motivated properly… empowered so to speak, he will drive the staff in his branch to behave in a way which will actually lead to his success... you know, the branch's success, the firm's success.'

In the quotations from George and Richard, they appeared to indicate the practice of empowerment enabled its branch directors to maximise the profitability and hence the success of their individual branches. In a similar finding to Builder and Inbound, a number of respondents from Buyer also reported there was an absolute expectation within the firm for its practitioners to put the customer first because customer service was seen to lead to increased profitability. In the context of the NHS LIFT PPP, the term *customer* referred to those other co-located stakeholder actors, namely the public sector firms, situated within the focal OBM's platform ecosystem. In the following quotation, Mark (Senior Manager, Buyer) discusses the rationale for this customer-first expectation:

> 'We are a company with a small headcount of professional people and, therefore, we find that empowering these people works well for us when dealing with our customers. They don't have to keep referring back up the line for stuff. It's part of our culture.'

The quotation from Mark highlighted the operationalisation of this customer-first expectation was also concerned with a practice known as empowerment. This seemingly autonomy of strategy praxis involved the empowerment of the firm's practitioners with delegated responsibilities to offer advice and support, solve problems and resolve conflict without the need to refer upwards to their department heads. The practice of empowerment was seen as particularly conducive due to the firm's flat organisational structure and small headcount due to its close relationship with Builder and its other platform ecosystem actors.

An important element of Builder's culture was concerned with practitioner inclusion. Kahn (1990: p. 694) provides a helpful definition of practitioner inclusion as "the harnessing of organisation members' selves to their work roles; in engagement, people employ and

express themselves physically, cognitively, and emotionally during role performances." In the following quotation, John (CEO, Builder) discusses the practitioner inclusion perspective of the firm's culture:

'We are very people focused, very culture focused... that comes from our leadership. You know… being engaged with our people is part of our culture. […] In the [firm's communal meeting area] we have *we love Mondays* - our very own open house, cafe-style meeting place, very culturally driven that fosters a greater level of engagement, understanding and communication between us all.'

Semantically, the quotation from John, related to the use of the term *open house, cafe-style meeting place*, appeared to be a further indication of the firm's culture of *openness*. John also appeared to confirm the practitioner inclusion feature of the firm's open culture was led by the firm's CEO and stimulated within the firm's informal workspaces. This finding, relating to fostering a greater level of engagement, understanding and communication within the firm's informal workspaces, appeared to point to the notion of professional gatherings or *temporary clusters* (see for instance Bathelt and Schuldt 2008; Maskell et al., 2006; Rinallo et al., 2017). However, these studies were set in a different context to this thesis. A further example of a temporary cluster was displayed by the practice of annual CEO-led briefing sessions termed *brunch with the boss*. These briefing sessions provided Builder's practitioners with the opportunity to raise and discuss their opinions on the performance of the business and to receive feedback from the firm's CEO. In the following quotation, Jane (Manager, Builder) discusses the strategy praxis involved with the implementation of this practice:

'In around September time, [Builder's CEO] does something called *brunch with the boss* where he spends a couple of weeks and invites everybody within their individual teams, which includes those people from [Buyer], whoever wants to come and see you can come and see you and can have a sort of… catch up with him and ask him a few questions and receive feedback.'

This quotation from Jane provided a further example of practitioner inclusion and a culture of *openness* whereby these practitioners were able to meet with the firm's CEO on an annual basis and have a two-way conversation about the performance of the business. According to Maskell et al. (2006), temporary clusters can occur in cafes and other similar

meeting points and can be the most important places for information exchange. Practitioners utilise these occasions to get an overview of what is going on in their business. Another example of the firm's practitioner inclusion was displayed by the practice of team meetings. In the following quotation, Charlotte (Manager, Builder) discusses the strategy praxis of team meetings using the metaphor *huddle*:

'Within our smaller teams we have a weekly or fortnightly *huddle* where we talk about the important things that need a mention outside the day-to-day duties… that need a discussion… anything new we've learnt, anything that's become an issue that we may need to look at in the future… that's a *huddle*. For instance, our FM [colloquial: facilities management] team… they *huddle* every week, their mobile maintenance/gas team do it every fortnight… every three weeks is the maintenance team based out in vans. It's just how often we can get everyone in one place. […] They *huddle* in [Buyer] too.'

The quotation from Charlotte provided another example of the firm's practitioner inclusion and appeared to suggest the firm's practice of team meetings intended to cover a discussion about important current and future issues. In this quotation, Charlotte also appeared to confirm that, in addition to the practice of *brunch with the boss*, similar team meetings also took place within Buyer, thereby demonstrating higher interdependency and *openness* between the two firms.

In a similar finding to Builder, an example of a practice displayed by Inbound was also concerned with team meetings. In the following quotation, Amanda (Manager, Inbound) discusses the practice of team meetings in the context of two-way communication:

'Our success in [Inbound] is down to our people. We engage with them… you know, encourage them to come and talk to us. We listen to their ideas on stuff.'

In another quotation, Richard (Manager, Inbound) elucidates further on the notion of communication with the firm's practitioners:

'We communicate regularly with our people about how we're doing and what we're going to do going forward so everyone knows what's going on and how each person can best support our objectives.'

In these quotations, both Amanda and Richard appeared to confirm the firm's practitioners were actively encouraged to approach their department heads and have two-way conversations about the performance of the business. The strategy praxis involved these team meetings being undertaken personally by each branch director to provide employees working in the firm's de-centralised branch network with the opportunity to also be involved in a review of successes from the previous year as well as a discussion of the firm's plans for the forthcoming year. These practitioners also had the opportunity to discuss their ideas on the performance of the business and to receive feedback. These findings appear to be supported by Wright et al. (1994) who found that practitioner behaviour brought in line with firm goals through inclusion practices could develop human capital. I argue that both Builder and Inbound tend to emphasise and leverage their human capital as opposed to just physical capital to create value for the firm and their inclusion practices create a source of sustained competitive advantage.

The firm adopting Builder's practitioner inclusion practices supported an example of higher interdependency and *openness* between Builder and Buyer. In the following quotation, Mark (Senior Manager, Buyer) highlights the practitioner inclusion perspective of the firm's culture: 'Like with [Builder], effective internal comms [colloquial: communications] is also part of our culture and all that stuff relates here as well.' In this quotation, Mark appeared to suggest the practitioner inclusion aspect of the firm's culture was adopted from Builder. In a similar finding to Builder and Inbound, an example of a practice displayed by Buyer was also concerned with team meetings. In a similar finding to Builder, team meetings in the firm, which were also termed *huddles*, provided practitioners with the opportunity to discuss their ideas on the performance of the business and to receive feedback. In the following quotation, Paul (Senior Manager, Buyer) discusses the strategy praxis using the metaphor *huddle*:

> 'We all get together fairly regularly… [Builder] calls it a *huddle* and we do that here too where we talk about the important things… you know what [Builder] are doing, performance… stuff like that. But because we're a fairly small team and we don't operate in silos, team meetings here tend to be quite informal.'

In this quotation, Paul highlighted higher interdependency and *openness* between Builder and Buyer who appeared to confirm that Buyer had adopted Builder's practice of team meetings or *huddles* where team members informally discussed important current and future issues related to the business.

I present the intra-organisational investment practices that support the focal OBM next.

6.2.1.5 OTHER OPEN PRACTICES

To re-iterate, the NHS LIFT PPP was established as a means of improving and providing investment into health care and social care facilities in the city-region. Capital investment was made by the private sector based on a long-term contract to provide agreed products/services. During the data collection and analysis phase of the study, two investment practices emerged as an intra-organisational feature of the three firms. These two investment-based practices were linked to the PPP contract entered into by Builder and Buyer. An example of a practice displayed by Builder was concerned with the financial internal rate of return[12] (IRR) required for the firm's capital that was invested in the various property developments under the NHS LIFT PPP. The strategy praxis involved depreciating the capital costs associated with the investment in the firm's properties under the NHS LIFT PPP over a twenty-five-year period. In the following quotation, James (Senior Manager, Builder) discusses this investment-based practice and highlights, in particular, the firm's IRR expectations: 'We don't have fixed rate of return requirement but we are returning fourteen to fifteen per cent on our equity.' In this quotation, James confirmed that a fixed internal rate of return hurdle was not required for the firm's investments, but the achievement of a rate of return of up to fifteen per cent was common. James also stated the firm's IRR achievements were favourable when compared to a rate of return of less than ten per cent for traditional third party developments. Financial internal rates of return in the context of PPPs were studied by scholars (see for instance Colla et al., 2015; Dawson, 2001) who found that a rate of fifteen per cent was considered to be acceptable for the expected equity return on low-risk privately financed projects. This

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[12] The internal rate of return (IRR) is a financial metric used in capital budgeting to measure and compare the profitability of investments. The higher a project's internal rate of return, the more desirable it is to undertake the project.

notion of private sector investment in the provision of public sector infrastucture in return for a long-term contract is central to the operation of PPPs. This notion of *centrality* is important because it highlighted the key role that Builder played within both the regional strategic network and platform ecosystem. In open innovation, an example of such innovation is firms sharing both risk and reward. The collaborative distribution of risk exposure within the focal OBM is discussed further in the context of the conceptual framework's inter-organisational factors that support the focal OBM.

An example of a further practice evidenced by Builder was concerned with the use of the lease-plus form of agreement to document the property owner and tenant relationship. The use of lease-plus agreements was discussed previously in chapter five. In the following quotation, Peter (Senior Manager, Builder) provides an overview of how the lease-plus agreement works in practice:

> 'We sit here as developers holding twelve investments in all of those properties with a rent coming in which is guaranteed for that period of time but our obligations are all about keeping those properties in good nick [colloquial: condition]. So as developers we go out and find funding in the market so what we have to be sure about before we get to financial close on any of those schemes that all of the costs of development plus a bit of profit are passed off and wrapped up in that lease-plus type of arrangement.'

In particular, this quotation from Peter provided an example of the firm's culture of *openness*, which involved Builder working with investment instutions situated within the platform ecosystem to co-finance the firm's developments under the NHS LIFT PPP. This capital investment was underwritten by long-term lease-plus agreements, which also involved Builder being responsible for the maintenance of these developments. In the following quotation, Philip (Senior Manager, Builder) discusses the strategy praxis of the use of lease-plus agreements:

> 'So how it works is under the LIFT initiative… they're effectively PFI schemes, so we build them, […] the CHP, signs a twenty-five-year lease so our rental income is guaranteed for that time… underwritten effectively by the government. What they also do is… they call these things *lease-plus* agreements. As well as just a straightforward rent for the building… we wrap up all the ongoing FM [colloquial: facilities management] and lifecycle costs within that lease agreement so everything is agreed up front before we put a

spade in the ground and our responsibility now is to keep that building in the same condition as it was at day one at the end of year twenty-five. […] That's called lease-plus rent'.

In these quotations, both Peter and Philip explained the lease-plus agreements used by the firm differed from conventional leases. In particular, the strategy praxis involved invoicing tenants a form of property rental income termed *lease-plus rent*. This method of property rental calculation differed from the more normal method of calculating estate rentals. One of the advantages of lease-plus agreements was the agreement covered the whole lifecycle cost of a building because the LIFTCo, not the tenant, was responsible for the maintenance of the premises. The LIFTCo, therefore, guaranteed the full maintenance of the building to an operational standard throughout the life of the asset. Lease-plus agreements also differed in other ways. For example, rent increases under the agreements were limited to the increase in the Retail Prices Index (RPI) unlike under conventional leases. The strategy praxis also involved an annual indexation of property rental income by RPI compared to a conventional lease whereby property rental income was subject to indexation at three yearly intervals to open market value (OMV)[13]. In the following quotation, Gary (Manager, Builder) explains how the strategy praxis of the indexation of rental income is implemented under the NHS LIFT PPP:

> 'In a lot of cases property rentals tend to be reviewed every… every three to five years to the open market rental value. This means… is the rent a landlord could expect to get if the property was leased to a third party, on say similar terms. But what we do here is to review the rent every year by the rate of inflation.'

This quotation from Gary highlighted the difference between lease-plus agreements and conventional leases in terms of the increases to property rental income. With lease-plus agreements, property rental income was indexed annually in line with RPI whereas with conventional leases, increases to property rental charges were typically carried out at three yearly intervals and were affected by the cost of maintenance, repair, and market rental values.

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[13] OMV is an opinion of the best price at which the sale of an interest in an asset would have been completed unconditionally for cash consideration on the date of valuation.

6.2.1.6 SUMMARY OF THE SECTION

I visualise intra-organisational factors as those factors within a *single* firm that specifically *support* the focal OBM. The notion of organisational culture emerges as a recurring intra-organisational feature of the three firms. The three firms that form the focal OBM each evidence their own distinctive organisational cultures. These cultures were established in Builder and Inbound by their founding CEOs and established in Buyer by the PPP contract. However, the notion of organisational culture in BM literature appears to be an under-researched area. In varying degrees, a notion of *openness* also resonates between the three firms and forms an intuitive way for their practitioners to understand value creating practices. To return to the key finding presented in this section, I have advanced the thesis in this section by the discovery of different kinds of practices that facilitate a culture of openness within the three firms. The above finding alludes to the fact the collective beliefs, principles and values of firm members can be arranged into five within-case thematic factors which I term *open attitudinal practices, open recruitment practices, open development and recognition practices, open empowerment and inclusion practices*, and *other open practices*, all of which display value-creating practices. I argue these various practices are actually *open practices* (in the terms used by Hautz et al., 2017). Thus, I consider the notion of organisational culture to be important and form a value creation domain of the focal OBM. In particular, the findings build on the work of BM scholars including Morris et al. (2005), and Thompson and MacMillan (2010) who both emphasise the importance of organisational culture in shaping BM design. I conclude, therefore, the existence of cultures of *openness* are indicative of the *foundation* of the focal OBM, in practice.

I present the findings from the within-case theme analysis in the context of the conceptual framework's inter-organisational factors that support the focal OBM next.

6.2.2 INTER-ORGANISATIONAL FACTORS

The purpose of this section is to present the findings in the context of the second value creation domain, inter-organisational factors that support the focal OBM. In particular, the

second value creation domain relates to the various micro-level *inter-organisational value co-creating practices* that exist *between* the boundaries of the three firms. I argue these various practices actually are *open practices* (in the terms used by Hautz et al., 2017). I identified in the literature review section of this thesis that a question as to the nature of the various practices evidenced by practitioners in OBMs seemed yet to be examined. I also identified that, whilst contracts were an essential element of BM innovation, despite being commonly used by practitioners, contracts were an under-researched area in IM literature. I present the inter-organisational practices in the context of Builder, Inbound and Buyer, as embedded units of analysis that form the focal OBM, next. In particular, in the first part of the section, I present the findings on the notion of organisational proximity in the context of the focal OBM including the various degrees of formality of interdependence between the three firms. In the second part of the section, I present the findings on the collaborative exchange of knowledge-based practices that support the focal OBM. In the third part of the section, I present the findings on the collaborative distribution of risk exposure within the focal OBM.

6.2.2.1 ORGANISATIONAL PROXIMITY

During the data collection and analysis phase of the study, the notion of organisational proximity emerged as a recurring inter-organisational feature of the three firms. However, the notion of organisational proximity has not yet been studied in the context of a cross-industry and cross-sectoral (public-private) OBM. To re-iterate, organisational proximity relates to the compatibility of knowledge-sharing routines between practitioners in a network (Boschma, 2005; Mason and Chakrabarti, 2017). A recurring theme that emerged during the within-case theme analysis was the formality of interdependence created by the various partnerships and relationships of the three firms. In particular, Builder, Inbound and Buyer all aimed to create long-term inter-organisational relationships between the three firms rather than to consider such relationships as purely short-term and transactional. The degree of formality of the relationships between the various relational exchanges of the three firms was evidenced particularly in the language used by practitioners from the three firms. Linguistically, respondents from Builder and Buyer, whose firms were party to a long-term, PPP contract in their *first tier* network, preferred to use the more formal term

partnership as an adjective, whilst the more informal term *relationship* as an adjective was preferred by Inbound (the supplier firm) which was also party to a long-term construction materials supply contract with Builder. This finding, relating to the use of the terms *partnership* and *relationship*, is similar to those of scholars (see for instance Kanter, 1994; Mattessich et al., 2001) who conceptualise inter-organisational relationships one-dimensionally along a continuum of varying degrees of complexity that ranges from co-operation to collaboration to reflect the intensity of the interaction. In varying degrees, a notion of *openness* also resonated with the three firms and formed an intuitive way for their practitioners to understand inter-organisational practices.

Key finding 6: Organisational proximity is indicative of the existence and absence of openness within the focal OBM.

Key finding 7: Organisational proximity is also indicative of the existence of open innovation within the focal OBM.

The notion of organisational proximity, which refers to the closeness of actors, either within or among firms, and which takes different forms along a continuum that ranges from informal relations among companies to formally organised firms (Boschma, 2005), in the context of the focal OBM, is elucidated further next.

When the NHS LIFT PPP for the city-region was formed, Builder and Buyer entered into a PPP contract for a period of twenty-five years. I argue here that Builder appears to represent a *regional* lead firm in this *national* ecosystem. This PPP contract provided the government's formal commitment to establish the NHS LIFT PPP in the city-region. According to Lonsdale (2005), the nature of a PPP requires public bodies to sign long-term contracts with private sector supplier firms so these firms can recover their capital costs and return a profit. A number of respondents from Builder and Buyer reported that this PPP contract established a *platform*, which set out how the various stakeholder firms would work together in long-term collaborative partnerships to achieve the objectives of the NHS LIFT PPP. This finding, relating to the PPP contract, which set out how the various stakeholder firms would work together in long-term collaborative partnerships, is similar to

Ehret and Wirtz (2010) who found that contracts were seen as the instruments to design the degree and attributes of *openness*. However, this study was not set in the same context as this thesis. It was this PPP contract, therefore, that appeared to have acted as the precursor to the focal OBM. In the following quotation, Philip (Senior Manager, Builder) discusses the PPP contract between Buyer and Builder: 'Along with [Buyer], we are a well-established and proactive public-private sector partnership of stakeholders that can deliver projects of all sizes, anywhere in the locality.' This quotation from Philip relating to the use of the term *locality* appeared to confirm the intention between Builder and Buyer to operate only locally as part of the NHS LIFT PPP in the city-region. A number of respondents from Buyer also discussed the PPP contract with Builder in the context of a partnership. In the following quotation, Mark, (Senior Manager, Buyer) elucidates on the notion of partnerships:

> 'Partnership is the key word to it all. [Builder] build it for us… it is one big partnership really. Partnership between the health people who are the end users of the building and us as developers and owners because we don't develop and then sell it, which is what some property firms do, we're in it for the long haul… so we build it and then look after it. Partnership is absolutely the key to it all.'

This quotation from Mark relating to the consistent use of the term *partnership* between Builder and Buyer appeared to indicate the NHS LIFT PPP in the city-region had established the precursor to the notion of partnership. I contend here that practice and praxis is the metaphorical *glue* between the PPP contract and the NHS LIFT PPP. In the following quotation, another respondent, Peter (Senior Manager, Buyer) discusses the notion of partnerships using the term *collaboration* in the context of the firm's partnership with Builder:

> 'With LIFT, collaboration, rather than competition, is the name of the game. We work in partnership with our stakeholders to develop new facilities or maximise existing facilities… creating an estate that we can all be proud of and deliver on the public's expectations.'

Semantically, in this quotation, Peter appeared to corroborate the relationship between Builder and Buyer went beyond a partnership. The use of the term *collaboration* appeared to indicate the partnership was working towards the achievement of a common business

purpose. The notion of collaboration is discussed further later in the chapter. In addition, the quotations from Philip, Mark and Peter pointed to the notion of open innovation within the focal OBM, whereby firms sought to innovate by the use of internal as well as external knowledge. In a similar finding to Builder and Buyer, Inbound also established a long-term partnership with Builder. However, in contrast to Builder and Buyer, a number of respondents from Inbound preferred, linguistically, to use the term *relationship* rather than the term *partnership* to describe the interdependence between the two firms. In the following quotation, Michael (CEO, Inbound) discusses his firm's association with Builder using the term *relationship*:

> 'I think partnerships is a kind of loose terminology because nobody knows what it means, because no one ever exercises a relationship… sorry partnership. People talk about the public sector being in partnership and it doesn't happen. We talk about customers and us being in partnerships and it only works one way, you never find it works both ways so I'm a bit of a sceptic about partnerships.'

Linguistically, the use of the term *relationship* as opposed to the term *partnership* by this respondent appeared to indicate that interdependence between Builder and Inbound was more informal than interdependence between Builder and Buyer whose respondents preferred to use the term *partnership*. This finding, whereby the use of the terms *relationship* and *partnership* to describe the interdependence between the two firms varied, appeared to concur with Hingley (2005) who found despite evidence of such interdependence in business-to-business relationships, an important shortcoming was in the perception and application of relationship terminology. This preference for the use of the term *relationship* rather than the term *partnership* appeared to be supported by another respondent from Inbound. In the following quotation, George (Senior Manager, Inbound) states his view of the strength of the firm's interdependence with Builder:

> '[Builder] is an important customer to us and we love them as a customer, but if we didn't have them it wouldn't make a massive difference to our lives. Whereas if [Builder] didn't have [Buyer] they would be dead in the water.'

Whilst in this quotation, George appeared to confirm the importance attached to Builder by Inbound, he also confirmed the firm was not reliant on Builder for its business thereby

demonstrating lower interdependency and lack of *openness* between Builder and Inbound. In contrast, this respondent also appeared to suggest that interdependence was much higher between Builder and Buyer. I present an illustration showing my judgement of the complexity of interaction between the three firms that form the focal OBM in Figure 6.2. Each circle represents one of the three firms and the dotted line around the circumference of each circle represents each firm's boundary in the context of a continuum of varying degrees of complexity that range from co-operation to collaboration to reflect the intensity of the interaction displayed by each of the three firms.
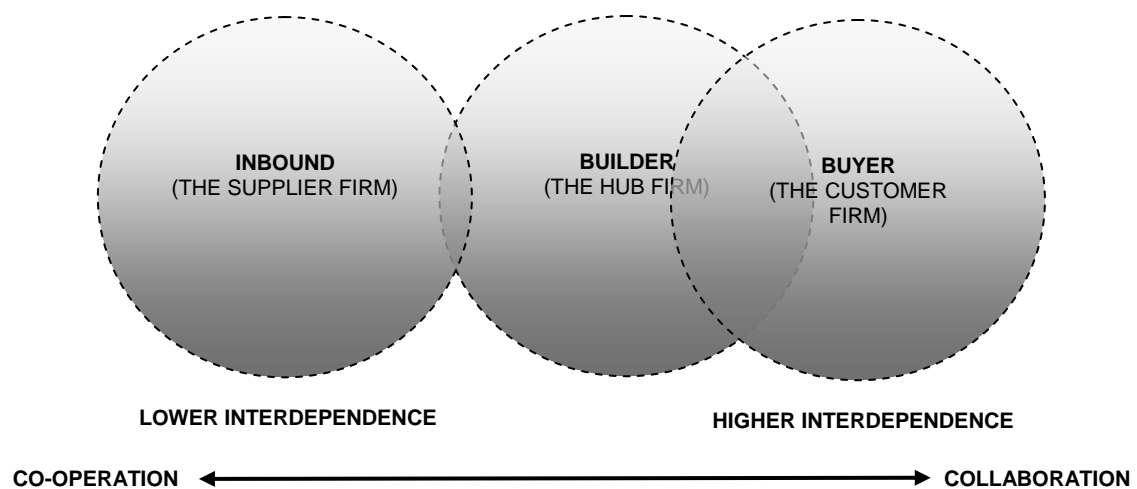
Figure 6.2: The complexity of interaction within the focal OBM
Source: Author

I present the notion of collaboration as a recurring inter-organisational feature of the three firms next.

6.2.2.2 COLLABORATION

During the data collection and analysis phase of the study, the notion of collaboration emerged as a recurring inter-organisational feature of the three firms. Such collaboration within a supply chain is seen to exist when two or more firms adopt a long-term perspective and work together to create unique value that neither partner can achieve alone (Lockstrom et al., 2010; Nyaga et al., 2010). In particular, various aspects of long-term, collaborative inter-organisational relationships emerged as a recurring theme during the interviews

undertaken with respondents from the three firms as opposed to purely independent and short-term transactional relationships. To re-iterate, OBMs act not in isolation (Casadesus-Masanell and Ricart, 2010b), but in collaboration (Frankenberger et al., 2013, 2014; Osterwalder and Pigneur, 2010; Wirtz and Ehret, 2013) with their customers, supplier firms and other platform ecosystem actors. The notion that value can be co-created through collaboration is seen by practitioners as a method to increase profitability (Anderson et al., 1994; Kanter, 1994). However, the notion of collaboration has not yet been studied in the context of a cross-industry and cross-sectoral (public-private) OBM. The notion of collaboration adopted by Builder and Buyer appeared to have been established by a PPP contract under the NHS LIFT PPP. As part of a PPP, a public sector practitioner is required to create a long-term relationship with a private sector practitioner and this private sector practitioner is treated in a spirit of partnership, where both sides willingly share knowledge-based practices and work together to solve problems (House of Commons, 2003).

Key finding 8: Collaboration points to the existence of open practices within the focal OBM.

I present the notion of collaboration and, in particular, the collaborative exchange of knowledge-based practices customer(s)-supplier(s) dynamic within the focal OBM next.

Collaboration was focused on optimising the exchange of knowledge-based practices within the focal OBM. This collaborative exchange of knowledge-based practices customer(s)-supplier(s) dynamic was evidenced as a feature of Builder's relationship with Buyer. An example of a practice displayed by Builder was concerned with the hosting of an annual conference for the practitioners of both Builder and Buyer. The strategy praxis involved holding both plenary sessions and breakout sessions at the conference. The plenary sessions presented practitioners with a review of the previous year's achievements and challenges as well as a presentation of the firm's plans for the forthcoming year whilst the breakout sessions provided the opportunity for smaller groups of practitioners to brainstorm and discuss various ideas presented during the plenary sessions. This finding, relating to the conference agenda, is similar to Maskell et al. (2006) who found that firms participated in such professional gatherings in order to identify the current market, debate

the performance of competitors and formulate plans. An example of higher interdependency and *openness* between Builder and Buyer was evidenced particularly by the participation of all of Buyer's practitioners at this annual conference. In the following quotation, Paul (Senior Manager, Buyer) elucidates further on Buyer's participation in Builder's annual conference:

> 'We feed into that convention and we're part of that. One of the things that they do at the end of that… on the Friday night they have an awards ceremony. It's basically a staff awards ceremony and it's across the company.'

In this quotation, Paul appeared to confirm that Buyer's practitioners participated fully alongside Builder's practitioners at the annual conference. Buyer's practitioners were also eligible to receive awards, which appeared to substantiate further the integration of Buyer's practitioners alongside those of Builder. This finding, whereby Buyer's practitioners participated fully alongside Builder's practitioners, also pointed to the notion of temporary clusters. This temporary cluster appeared to be a form of organisational proximity whereby it was possible for the practitioners of the two firms to interact with, and learn from, other co-located practitioners. However, in contrast to Maskell et al. (2006), who argue temporary clusters are important for the integration of co-located and distant knowledge-based exchanges, I argue this temporary cluster is important for the integration of co-located boundary-spanning knowledge-based exchanges between Builder and Buyer, which provides a further example of open innovation within the focal OBM. In a similar finding to Builder, an example of a practice adopted by Inbound was also concerned with the hosting of a biannual conference for the practitioners of the firm. This conference included both plenary sessions and breakout sessions. The plenary sessions presented practitioners with a review of the previous year's achievements and challenges as well as a presentation of the firm's plans for the forthcoming year whilst the breakout sessions provided the opportunity for smaller groups of practitioners to brainstorm and discuss various ideas presented during the plenary sessions. In contrast to Builder and Buyer, due to the nationalised geographical context of Inbound's branch network, the firm's biannual conference appeared important to the integration of co-located and *distant* knowledge-based exchanges. However, lower interdependency and lack of *openness* between Builder and Inbound were displayed further

by Inbound's organisation of a biannual conference with no participation from Builder's practitioners.

Key finding 9: Collaboration also points to the existence of systems integration practices within the focal OBM.

A further example of higher interdependency and *openness* between Builder and Buyer was evidenced by the co-location of Buyer's head office within Builder's head office premises in the city-region during the first ten years following its formation. An example of a practice displayed by Buyer was concerned with the provision of all of the firm's administrative support services, which consisted of the areas of finance, health and safety, human resources, information technology, and public relations and communications, provided by Builder as surrogates. This practice replaced the need for Buyer to provide these support services itself or to outsource these support roles to a third party supplier. I argue the provision of Buyer's professional support functions by Builder points to the existence of systems integration practices by Builder. To re-iterate the systems integrator is a firm/practitioner responsible for the overall system design and integration of products/service components supplied by external suppliers into a whole (Davies et al., 2006, 2007). In the following quotation, Emma (CEO, Buyer) discusses the rationale for all of Buyer's support services provided by Builder: 'Because we're a small team, we can't carry the overhead of the more specialist functions, so we will go and buy those… those professional services in from [Builder].' In the following quotation, Mark (Senior Manager, Buyer) elucidates further on the higher interdependency and *openness* between Builder and Buyer:

> 'Pretty much all of our back office stuff we buy from [Builder]… our HR[14], IT[15], finance, health and safety and our comms [colloquial: communications]… so sort of core back office skills. We pay them for this expertise... and that works really well for us because from a [Builder] perspective… because the value of the [Builder] pound is actually quite important, the more you can keep that within the company the better it is.'

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[14] Human Resources.
[15] Information Technology.

In these quotations, both Emma and Mark explained that, because Buyer was a small company with few practitioners, Buyer paid Builder for the provision of the firm's professional support functions. Furthermore, it was important for the cost of the provision of these services to remain within the LIFTCo. The strategy praxis involved the deployment of several boundary-spanning practitioners by Builder to support, their own, as well as Buyer's finance, health and safety, human resources, information technology, and public relations and communications functions. These boundary-spanning practitioners worked from Buyer's head office on a part-time basis. In the following quotation, Charlotte (Manager, Builder) explains how Builder's practitioners deliver Buyer's professional support functions:

> 'Our professional services team, i.e. HR, finance, IT, do [visit Buyer's head office] because we're their… their outsourced service and we go there quite regularly. I go down and work there one day a month just so they can ask me any *peopley* type stuff or have a catch up with [Buyer's CEO]… so I can sit there and do my own work for whichever department of the company it is… they've got hot desk facilities there where I go and work to keep an understanding of the business and what their needs are and what they might need in terms of people and engagement. The other guys do the same… for example, the facilities management team go there and work one day every fortnight or every week I think it is.'

In the following quotation, a particular example of how one of Builder's boundary-spanning practitioners delivers Buyer's public relations and communications function is provided by Mark (Senior Manager, Buyer) who explains that, whilst Buyer's CEO is primarily responsible for the firm's community engagement function, this function is undertaken on a day-to-day basis by a public relations and communications practitioner provided by Builder. This practitioner is also based in Buyer's head office on a part-time basis:

> 'We tap into… we pay for some of [Builder's] marketing support. [Builder's] comms person, who leads on stuff for [Builder], sits in our office one or two days a week… so you get that direct involvement, you know when she's here she's working on our stuff… we can talk to her. We pay for her time and she's very good.'

In these quotations, both Charlotte and Mark explained in quite some detail how Builder's boundary-spanning practitioners delivered Buyer's professional support functions. These practitioners were committed to spend a certain number of days every month to the delivery of these support administrative functions in Buyer's premises. These findings are similar to Asheim et al. (2007) who found that during the period of a collaborative arrangement, the interaction with certain customers and supplier firms often had durations of several years which, in some cases, the supplier firms worked at the premises of their customers. These findings are also similar to DeLeon (1996) who found that although dedicated boundary-spanning practitioners of the type described above were mandated to work across firms, their employment status was invariably tied to a single firm. The issue of their identity became important because of the ambivalence that arose from their position, both as *insiders* within a firm, and as *outsiders* working with people in other firms. However, these findings were set in a different context to this study.

A further practice, and further example of the *openness* between Builder and Buyer, was the adoption of several of Builder's administrative policies and procedures by Buyer. The written policies were simple statements of how the firm intended to conduct its business in the areas of financial, health and safety, human resources, information technology, and public relations and communications and provided a set of guiding principles to help with decision-making. The procedures described how to implement these policies. The strategy praxis involved the administration and implementation of these policies and procedures by the practitioners within Buyer. In the following quotation, Emma (CEO, Buyer) supports her firm's adoption of Builder's administrative policies and procedures:

> 'A lot of our company policies follow the [Builder] group policies, lots of our health and safety stuff, lots of our HR stuff, our IT stuff… our back office stuff.'

In the following quotation, Mark (Senior Manager, Buyer) provides a similar comment:

> 'We use a lot of [Builder's] processes, policies… all of those things on a daily basis, certainly in terms of those core things we talked about earlier… HR, IT, finance and comms [colloquial: communications] etc.'

In these quotations, both Emma and Mark appeared to point to the existence of multiple cross-expertise relationships between Builder and Buyer. These multiple cross-expertise relationships also point to a notion of *centripetal* boundary-spanning between Builder and Buyer, whereby Builder directed its administrative support practices towards the centre of the focal OBM. Furthermore, in the quotations from Charlotte, Emma and Mark, it appeared that Builder was responsible for the overall system design and integration of various external administrative support practices into a single functioning system. Therefore, I contend that Builder's practitioners were systems integrators (in the terms used by Davies et al., 2006, 2007; Hobday et al., 2005; Jacobides and MacDuffie, 2013) within the focal OBM.

Key finding 10: Collaboration further points to the existence of metaphorical bridges within the focal OBM.

Collaboration appeared to point to the existence of metaphorical *bridges* (see for instance Eklinder-Frick et al., 2011, 2012; Vendrell-Herrero et al., 2017) between Builder and Buyer. More recently, Zhao and Anand (2013) conceptualised the notion of *collective bridges* and found that a boundary-spanning collective bridge existed when members of a recipient firm developed multiple within- and cross-expertise relationships with members of a source firm based on the complexity of knowledge transferred. I contend that a bridge provides the only route along which collaborative knowledge-based practices are exchanged between practitioners. I also argue here these multiple within- and cross-expertise relationships also result from temporary clusters. Zhao and Anand (2013) provide a helpful illustration that demonstrates an inter-unit collective bridge for the transfer of both collective knowledge and individual knowledge. I have adapted this idea which advances OBM literature by illustrating the practice of collective bridging (I offer the alternative term *collaborative bridging* from hereon) for transferring inter-organisational knowledge-based practices between Builder and Buyer. This adapted idea is represented visually in Figure 6.3. Through the practice of transferring collaborative knowledge-based practices between Builder and Buyer, Builder (the source unit), in essence, helps Buyer (the recipient unit) replicate the practices of Builder (Zhao and Anand, 2013). The solid arrows represent inter-organisational communication links and the dashed arrows represent knowledge

interdependence within each firm. One circle represents Builder as the source unit, the other circle represents Buyer as the recipient unit, and the dotted line around the circumference of each circle represents each firm's boundary. The four small shaded circles situated within Builder's boundary represent the four administrative areas of finance (F), human resources (HR), information technology (IT), and public relations and communications (PRC) and the four small shaded circles situated within Buyer's boundary represent the four *surrogate* administrative areas of finance (F), human resources (HR), information technology (IT), and public relations and communications (PRC).
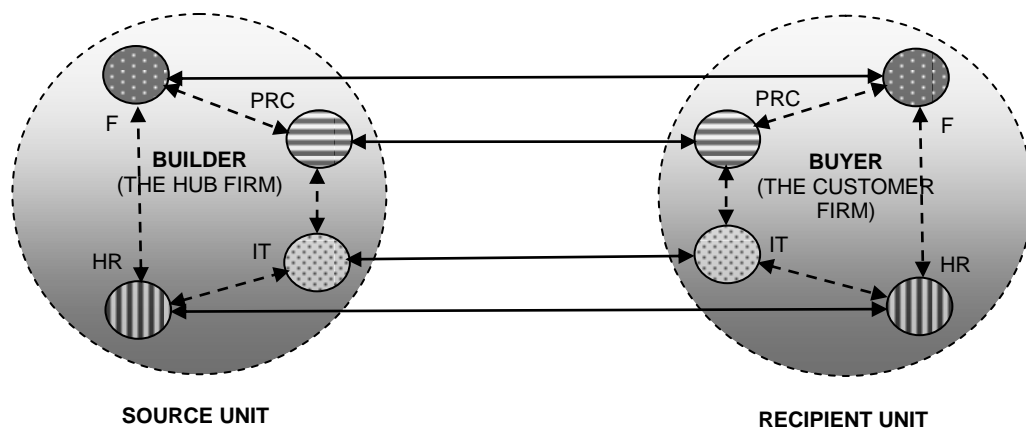
Figure 6.3: An inter-organisational collaborative bridge for transferring collective knowledge between Builder and Buyer
Source: Adapted from Zhao and Anand (2013)

However, there was also evidence from one respondent to suggest the long-term relationship between the two firms under the NHS LIFT PPP also suffered from what Uzzi (1997) terms *over-embeddedness*. In the following quotation, Mark (Senior Manager, Buyer) appears to express unease about the extent of knowledge exchange between Builder and Buyer when Builder tenders for the procurement of construction contracts on behalf of Buyer:

> 'It's hard sometimes for people to disassociate [Builder]… we're always very careful about what we do and don't… say with [Builder] sometimes. For example, with this hospital in [city-region], there's some value to us in having an informed conversation with somebody about construction things and [Builder] can tell us on bits we might need to think about. We have to be really

careful not to prejudice their ability to go out and bid for this thing when it's offered out as a job because you know if we're not careful when we share too much information or show them stuff they shouldn't see, then somebody's going to cry foul and rightly so. So we have to be really careful and maintain, not a Chinese wall, but a wall between us and [Builder].'

In this quotation, Mark appeared to suggest that Buyer's practitioners were sometimes cautious about exchanging too much knowledge with Builder because it might have been seen to give them a competitive advantage when tendering for the construction of Buyer's health care and social care projects. This finding, relating to the reluctance to exchange too much information between Buyer and Builder, is similar to Boschma (2005) who found the more embedded inter-organisational relationships resulted in better firm performance, but only up to a certain threshold after which firm performance could be impacted adversely. For example, the quotation from Mark highlighted a tension in the focal OBM between value co-creation and value co-destruction. This tension appeared to exist with knowledge exchange and protection practices between Builder and Buyer. Echeverri and Skalen (2011) make a distinction between the co-creation of value and the co-destruction of value during value formation. However, whilst this study adopted a strategy-as-practice perspective, it was set in a different industry context to this thesis. Therefore, I argue the potential for value co-destruction to exist among non-core practitioners situated within the platform ecosystem.

However, in contrast to Builder and Buyer, there was much less evidence of the collaborative exchange of knowledge-based practices displayed by the practitioners of Inbound. In the following quotation, George (Senior Manager, Inbound) provides as example of the firm's lower interdependency and lack of *openness* with Builder:

'Of course [Builder] is important to us and we value their business, but we have lots of other customers who are equally as important… unlike [Buyer] we're not in bed with them so to speak.'

In this quotation, George appeared to acknowledge the importance of Builder as a customer but also asserted that Inbound was not completely reliant on Builder due to the firm's extant large customer base. In particular, the exchange of knowledge-based practices displayed by the practitioners of Builder with Inbound appeared to be more infrequent than

that displayed between the practitioners of Builder and Buyer. In the following quotation, Charlotte (Manager, Builder) discusses a recent example of the knowledge exchanges between the practitioners of Builder and Inbound:

'I think the line with [Inbound] is that there is still some business knowledge shared, for instance [Builder's finance director] and I were talking to a guy from there who is working with them as a consultant about company car schemes a few weeks ago. More recently, our finance team actually went to [Inbound] like to do a benchmark day just to see how they do their financing function… what systems they use. So there's still some knowledge sharing with the existing relationships.'

In the following quotation, Jane (Manager, Builder) provides a further example of the knowledge exchanges between the practitioners of Builder and Inbound:

'Going back to probably 2007 or 2008, [Inbound] and [Builder] collectively did a… sort of six to nine-month leadership development programme which was based down at [Builder's head office] where some of their managerial staff joined some [Builder] ones and we had some external speakers come and talk to us.'

In these quotations, both Charlotte and Jane appeared to suggest also the knowledge exchanges between the practitioners of Builder and Inbound occurred more infrequently than between Builder and Buyer. In the following quotation, Richard (Manager, Inbound) discusses the firm's day-to-day relationship with Builder:

'It's our branch next door to here that has the relationship with [Builder]… sells them the stuff they need etc. The branch staff deal directly with them and our finance team here… in this building supports the branch with the invoicing and credit control side of things.'

This quotation from Richard highlighted that, on a day-to-day basis, the relationships between the practitioners of Builder and Inbound consisted of entirely branch-based exchanges between various practitioners of Inbound and practitioners from Builder's construction division. I argue the quotations from these respondents all point to differences in the levels of upstream and downstream interdependence and openess within the focal OBM.

In comparison to Builder and Buyer, the notion of collaboration also appeared to point to the *absence* of metaphorical *bridges* because of lower interdependency and lack of *openness* displayed between Builder and Inbound. I present an illustration, which advances OBM literature, to demonstrate the absence of collaborative bridging practices for transferring inter-organisational knowledge-based practices between Builder and Inbound in Figure 6.4. The solid arrow represents inter-organisational communication links and the dashed arrows represent knowledge interdependence within each firm. One circle represents Builder as the recipient unit, the other circle represents Inbound as the source unit, and the dotted line around the circumference of each circle represents each firm's boundary. The four small shaded circles situated within Builder's boundary represent the four business unit areas of investment (I), construction (C), project development (PD) and facilities management (FM) and the five small shaded circles situated within Buyer's boundary represent the five administrative areas of finance (F), human resources (HR), information technology (IT), procurement (P) and sales and marketing (SM).
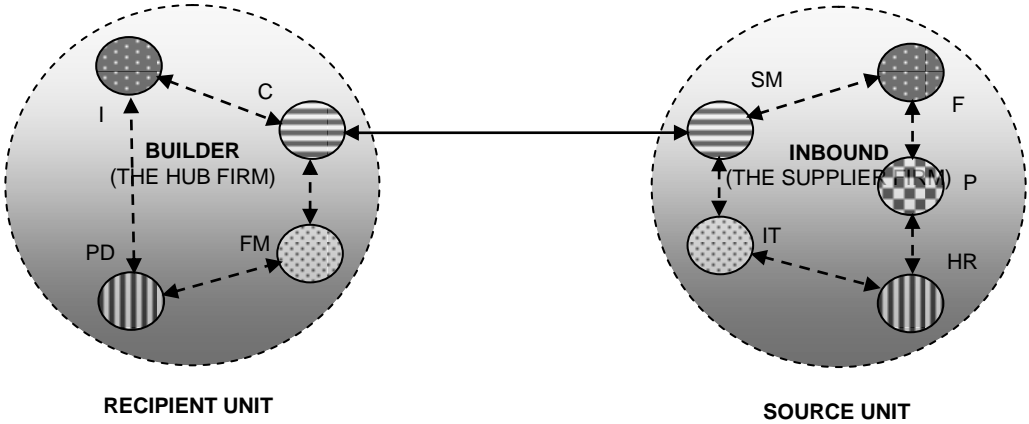
Figure 6.4: An inter-organisational collaborative bridge for transferring collective knowledge between Builder and Inbound
Source: Adapted from Zhao and Anand (2013)

I present the notion of collaboration and, in particular, the collaborative distribution of risk exposure within the focal OBM next.

Collaboration also focused on optimising the distribution of risk exposure within the focal OBM. In BM literature, scholars (see for instance Chesbrough, 2003, 2006, 2007a, 2007b, 2010; Teece, 2010), found that collaboration with partners, such as customers and supplier firms, could help to better distribute the costs and risks of the innovation process. Various collaborative risk management-based practices were a recurring theme that emerged during the interviews undertaken with respondents from the three firms. This finding, relating to the collaborative distribution of risk exposure, is similar to those of scholars (see for instance Clark and Root, 1999; Lonsdale, 2005; Scharle, 2002) who found that collaborative risk management-based practices were a key element of PPPs. However, the notion of the collaborative distribution of risk exposure has not yet been studied in a cross-industry and cross-sectoral OBM context. Whilst the management of risk within a supply chain context has emerged as an important area of study (Chen et al., 2013; Nooraie and Parast, 2015) and has increasingly gained interest from scholars (see for instance Chopra and Sodhi, 2014; Thun and Hoenig, 2011), the study of risk management has not been adequate to meet the challenges associated with increasing supply chain risks (Thun and Hoenig, 2011).

Key finding 11: Collaboration additionally points to the existence of risk mitigation practices within the focal OBM.

The collaborative distribution of risk exposure within the focal OBM was established under the terms of the PPP contract entered into by Builder and Buyer under the NHS LIFT PPP as well as under the terms of a construction materials supply contract entered into between Builder and Inbound. Because the NHS LIFT PPP in the city-region involved the private sector taking over the ownership, financing and management of public sector infrastructure and services and tying the public sector into exclusive long-term contracts with private sector firms, the notion of risk distribution and mitigation with its stakeholder partners appeared to be a key element of the focal OBM. I argue here the PPP contract provides an example of the tools that other platform ecosystem practitioners can use for the collaborative distribution of risk exposure within the focal OBM (in the terms used by Iansiti and Levien, 2004). To re-iterate, as far as I am aware, no research yet considers OBM and platform integration. I further argue here this collaborative distribution of risk

exposure enabled value capture between Builder and Buyer. In the following quotation, Paul (Senior Manager, Buyer) highlights the distribution of collaborative risk exposure in the focal OBM from the public sector to the private sector:

> 'The LIFT programme's philosophy transferred risk in the business model away from the public sector to the private sector… risk exposure is shared with our partners, well to a point anyway.'

In this quotation, Paul appeared to acknowledge the collaborative distribution of risk exposure within the focal OBM had been established under the terms of the PPP contract entered into by Builder and Buyer under the NHS LIFT PPP. To re-iterate, the notion of open innovation can involve sharing both risk *and* reward with its partners (West et al., 2014). In the following quotation, Paul (Senior Manager, Buyer) comments further on the distribution of collaborative risk exposure in the focal OBM, but contextualises this with the potential reward:

> 'The other thing that goes with risk is reward. Because in a high risk, high reward… that's pretty much how we view it. Some people don't want any risk, but if you do things collaboratively that's different. Obviously we are constantly trying to mitigate risk all the way through things and that means different things on different projects. On developments, things like planning approval have significant risks. So until you get that planning tick in a box, big risk against a project, until you've secured your funding terms… big risk… until you've acquired a site, a significant risk, so all of those types of things we're constantly working on.'

In this quotation, Paul provided a further example of open innovation between Builder and Buyer. In particular, Paul explained the collaborative distribution of significant risk exposure involved with the procurement of new sites for developments, planning consents for new developments and financing of new developments, increased the potential reward within the focal OBM. In the following quotation, Jack (Manager, Inbound) discusses the firm's construction materials supply contract with Builder:

> 'We have formed a relationship with [Builder] to buy directly from us. We have a framework agreement for the supply of materials so that gives [Builder] certainty over materials they are getting and the pricing.'

This quotation from Jack appeared to confirm the contractual partnership between Inbound and Builder provided guarantees to Builder for the supply of building materials in terms of pricing, quantity and reliability. This collaborative distribution of risk exposure appears to be similar to the findings of a number of scholars (see for instance Fitzsimmons et al., 2009; Lonsdale, 2005) who discuss the distribution of risk exposure in PPPs. However, these studies were set in a different context to this thesis. An underlying principle of the PFI and NHS LIFT PPPs is that risk exposure should be transferred from the public sector to the private sector party that is best placed to internalise them (Lonsdale, 2005). In the context of the focal OBM, this private sector party was Builder, who agreed to undertake a project for a given price. As the firm became more involved with the NHS LIFT PPP in the city-region, this inclusion increasingly transferred risk exposure within the focal OBM from the public sector to the private sector, in other words from Buyer to Builder. In the following quotation, John (CEO, Builder) provides an overview of the distribution of collaborative risk exposure in his firm: 'I think there was something like thirty-five risks in that early *noddy* model [colloquial: simple model] and thirty-three of those transferred to us. For example, if that toilet isn't working, we put it right or there's a penalty.' This quotation from John, relating to the use of the term *noddy* as an adjective, appeared to indicate the notion of the collaborative distribution of risk exposure within the focal OBM had been a formative and evolving process. An example of a practice evidenced by Builder was concerned with the categorisation of risk exposure in the areas of financial, operational and technical risk.

In terms of financial risk, the strategy praxis involved the firm monitoring its risk exposure very closely to ensure the financial internal rates of return achieved for its various health and social care developments matched those activities that were perceived to be of higher risk. In the following quotation, Peter (Senior Manager, Builder) discusses the monitoring of risk in Builder:

> 'The one thing we do… do in our business is we monitor risk very, very closely and make sure that if we are in what we perceive to be a higher risk activity that the returns need to match that.'

In the following quotation, Philip (Senior Manager, Builder) elucidates further on the monitoring of risk in Builder:

'To a certain extent we price the risk I have to say and our investment returns are reasonably good when base rates now are down at half of one per cent. We are still returning fourteen to fifteen per cent on our equity in these things which replicates the amount of risk involved.'

In these quotations, both Peter and Philip explained the distribution of collaborative risk exposure within Builder was mitigated by the achievement of certain levels of financial internal rates of return. Builder's divisions and sub-divisions all provided various income streams but in certain instances these income streams were seen as cyclical. Whilst the retail division and facilities management and investments sub-divisions all provided regular revenue streams, other sub-divisions revenue streams were cyclical. For example, whilst the construction sub-division was engaged on a construction project, value was captured by receiving a revenue stream, but unlike other construction companies, the construction sub-division might not build anything for two years. The retail division provided a regular flow of revenue, but this revenue stream was seen as low margin, and as a result, the exposure to risk was seen as low. Therefore, when one sub-division was not performing well, the other better performing sub-divisions helped to support the other. The resultant risk exposure was therefore mitigated. The firm did not have a fixed financial internal rate of return requirement across its business units. Instead, it calculated the likely risk exposure in each business unit's activities and assessed the internal rate of return required accordingly.

In terms of operational risk, the firm inherited long-term risk exposure associated with potential higher than budgeted operating and maintenance costs of the firm's portfolio of health and social care developments. Because all of the risk exposure arising from the long-term ownership and management of a building had been transferred from Buyer to Builder under the NHS LIFT PPP, the strategy praxis involved Builder mitigating this transfer of risk exposure at an early stage in the design and construction of its buildings. In the following quotation, Philip (Senior Manager, Builder) explains that as Builder's property portfolio grew, the firm found that by employing risk mitigation principles into its buildings, its risk exposure could be distributed around its property portfolio:

> 'We've put a lot of effort into the design thinking so we don't have to constantly be spending money on it to maintain it, repair it and lose money over the life of the project because it's our risk ultimately... we price all this for twenty-five years, that in itself is quite risky. […] Once you get a portfolio of properties that helps to mitigate risk because obviously… because that spreads risk around.'

In this quotation, Philip explained the design of risk mitigation measures into its buildings from the design stage resulted in the minimalisation of its risk exposure during the lifetime of the facilities management of that building.

In terms of technical risk, a number of respondents viewed construction as a high-risk activity. They held this view because the firm could potentially be responsible to its customers for areas such as inappropriate construction design and techniques, flaws in construction materials, all of which could result in delays and escalation of costs, and may even lead to an overhaul of an entire project. The strategy praxis involved Builder mitigating this transfer of risk exposure at an early stage in the design and construction of its buildings by awarding contracts for its construction projects on what was termed a *design-and-build* basis. In the following quotation, David (Senior Manager, Builder) discusses the rationale for the firm's design-and-build contracts:

> 'The way to avoid risk is to have it as a design-and-build project. If you employ a designer, structural engineer, electrical and mechanical engineer, you employ all those and give the information they've produced to a contractor to build it. You have responsibility for what that contractor has done… so the contractor only has risk for doing it wrong. Now if the contractor had employed the designer, structural engineer, electrical and mechanical engineer and so on and they've done it wrong, then you've transferred the risk to the contractor.'

In this quotation, David explained the use of design-and-build contracts transferred the firm's risk exposure to the contractor. The use of these contracts meant the firm ultimately paid more for this solution, but the firm's risk exposure had been mitigated which avoided the need for contingencies to be incorporated in to its financial budgets to cater for unforeseen events.

However, lower interdependency and lack of *openness* between Builder and Inbound were displayed by the lack of collaborative distribution of risk exposure between the two firms.

Instead, Inbound mitigated its risk exposure by opting to lease its branch property portfolio, mechanical handling equipment and vehicles. In particular, an example of a practice evidenced by Inbound was concerned with a preference for the leasing of the firm's branch property portfolio rather than to invest capital in the properties themselves as property ownership was not part of the firm's core business. The strategy praxis involved each branch property having property owner and tenant relationship. A risk sharing property owner invested capital to construct the firm's branch buildings in return for a long-term lease commitment from Inbound. In the following quotation, Michael (CEO, Builder) confirms his firm's position regarding the ownership of his branch property portfolio:

> 'We don't buy any premises; we lease all of our premises because we want as much working capital as we possibly can. […] So we need to find a landlord who is prepared to make the investment and build.'

In this quotation, Michael highlighted the ownership of the firm's branch property portfolio was not considered part of Inbound's core business. By leasing the branch property portfolio with a risk sharing property owner, the firm's working capital was maximised. In a similar finding to Inbound's strategy of leasing its branch property portfolio, an example of a further practice displayed by the firm was also concerned with a preference for the leasing of the firm's mechanical handling equipment and vehicles rather than to invest capital in the equipment and vehicles themselves. This preference was because vehicle ownership was not seen as the firm's core business. The strategy praxis involved the leasing of the firm's mechanical handling equipment and vehicles from a risk-sharing partner. This partner invested capital to purchase the firm's mechanical handling equipment and vehicles in return for a long-term lease commitment from Inbound. In the following quotation, Michael (CEO, Inbound) explains further the mitigation of his firm's risk exposure:

> 'We lease all of our trucks, cars, fork lifts… we don't buy any of them. Our ownership of assets is actually relatively small... we just have our stocks and debtors to worry about really. So that's the kind of business model we have here.'

This quotation from Michael highlighted the ownership of the firm's mechanical handling equipment and vehicles was not considered to be part of Inbound's core business and by

leasing the mechanical handling equipment and vehicles with a risk sharing partner the firm's working capital was maximised. The maximisation of this working capital focused on the firm's stock inventories within its branch property portfolio. Each new branch required an investment of approximately £¾ million. In the following quotation, George (Senior Manager, Inbound) discusses the firm's risk exposure when purchasing the inventory for a new branch business:

> 'Every new branch requires an investment of about three quarters of a million pounds every time we do it, so the return on that hopefully comes very quickly but sometimes it doesn't... so yeah it is a big risk but we feel the business model we have, if we get the right person... we've opened thirty-nine branches now and only ever got the wrong person four to five times. So we've got a very good track record of employing the right branch managers.'

In this quotation, George highlighted the firm was subject to a certain level of risk exposure when establishing a new branch business. The establishment of a new branch business involved, in particular, the deployment of working capital to purchase its stock inventory. This respondent indicated the firm appeared to have been quite successful in mitigating this risk exposure by the employment of experienced branch directors who ensured the early returns of this working capital were achieved.

6.2.2.3 SUMMARY OF THE SECTION

I visualise inter-organisational factors as those factors that exist *between* the boundaries of the three firms. The notion of organisational proximity emerges as a recurring feature of the three firms that form the focal OBM. However, organisational proximity has not yet been studied in the context of cross-industry and cross-sectoral OBMs. The value co-creating practices of the three firms are enmeshed in a complex network of collaborative relationships along a continuum of varying degrees of complexity that range one-dimensionally from informal co-operation to formal collaboration, which reflects the intensity of the interaction between the three firms. I argue these various practices are actually *open practices* (in the terms used by Hautz et al., 2017). However, whilst higher interdependency and *openness* is apparent between Builder and Buyer, lower interdependency and lack of *openness* is evident between Builder and Inbound. In

particular, the degree of formality of the various relational exchanges between the three firms is evident by the language used by their practitioners. Semantically, respondents from Builder and Buyer prefer to use the more formal term *partnership* as an adjective, whilst respondents from Inbound prefer the more informal term *relationship* as an adjective. To return to the key findings presented in this section, I have advanced the thesis in this section by the discovery that organisational proximity contributes to a number of inter-organisational factors within the focal OBM. Thus, I consider the notion of organisational proximity to be important and form a value creation domain of the focal OBM. I have advanced the thesis in this section by the discovery of organisational proximity that emerges from the study as a recurring feature of the focal OBM. In particular, the findings build on the work of Mason and Chakrabarti (2017) through the application of organisational proximity to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I argue also that the findings contribute to understandings of organisational proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I have also advanced the thesis in this section by the discovery of metaphorical inter-organisational *bridges* between the three firms and, in particular, both the existence and absence of collective bridges for transferring collaborative knowledge-based practices between the three firms. I offer the alternative term *collaborative bridge* in order to represent more accurately the collaborative nature of the exchange of knowledge-based practices between these three firms. In particular, the findings build on the work of Eklinder-Frick et al. (2011, 2012) and Frankenberger et al. (2013) through its application to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I have further advanced the thesis in this section by the discovery of various collaborative risk management practices that emerge from the study as recurring features of the focal OBM. However, the collaborative distribution of risk exposure has not been studied yet in the context of cross industry and sectoral OBMs. In particular, the findings address partially calls from scholars (see for instance Kilubi, 2016; Tang and Musa, 2011) for researchers to identify and assess the industry practices in firms for mitigating risks in a supply chain context. I conclude, therefore, collaborative risk management practices are indicative of the operationalisation of the focal OBM, in practice.

I present the findings from the within-case theme analysis in the context of the conceptual framework's extra-organisational factors that support the focal OBM next.

6.2.3 EXTRA-ORGANISATIONAL FACTORS

The purpose of this section is to present the findings in the context of the third value creation domain, extra-organisational factors that support the focal OBM. In particular, the third value creation domain relates to the various micro-level *extra-organisational value-creating practices* that exist *beyond* the boundaries of the three firms. I argue these various practices actually are *open practices* (in the terms used by Hautz et al., 2017). I identified in the literature review section of this thesis that a question as to the nature of the various practices evidenced by practitioners in OBMs seemed yet to be examined. During the data collection and analysis phase of the study, it also became evident the extra-organisational factors that supported the focal OBM contained many explicit notions of both spatial and non-spatial dimensions of proximity. Spatial and non-spatial proximity appears to be acknowledged by Porter (1998: p. 78) who argues: "The enduring competitive advantage in a global economy lie increasingly in *local* [emphasis added] things, knowledge, relationships, motivation - that distant rivals cannot match." These explicit notions of spatial and non-spatial proximity were displayed by Builder and Buyer in particular, but were also evidenced by Inbound. A precursor to the notions of spatial and non-spatial proximity evidenced by Builder and Buyer appeared to have been established under the terms of the PPP contract entered into by the two firms under the NHS LIFT PPP in the city-region. Inbound also displayed many explicit notions of spatial and non-spatial proximity but in a different context compared with Builder and Buyer within the focal OBM.

I present the extra-organisational factors that support the focal OBM in the context of geographical proximity next.

6.2.3.1 GEOGRAPHICAL PROXIMITY

The notion of geographical proximity supported the relationships between the practitioners of three firms as well as with other practitioners situated within the platform ecosystem. To re-iterate, geographical proximity is the spatial or physical distance between economic actors both in its absolute and relative meaning (Boschma, 2005; Mason and Chakrabarti, 2017). Geographical proximity was displayed by Builder, which operated within close proximity to its co-located business and non-business communities. In the following quotation, John (CEO, Builder) highlights this notion of geographical proximity: 'Under the LIFT programme, we need to play the local card because we're only allowed to operate within [city-region local municipal authority's] municipal boundary.' In the following quotation, Philip (Senior Manager, Builder) provides another example of this notion of geographical proximity: 'LIFT is a form of PFI whereby we design, build, finance and operate all the health estate in the city… but only within a specified geographical boundary.' In these quotations, both John and Philip highlighted that geographical proximity was manifested because of the boundary-specific context of Builder's various health care and social care developments under the NHS LIFT PPP in the city-region.

Key finding 12: Geographical proximity is indicative of the existence of openness within the focal OBM.

Key finding 13: Geographical proximity also points to the existence of open practices within the focal OBM's platform ecosystem.

The notion of a culture of *openness* was supported by a number of respondents from Builder who reported the firm was a benefactor to the local economies of its co-located communities situated within the platform ecosystem. The firm's ambition of being a socially responsible business was the precursor to this notion of corporate citizenship. In the following quotation, David (Senior Manager, Builder) highlights, in particular, this notion of corporate citizenship within Builder: 'Our brand is we deliver for a community from within that community. Giving back... I hate the term giving back... but we are a community serving itself.' The quotation from David suggested that Builder was a

corporate citizen within the local community. In the following quotation, Rachel (Manager, Builder) discusses further this notion of corporate citizenship using the term *corporate social responsibility*:

> 'We don't have a CSR [corporate social responsibility] policy as such, we simply respond to matters that will make a positive contribution, but… we are talking about something that goes beyond pure social responsibility in the narrow sense of the word. We see ourselves as being part of society and a partner to society. We seek to take effective and responsible long-term action. This is especially true wherever our value creation overlaps with the interests and expectations of our stakeholders in our business environment, towards our employees, in the local communities and in the treatment of the environment.'

Semantically, in this quotation from Rachel her use of the term *we see ourselves as being part of society and a partner to society* appeared to suggest that Builder was a social enterprise. In other words, a firm whose practices deliberately and intentionally maximised improvements in human and environmental well-being. Builder displayed practices that were concerned with the firm's commitment to support its co-located business communities.

Key finding 14: Geographical proximity further points to the existence of centricity within the focal OBM's platform ecosystem.

Key finding 15: Geographical proximity additionally points to the existence of social enterprise within the focal OBM's platform ecosystem.

An example of one of these practices was evidenced by the firm's preference for the procurement of products/services from only supplier firms (including Inbound) located in the city-region, whenever possible. In the following quotation, David (Senior Manager, Builder) confirms Builder's support for its co-located supplier firms: 'We support over five hundred local businesses. […] You know; we try to source all of our suppliers locally whenever we can.' This quotation from David appeared to suggest the firm endeavoured to support only co-located supplier firms, whenever possible. I argue this support for co-located supplier firms appears to point to a notion of local ecosystem centricity. However, the procurement of products/services from only supplier firms co-located in the city-region

was not always practicable. For instance, the under the terms of the PPP contract, the Builder was required to demonstrate a commitment to ensure that best value for money operational practice was being achieved for Buyer. I argue here the achievement of best value for money operational practice enabled value capture between Builder and Buyer. An example of a practice evidenced by Builder was concerned with the systematic tendering for, and benchmarking of, the costs of products/services from co-located supplier firms against similar products/services of supplier firms from beyond the city-region. A further example of a practice that displayed Builder's commitment to support its co-located business communities was concerned with a preference the firm's supplier firms should endeavour to only employ locally based people, whenever possible, from within the city-region. As part of the firm's systematic tendering for, and benchmarking of, products/services from supplier firms, the strategy praxis involved the inclusion of a clause within the tender documentation to require the supplier firm to employ only locally based people, whenever possible. However, the required skill-sets were not always available from within the city-region and therefore had to be sourced elsewhere. In the following quotation, David (Senior Manager, Builder) explains that Builder's preference for the procurement of products/services from only co-located supplier firms is not always achievable if the skill-sets cannot be sourced from within the city-region:

> 'Ninety per cent of [hub firm's city-region postcode] people on site is a target we try and hit... the bigger the project the harder that is to hit. Because of the limited availability of subbies [colloquial: sub-contractors] in the local area, there are certain skills that aren't here so you have to go outside. If you employ [adjacent city-region] firms, then all the money is going to [adjacent city-region] and not being re-circulated in the local area so that's an element of doing the right thing for the local community.'

This quotation from David appeared to suggest the firm's engagement with supplier firms from beyond the city-region was undertaken as a last resort by the firm as this was seen not to have had a direct economic benefit for its co-located business communities. In the following quotation, David (Senior Manager, Builder) explains further, how Builder's support for these co-located business communities results in a financial benefit for the platform ecosystem:

'Through our local multiplier model, we have created a legacy from our developments of more than just buildings… through LIFT and [other PPPs], our developments have created… created a multiplier of 2.54 for [hub firm's city-region] and 2.97 for the wider region. This means that when we invest one million pounds, it has re-circulated 2.54 times through our supply chain partners and employees locally, and just short of three times regionally.'

In this quotation, David appeared to suggest that Builder had intentionally created a legacy for its co-located business communities beyond the provision of its health and social care facilities and for every £1 invested by Builder, there was an estimated £3 returned by these communities. This local multiplier effect served to create additional economic benefit within the platform ecosystem. I also argue that this finding appears to support further my notion that the focal OBM actually forms a regional strategic network. To re-iterate, a regional strategic network is a collaborative project between companies in order to *stimulate* regional development (in the terms used by Eklinder-Frick et al., 2011, 2012).

Builder, who displayed practices concerned with the firm's commitment to support its co-located non-business communities, further supported the notion of a culture of *openness*. A number of respondents from Builder reported the firm took the notion of corporate citizenship towards the co-located non-business communities it served very seriously and was proud of its local community-focused values. In the following quotation, Emma (CEO, Buyer) praises Builder's local community-focused values: 'They [Builder] have similar values to [Buyer]… they engage with communities and really go that extra mile to keep the local pound circulating.' In the following quotation, David (Senior Manager, Builder) elucidates further on Builder's local community-focused values and explains why the firm is a benefactor to a range of co-located charitable organisations in the city-region:

'You don't bite the hand that feeds you… or something like that, so you do get some big positives from that. There is that feel good factor of doing something to help others but it helps us as well. It gives us credibility, it gives us awareness out there, it's good PR [colloquial: public relations] because, for some clients, it's extremely important that you give back and it's not all about profit... and it doesn't take much to do it.'

In these quotations, both Emma and David appeared to indicate that both Buyer and Builder were benefactors to a range of co-located charitable organisations in the city-region because

of the positive public relations created within the focal OBM. This respondent also indicated that, whilst it was important for Builder to make a profit, it was also important to give something back to its co-located non-business communities. An example of this support was a practice displayed by Builder, which required the individual practitioners of the firm to nominate a co-located charitable organisation annually as a focus for their fundraising and volunteering efforts. The strategy praxis involved a commitment by the firm's practitioners to spend a minimum of two days each year working with their nominated local charitable organisation as part of their personal training and development. I further argue this support for co-located charitable organisations appeared to point to a notion of local ecosystem centricity. The establishment of an apprenticeship programme by the firm further evidenced Builder's corporate citizenship. The firm's apprenticeship programme was seen to provide a link between the firm and its co-located non-business communities. An example of another practice was concerned with the recruitment of young people into the apprenticeship programme as apprentices to enable them to develop employability capabilities. The strategy praxis involved the recruitment of apprentices from the schools situated within the firm's co-located non-business communities. These apprentices would be required to work alongside the firm's experienced practitioners in order to learn job-specific capabilities whilst studying for a work-based qualification at a local college or training organisation. An example of a further practice evidenced by Builder was concerned with the establishment of the firm's work experience-based mentoring programme. The strategy praxis involved all of the firm's practitioners undertaking periodic *away-days* from their normal roles to help to mentor students from its co-located non-business communities. A number of respondents from the firm also reported these mentors were seen to help students to improve their academic and inter-personal skills as well as give them an insight into the world of work. I argue also that this support for co-located schools appears to point to a notion of local ecosystem centricity.

In a similar finding to Builder, the notion of geographical proximity was also displayed by Inbound, which operated within close proximity to its co-located business and non-business communities. The notion of geographical proximity was supported because of the boundary-specific context of Inbound's branch network, which, originally, had only operated within the city-region, but as the firm's branch network experienced organic

growth, this localised geographical context expanded into a nationalised geographical context as the firm's branch network became more spatially diverse. In the following quotation, Thomas (Senior Manager, Inbound) highlights this notion of geographical proximity in the context of the firm's branch network:

> 'Our network of branches are… well when we actually open new branches, and it's not necessarily linked geographically, although predominantly our network of branches are spread geographically down the eastern side of the UK as well as two over in the North West.'

The quotation from Thomas revealed that, whilst Inbound's network of branches was situated mainly on the eastern side of the UK, there was no strategy to establish new branches in specific locations. In a similar finding to Builder, a number of respondents also reported that Inbound was a benefactor to the local economies of its co-located communities situated within the platform ecosystem. The precursor to this notion of corporate citizenship was related to the firm's stated ambition of being a socially responsible business. In the following quotation, Thomas (Senior Manager, Inbound) elucidates on the notion of corporate citizenship using the term *socially responsible company*: 'We are a socially responsible company and aim to build close relationships with our customers, suppliers and our employees and be a partner to our local communities.' In a similar finding to Builder, the quotation from Thomas also appeared to suggest that Inbound was a social enterprise as the firm aspired to form a partnership with its co-located communities.

The notion of a culture of *openness* was displayed also by Inbound who evidenced practices concerned with the firm's commitment to support its co-located business communities. An example of one of these practices was evidenced by the firm's preference for the procurement of products/services from only supplier firms (including Builder) located in the city-region, whenever possible. In the following quotation, Michael (CEO, Inbound) elucidates further on this commitment to support his firm's co-located business communities:

> 'We try where we can to source all of our services locally so in terms of insurance that's done in [city-region], our lawyers are in [city-region], our

accountants are in [city-region], our trucks for the whole group... okay it's a national company, but we use the [city-region] branch for trucks, all our group's corporate clothing is sourced from a company in [city-region]. So as much as we can we like keeping it local to [city-region].'

In this quotation, Michael appeared to suggest the firm endeavoured to support supplier firms from within the city-region, whenever possible. I argue this support for co-located supplier firms appears to point to a notion of local ecosystem centricity. However, the procurement of products from only supplier firms co-located in the city-region was not always practicable. For instance, the procurement of the majority of the firm's products were sourced from outside the city-region due to the location of the various manufacturers. In particular, the strategy praxis involved, wherever possible, the systematic tendering for, and benchmarking of, the costs of products from co-located supplier firms against similar products of supplier firms from beyond the city-region.

Remaining with this notion of a culture of *openness*, Inbound also displayed practices that were concerned with the firm's commitment to support its co-located non-business communities. A number of respondents from the firm reported the firm took the notion of corporate citizenship towards its co-located non-business communities it served very seriously and, despite being a firm with a national presence, was proud of its local community-focused values. A number of respondents from Inbound reported the firm was a benefactor to a range of both locally- and nationally-based charitable organisations and other good causes. An example of a practice evidenced by Inbound was concerned with the firm's commitment to support certain locally- and nationally-based charitable organisations. The strategy praxis required a commitment from the firm's practitioners to commit a certain number of hours each year to engage with locally based fundraising events for these charitable organisations. An example of this strategy praxis was provided by one respondent, in particular, who explained that during one particular fundraising event organised by the firm, practitioners from all of the firm's branches were encouraged to raise funds by undertaking health-related activities such as losing weight, improving their diet, taking more exercise and stopping smoking. In the following quotation, George (Senior Manager, Inbound) comments on the inclusion of Inbound's practitioners with local charitable organisations:

'We like our branch directors… as well as our staff based here of course, to get involved personally with local charities, schools, sponsoring stuff, helping them out and that kind of stuff. We like to give something back.'

In this quotation, George appeared to prove the firm considered itself part of its co-located non-business communities whereby both Inbound's branch-based and centrally based practitioners were strongly encouraged to engage personally with locally based charitable causes. I further argue this support for co-located charitable organisations appeared to point to a notion of local ecosystem centricity. In a similar finding to Builder, Inbound's corporate citizenship was displayed further with an example of another practice, which was concerned with the firm being a benefactor to a national apprenticeship programme. The strategy praxis involved the recruitment of apprentices from the schools situated within the firm's co-located non-business communities. In particular, these apprentices would be required to work alongside the firm's experienced practitioners in order to learn job-specific capabilities whilst studying for a work-based qualification at a local college or training organisation. In the following quotation, Richard (Manager, Inbound) elucidates further on this practice:

'We want to give young people an opportunity to earn and gain nationally recognised vocational qualifications so that they can enjoy fulfilling and rewarding careers in the building supplies trade. Our apprentices study for national vocational qualifications in areas such as customer services, warehousing and distribution and business administration.'

This quotation from Richard provided a further example the firm considered itself part of the platform ecosystem by its co-located non-business communities by the engagement with its locally based schools to offer apprenticeship programmes for school leavers that lead to nationally based qualifications. In a similar finding to the firm's national apprenticeship programme, an example of a further practice was concerned with the establishment of the firm's work experience-based programme, albeit labelled under a different name, to give its co-located student population an insight into working life at the firm and to enable them to develop employability capabilities. The strategy praxis involved a commitment from the firm's practitioners to spend up to five days each year working alongside a number of students from the firm's locally based schools to enable them to realise their full potential through a range of practical business exercises which ranged from

one day masterclasses to year-long projects. In the following quotation, Amanda (Manager, Inbound) provides an overview of the firm's work experience-based programme and highlights the firm's desire to give students an insight in working life: 'We run a highly successful work experience programme to give students a taste of real working life.' In the following quotation, Jack (Manager, Inbound) provides a similar point of view: 'It's trying to make us famous locally and also give something back. It's nice to support people locally as well and give a bit back.' These quotations from Amanda and Jack provided another example the firm considered itself part of its co-located non-business communities by the engagement with its locally based schools to offer work experience-based programmes for their student population. I argue also that this support for co-located schools appears to point to a notion of local ecosystem centricity.

In a similar finding to Builder and Inbound, the notion of geographical proximity was also evidenced by Buyer, which operated entirely within close geographical proximity to both Builder and its other platform ecosystem actors. The notion of geographical proximity was displayed because of the boundary-specific context of Builder's various health care and social care developments under the NHS LIFT PPP in the city-region. In the following quotation, Emma (CEO, Buyer) highlights this notion of geographical proximity in relation to her firm: 'We are geographically limited… I mean LIFT is geographically limited to within [city-region]. LIFT is an acronym… the 'L' stands for local... our developments benefit local communities.' In the following quotation, Mark (Senior Manager, Buyer) elucidates further on this notion of geographical proximity in Buyer: 'Because of the way the OJEU[16] process worked, [Buyer] was geographically limited to operate strictly within the local authority boundary.' In these quotations, both Emma and Mark highlighted the requirements of the PPP contract meant that Buyer was only permitted to operate within the city-region's local authority's municipal boundary. I argue these two quotations point to the existence of a geographically bounded system. In a similar finding to Builder, a number of respondents also reported that Buyer was a benefactor to the local economies of its co-located communities situated within the platform ecosystem. In the following quotation, Natalie (Manager, Buyer) elucidates on this notion of corporate citizenship by the firm

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[16] The Official Journal of the European Union is the gazette of record for the European Union. Around 2,500 new notices are advertised every week including invitations to tender, prior information notices, qualification systems and contract award notices.

using the term *socially responsible company*: 'We see ourselves as a socially responsible company. We're part of the local community… we're working in partnership with them… to give something back to them.' In this quotation, Natalie appeared to suggest, in a similar finding to Builder and Inbound, that Buyer could be considered a social enterprise. Buyer's practices, therefore, were concerned with the firm's commitment to support its co-located business communities. An example of one of these practices was evidenced by the firm's preference for the procurement of products/services from only supplier firms (including Builder) located in the city-region, whenever possible. I argue this support for co-located supplier firms appears to point to a notion of local ecosystem centricity. However, under the terms of the PPP contract, the firm was required to demonstrate a commitment to ensure that best value for money operational practice was achieved for Buyer. The strategy praxis involved the systematic tendering for, and benchmarking of, the costs of products/services from co-located supplier firms against similar products/services of supplier firms from beyond the city-region. In the following quotation, Mark (Senior Manager, Buyer) elucidates on the firm's commitment to ensure best value for money operational practice is being achieved with its supplier firms:

> 'The management of our supply chain partners is quite crucial for us so we constantly make sure they're on their toes… that their pencils are sharp and they are doing the job we want them to do. If people fall off the stand that we want then we will look for somebody else. We do refresh it… we don't constantly use the same people all the time, so we will have… we have two or three different solicitors, two or three different architects.'

In this quotation, Mark highlighted the PPP contract was concerned with a commitment to ensure that best value for money operational practice was being achieved for the firm's customers situated within the platform ecosystem. However, in the following quotation, Emma (CEO, Buyer) highlights the notion of corporate citizenship and discusses her firm's preference for the procurement of products/services from its co-located supplier firms:

> 'Since 2004, we have delivered a hundred-million-pound estate partnership that has created a two hundred and thirty-four million-pounds local impact and over one thousand two hundred full-time jobs through the use of a local supply chain.'

In the following quotation, Mark (Senior Manager, Buyer) provides a similar view to Emma:

'Wherever we work we like to *look local first* for our supply chain partners. This helps to contribute to the local economy. Our minimum spend within our local communities currently stands at… at eighty-nine per cent.'

In the following quotation, Peter (Senior Manager, Buyer) also provides a similar view: 'We strive to ensure every pound is spent within the communities we're a part of and provides opportunities for the next generation.' These quotations from Emma, Mark and Peter appeared to suggest that whilst the firm had a commitment to ensure that best value for money operational practice was being achieved for its customers, the firm also had preference for the procurement of products/services from its co-located supplier firms because this was seen to make a positive contribution to the local economy of its co-located business communities.

In a similar finding to Builder, a number of respondents from Buyer also reported the firm took the notion of corporate citizenship towards the co-located non-business communities it served very seriously and was proud of its local community-focused values. An example of a practice displayed by Buyer was concerned with the requirement the firm's co-located supplier firms (including Builder) should only employ locally based people, whenever possible, because this was seen to make a positive contribution to the local economies of its co-located non-business communities situated within the platform ecosystem. As part of the firm's systematic tendering for, and benchmarking of, products/services from supplier firms, the strategy praxis involved the writing of a clause within the tender documentation to require Builder to employ only locally based people, whenever possible. In the following quotation, Emma (CEO, Buyer) highlights this notion of localness: 'At least eighty-nine per cent of all labour to deliver our health and community hubs were sourced from a [city-region] postcode.' This quotation from Emma appeared to confirm the firm's preference for the employment of locally based people by their supplier firms had been achieved. In a similar finding to Builder, Buyer's engagement of non-co-located supplier firms also was undertaken only as a last resort by the firm as this was seen not to have a direct economic benefit for its other platform ecosystem actors. In a similar finding to Builder and Inbound,

an example of another practice was also concerned with the firm being a benefactor to a range of co-located charitable organisations. In the following quotation, Alison (Manager, Buyer) provides further evidence of Buyer's corporate citizenship: 'As part of our commitment to giving back locally, we support charitable organisations within the sectors and areas we're working.' In this quotation, Alison highlighted the firm was also a benefactor to a range of co-located charitable organisations in the city-region. In particular, the firm supported the co-located charitable organisations from within the sectors the firm was working. In the following quotation, Emma (CEO, Buyer) expands on this point:

> 'The health and wellbeing agenda is close to our heart. By supporting…
> supporting health and wellbeing charities, we are giving something back to the
> local communities that we're serving by using our expertise to help them
> where we can. […] In addition, we also support charities within the sectors and
> areas we're working in.'

This quotation from Emma appeared to suggest the support for the firm's co-located charitable organisations was intangible and focused on what she termed *health and wellbeing* charities. In the following quotation, Emma (CEO, Buyer) elucidates further on the intangible support offered by her firm:

> 'As part of our commitment to… to giving back locally, you know to good
> causes, the entire [Buyer] team commits at least one week every year to
> provide skills and business support to local good causes.'

In this quotation, Emma appeared to confirm that this intangible support for the firm's health and wellbeing charitable organisations was implemented by a strategy praxis that involved a commitment by the firm's practitioners to spend a minimum of five days each year working with their nominated local health and wellbeing charitable organisation as a focus for their fundraising and volunteering efforts. I further argue this support for co-located charitable organisations appeared to point to a notion of local ecosystem centricity.

Spatial geographical proximity between firms was not the only dimension that generated relationships to support innovation (Cantu, 2010) within the focal OBM. Non-spatial relationships, such as social proximity (Boschma, 2005; Mason and Chakrabarti, 2017),

also have an impact upon the formation of the focal OBM, making proximity more than just a geographical feature (Cantu, 2010) because co-location favours social relationships.

I present the extra-organisational factors that support the focal OBM in the context of social proximity next.

6.2.3.2 SOCIAL PROXIMITY

Social proximity originates from the embeddedness literature (see for instance Granovetter, 1985; Polanyi, 1944) who argue that economic relationships are to some extent always embedded in a social context. The notion of social proximity was evidenced with both Builder's relationship with Buyer as well as with Builder, Inbound and Buyer's relationships with other platform ecosystem actors. To re-iterate, social proximity was seen as being based on trust in social relationships (Boschma, 2005, Mason and Chakrabarti, 2017). One such stakeholder actor frequently referred to during the respondent interviews was the CCG.

Key finding 16: Social proximity is indicative of the existence of openness within the focal OBM's platform ecosystem.

Key finding 17: Social proximity also points to the existence of open practices within the focal OBM's platform ecosystem.

In the following quotation, Philip (Senior Manager, Builder) provides an overview of the beginning of Builder's relationship with the CCG in the city-region:

> 'We felt we could offer a lot more than the multi-nationals who were there doing it. This was what LIFT was all designed for. The 'L' in LIFT is local, so we felt this was our... finally our chance to shine as it were in the PPP market, we bid it [colloquial: tendered], we won it, so we'd won an exclusivity with the CCG for twenty-five years effectively on all their capital projects.'

In this quotation, Philip highlighted the raison d'etre for Builder, as part of the NHS LIFT PPP, was to deliver a programme of health care and social care facilities in the city-region

over a period of twenty-five years. However, as these various health care and social care facilities were delivered, Builder also gained a resultant property portfolio. An example of a practice displayed by the CCG was concerned with the outsourcing of the facilities management of this portfolio of health care and social care facilities to Builder. The foundation of this long-term strategic partnership and *openness* within the focal OBM appeared built on mutual trust. In the following quotation, Emma (CEO, Buyer) comments on the high levels of mutual trust between Builder, Buyer and other platform ecosystem actors: 'We have a great partnership in [city-region] with shared values and a very high level of trust.' In the following quotation, Philip (Senior Manager, Builder) discusses the notion of trust in the context of the outsourcing of the facilities management of the health care and social care facilities by the CCG:

> 'I think they've got some visionary leadership in there who understand that this is the best way for them to operate as an entity, to completely almost outsource it... they've learnt to trust us, we didn't get it at day one... they've learnt to trust us and over time we've become almost a facility of theirs... a function of them... part of them. They talk to us like they talk to each other which is a perfect place to be actually as a customer. You know, they just give us everything, but we've earned it.'

In this quotation, Philip explained the CCG had outsourced the facilities management of the health care and social care facilities to Builder because they had built up the notion of trust. The strategy praxis involved the provision of hard services, for example, planned and reactive buildings maintenance services, together with provision of soft services, for example, cleaning, grounds maintenance and site supervision by Builder. In the following quotation, Philip (Senior Manager, Builder) goes on to explain the rationale for the outsourcing of the facilities management of the health care and social care facilities by the CCG to Builder:

> 'The CCG […] has had a big influence on our business, not least we've almost... over time we've almost infiltrated that element of the public sector. They get us I think and they get the benefit of allowing others to do what they're good at which then allows them to get on with what they want to do and need to do.'

According to Philip, the resultant outsourcing of the facilities management of its health care and social care facilities to Builder enabled the CCG to concentrate on its core business of the organisation of the delivery of NHS services. In this quotation, Philip also appeared to indicate an evolutionary strategy of forward integration by the firm. An early description of this diversification strategy is provided by the seminal work of Ansoff (1957, 1968). More recently, Tongur and Engwall (2014) who conceptualise the theory of vertical integration in which firms can integrate either backward or forward into adjacent activities in the strategic network, discuss diversification in the context of BM innovation. Forward integration refers to development into activities, which are concerned with a firm's outputs, for example, are further forward in the value system. In the following quotation, Robert (Senior Manager, Builder) comments on the organic growth experienced by Builder's facilities management business unit:

> 'By us [Builder] developing this estate, that's what our business model was all about, it was about creating opportunities that were long-term because what we were doing was... we had a spike of big build, fairly big build and then a facilities management contract to maintain all these facilities that we were building.'

This quotation from Robert highlighted that, as Builder's resultant property portfolio experienced organic growth, the firm's facilities management business unit also experienced organic growth. In addition to the facilities management solutions provided by Builder for the firm's property portfolio, Builder also provided facilities management solutions for properties owned by the CCG. In the following quotation, Philip (Senior Manager, Builder) discusses higher interdependency and *openness* between Builder and the CCG:

> 'They get us [colloquial: understand us] big time... do the CCG, they've handed over all of their estate issues to us, they are a big influence on our business because of our relationship with the key stakeholders in LIFT.'

In this quotation, Philip appeared to highlight that higher interdependency and *openness* evidenced between Builder and the CCG were manifested by the notion of trust between Builder and the CCG. In particular, this notion of trust is similar to Boschma (2005) who found the notion of social proximity was defined in terms of socially embedded

relationships between actors when they involved trust based on friendship, kinship and experience. Other scholars (see for instance Dyer and Singh, 1998; Lui and Ngo, 2004; Poppo and Zenger, 2002) found trust to be a fundamental mechanism governing the relationships between firms. Furthermore, Gronroos (2011) found the notion of value creation could adopt a cognitive perspective such as trust between firms. However, these studies were not set in the context of a cross-industry and cross-sectoral (public-private) solutions OBM.

In a similar finding to Builder and Buyer, the notion of trust was displayed also by Inbound. Inbound established a long-term strategic relationship with Builder. This relationship was built also on mutual trust. In the following quotation, Michael (CEO, Inbound) discusses the notion of trust between Builder and Inbound:

> 'For me a relationship means working with somebody that can be trusted, so if you're my mate [colloquial: friend] and we do business together and things aren't quite right and you know… you're not quite experiencing the kind of service levels or the price you think it should be and there's something evil about us then I want you to tell me. I don't want you to speak about it behind my back and stop purchasing from us. To me that's a relationship.'

In this quotation, Michael appeared to indicate an acceptance of functional conflict. The notion of functional conflict in IM literature (see for instance Massey and Dawes, 2007; Skarmeas, 2006) exists when conflict is expressed *openly*. The acceptance of functional conflict is helpful in reducing tension among the members of a group, which would otherwise remain suppressed. In this example, the suppression of tension could have led to a sense of frustration and biased opinions resulting in distrust.

Builder and Buyer's relationships supported the notion of social proximity also with their co-located supplier firms situated within the platform ecosystem. To re-iterate, social proximity is viewed as the micro-level social relationships between practitioners with different forms of expertise (Boschma, 2005, Mason and Chakrabarti, 2017). An example of a practice displayed by Builder was concerned with the early engagement of Buyer, as well as other co-located supplier firms, from the design stage and throughout the delivery stage of Builder's projects. Due to higher interdependency and *openness* between Builder

and Buyer, this practice was undertaken in conjunction with Buyer. This collaboration between Builder, Buyer and other co-located supplier firms is referred to as open innovation.

Key finding 18: Social proximity further points to the existence of open innovation within the focal OBM's platform ecosystem.

The notion of open innovation acknowledges that not all good ideas come from inside the firm (Chesbrough, 2003, 2011, 2012). However, the literature on the role and use of supplier firms in the development of new products has not received much attention (Gassmann et al., 2010). These other co-located supplier firms situated within the platform ecosystem shared, among other things, architectural, civil engineering, structural engineering and legal knowledge exchanges with Builder and Buyer. The strategy praxis involved the organisation of early knowledge exchanges between Builder and Buyer as well as with architectural, civil engineering, structural engineering and legal supplier firms, a partnership, which lasted from the design stage and throughout the delivery stage of Builder's projects. In the following quotation, Mark (Senior Manager, Buyer) refers to these co-located supplier firms using the term *consultants*:

> 'We have a very big virtual team underneath us of expertise… you know lawyers, architects… all the sort of stuff you need to do what we do… these consultants don't sit within the four walls of the building but they're linked to us.'

In this quotation, Mark briefly explained the firm frequently sought the employment of consultancy firms to obtain specialist expertise. This finding, relating to the employment of consultancy firms, is similar to Jarzabkowski and Whittington (2008) who found that whilst external practitioners, such as consultants, were not part of the firm, their actions had an influence on the firm's strategies since they formed the legitimate practices in firms. However, this study was not set in the same context as this thesis. A number of respondents reported these collaborative inbound and outbound knowledge exchanges allowed Builder to be innovative and provided for continuous improvement based on the sharing of best practice. One respondent saw this as something that would not have been possible if the firm had adopted a conventional practice of using different supplier firms for different

projects. According to Hakansson (1987), innovation is often an interactive process that involves important partnerships in the value chain, such as customers and supplier firms. In BM literature, interaction with customers, and the co-creation of the firm's outputs with its customers, is emphasised as the most important channel of information supporting the adoption of an innovative OBM (Chesbrough, 2003, 2006, 2007a, 2007b, 2010). In the following quotation, Philip (Senior Manager, Builder) elucidates on the early collaborative design and delivery of Builder's various projects with Buyer, as well as the firm's other co-located supplier firms: 'Our long standing programme… you know, LIFT… enabled us to continually learn and develop with our partners, and to invest in our people, processes and systems.' In the following quotation, David (Senior Manager, Builder) provides another perspective on this early collaborative design and delivery of Builder's various projects with Buyer, as well as the firm's other co-located supplier firms:

> 'What we do is to get our subbies [colloquial: sub-contractors]… our design partners if you like, more involved at the design stage. Get that specialist to sit with your design team and say if you use this product you will get a better result, it might be more expensive but it will be a better solution.'

In these quotations, both Philip and David explained the early collaborative design and delivery of Builder's various projects with Buyer from the design stage and throughout the delivery stage allowed Builder to be innovative and provided for continuous improvement based on the sharing of best practice. However, in the following quotation, Gary (Manager, Builder) expresses some caution on the collaborative design and delivery of Builder's various projects with Buyer, as well as the firm's other co-located supplier firms: 'Our supply chain is everything and we are only as good as our weakest or least motivated sub-contractor or supplier.' In this quotation, Gary highlighted his concern about being or becoming too reliant on a few supply chain firms. The implication here is that Builder appeared willing to accept this risk. Perhaps unsurprisingly, a number of respondents from Buyer also reported very similar comments to respondents from Builder in relation to the early collaborative design and delivery of Builder's various projects under the PPP contract. In the following quotation, Mark (Senior Manager, Buyer) explains in quite some detail about these early face-to-face knowledge exchanges between Builder and Buyer as well as the firm's other co-located supplier firms:

'By building relationships with all of your supply chain on the design side together with the construction team and their sub-contractors underneath them… actually everybody's in it together and the lessons that you learn from previous ones you can then take with you on that journey so if you've got the same people involved along the way. By the time you get towards the end of the thing you're building some pretty special places and all the mistakes you've made along the way, you've captured and translated, whereas if you follow a very conventional approach where you've probably got different design teams, different contractors on each job, then the end product probably isn't going to be as good.'

In the following quotation, Peter (Senior Manager, Buyer) contrasts the practice of the early collaborative design and delivery of Builder's various projects with the alternative traditional practice:

'The traditional approach is you will ask say three different builders to price up a job against a specification that the design team have prepared. You'll get the prices back and pick one of them and they'll go off and build it. That's fine and it works but it also tends to be very sequential… you don't develop a relationship necessarily.'

In these quotations, Mark and Peter suggested the early collaborative design and delivery of Builder's various projects with Buyer, as well as the firm's other co-located supplier firms, from the design stage and throughout the delivery stage. In a similar finding to Builder, this collaboration also resulted in continuous improvement based on the sharing of best practice. In contrast, the traditional approach of using separate supplier firms was short-term and transactional and did not necessarily result in the formation of collaborative relationships. In OBM literature, these findings, related to the collaborative design and delivery of Builder's various projects with Buyer, are also similar to those of Chesbrough (2003, 2006, 2007a, 2007b, 2010) who found that firms were increasingly looking for knowledge exchanges beyond their organisational boundaries.

The notion of social proximity was further evidenced with Builder and Buyer's relationships with their co-located non-business communities situated within the platform ecosystem. An example of a practice displayed by Builder was concerned with the early engagement of the firm with these co-located non-business communities from the design stage and throughout the delivery stage of Builder's projects. Due to higher

interdependency and *openness* between Builder and Buyer, this practice was undertaken in conjunction with Buyer. In the following quotation, Rachel (Manager, Builder) discusses Builder's engagement with its co-located non-business communities:

> 'We've had really great responses from our local communities. There… there were usually good attendances at our community meetings and the residents were really keen to help us get the most out of the project and in return they also… also felt that they had contributed to something great for them.'

In the following quotation, Emma (CEO, Buyer) discusses Buyer's engagement with its co-located non-business communities:

> 'We involve our local communities from the beginning… right from the start… you know I mean from the design stage and throughout the construction of our developments. That way, we gain from their input and, at the same time, these neighbourhoods… communities feel a… that they've played a big part in the projects that we've developed.'

In the following quotation, Mark (Senior Manager, Buyer) provides a further perspective on Buyer's engagement with its co-located non-business communities:

> 'Communications is a really huge part of what we do… community engagement and comms… [colloquial: communications] it's a strength of ours... it's a strength of our business model. We involve communities throughout our developments. That way we benefit from their ideas and energy, and they feel a sense of ownership and pride in their new facility. Plus, we enjoy it!'

In these quotations, Rachel, Emma and Mark all appeared to explain the co-located non-business communities of the two firms actively participated with the design and delivery of Builder's health care and social care facilities. Furthermore, the practice enabled both Builder and Buyer to benefit from the input from these co-located non-business communities whilst these communities felt a sense of ownership in the facilities they had helped the firm to develop. The strategy praxis involved both Builder and Buyer arranging a series of regular local community events beginning at the design stage of a project and continuing throughout the delivery stage. This finding, relating to the co-located community participation with the design and delivery of Builder's health care and social

care facilities, is similar to Schreiner (2015) who found that communities, as the end users in PPPs, had an influence on changes to their communities' welfare. However, this study was set in a different context to this thesis. I argue, therefore, that Builder appears to be a systems integrator within the focal OBM. Builder was responsible for the integration of Buyer as well as co-located supplier firms and co-located communities into a single functioning system. Therefore, I contend that the notion of social proximity is important to open innovation within the platform ecosystem.

The notion of social proximity was evidenced by Inbound's long-term relationships with its co-located business communities situated within the platform ecosystem. A number of respondents from the firm reported these long-term relationships were based on varying degrees of formality of relationship that ranged from the highest level of supplier firm relationship, where face-to-face knowledge was exchanged frequently on an open-book basis, as this was seen as the basis for forming and maintaining mutually advantageous relationships, to a lower and more informal level of supplier firm relationship where knowledge exchanges occurred less frequently. This example of *openness* was displayed by a practice in Inbound that was concerned with the systematic collaboration with the firm's supplier firms in the area of business development. In the following quotation, Thomas (Senior Manager, Inbound) elucidates further on the meetings undertaken with the firm's supplier firms:

> 'Quite often we will review with our biggest suppliers once a quarter and try and work out how we can develop business together... so can they use their representation to go and help our branches, or say can we do something centrally that says let's do some promotional activity or something like that.'

In this quotation, Thomas highlighted, in particular, an example of the firm's open relationship with its larger suppliers. The strategy praxis involved undertaking regular meetings between the firm and its larger supplier firms. These meetings could be as regular as every three months. The purpose of these meetings was to discuss business development as well as both centralised and localised promotional activity. Inbound was one of the largest builders' merchant businesses in the UK, but was still relatively small in comparison to its competitors. Due to the firm's relatively small size, an example of a further practice was concerned with the firm's participation in a purchasing co-operative

with other smaller builders' merchant firms across the UK. This purchasing co-operative was an arrangement to agree to aggregate demand to get lower prices from selected suppliers. In the following quotation, Michael (CEO, Inbound) explains his firm's participation with the purchasing co-operative:

> 'We join forces with other builders' merchants across the country as well in sub-buying groups if you like where we buy collaboratively together so we can get the better deals so we might buy 4,000 tonnes of cement for example a year but the group that we belong to might buy 40,000 tonnes so we get the price for 40,000 tonnes rather than 4,000 tonnes and so on.'

This quotation from Michael highlighted the firm's participation with the purchasing co-operative resulted in Inbound's achievement of substantial savings on the purchasing of its inventory. The strategy praxis involved the formation of sub-buying groups where Inbound purchased in collaboration with these other smaller builders' merchant firms in order to achieve lower pricing and keep its inventory costs to a minimum. According to Aldrich and Herker (1977), fulfilling this strategy praxis requires the recruitment of boundary-spanning practitioners who are already members of, or in contact with, specific target groups.

Key finding 19: Geographical proximity and social proximity point to the existence of metaphorical bridges within the focal OBM's platform ecosystem.

In a similar finding to the notion of organisational proximity, the notions of geographical proximity and social proximity also appeared to point to the existence of what Zhao and Anand (2013) term *collective bridges*. To re-iterate, Zhao and Anand (2013) present a helpful illustration that demonstrates an inter-unit collective bridge for transferring both collective knowledge and individual knowledge. I have adapted this idea, which advances OBM literature by illustrating the practice of collaborative bridging for transferring extra-organisational knowledge-based practices between Builder, Buyer and their co-located business and non-business communities situated within the platform ecosystem. I represent this adapted idea visually in Figure 6.5. Through the practice of transferring collective knowledge between Builder and Buyer and their co-located business and non-business communities, these communities (the source unit), in essence, helped Builder and Buyer (the recipient units) benefit from the collaborative design of its health care and social care

under the PPP contract. The solid arrows represent extra-organisational communication links and the dashed arrows represent knowledge interdependence within each firm. The two large circles represent Builder and Buyer as the recipient units and the dotted line around the circumference of each circle represents each firm's boundary. The four small shaded circles situated within Builder's boundary represent the loci of the four business unit areas of investment (I), construction (C), project development (PD) and facilities management (FM) and the four small shaded circles situated within Buyer's boundary represent the four business unit areas of estates planning (EP), developments (D), project management (PM) and operations (O). The single small shaded circle situated outside the boundaries of Builder and Buyer represents the locus of the co-located communities (CC) of the two firms situated within the platform ecosystem, as the source unit.
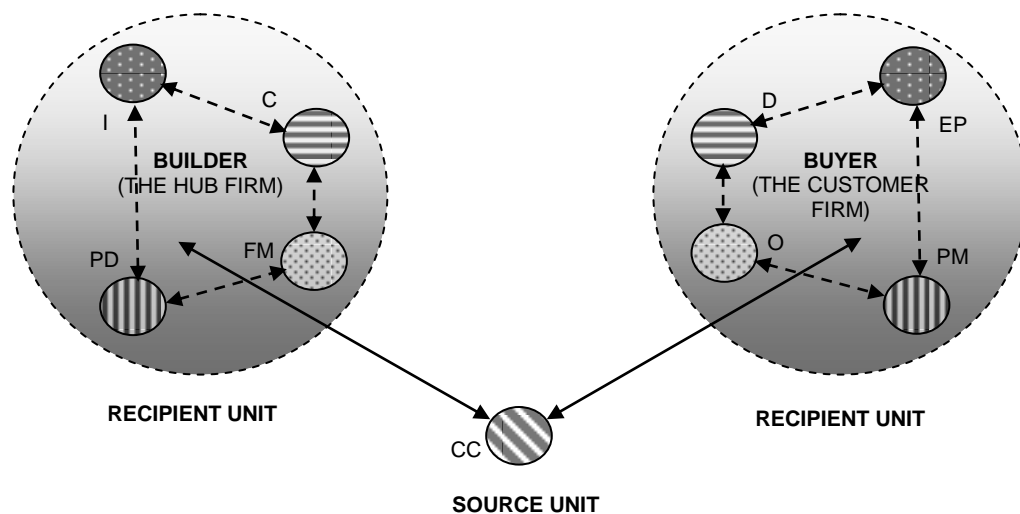
Figure 6.5: An extra-organisational collaborative bridge for transferring collective knowledge between Builder and Buyer and their co-located communities
Source: Adapted from Zhao and Anand (2013)

6.2.3.3 SUMMARY OF THE SECTION

I visualise extra-organisational factors as those factors that exist *beyond* the boundaries of the three firms within the platform ecosystem. The extra-organisational practices that support the focal OBM contain many explicit notions of spatial and non-spatial proximity. I argue these various practices are actually *open practices* (in the terms used by Hautz et al.,

2017). Within the focal OBM, Builder addresses a broader set of practitioners than just Inbound and Buyer. These practitioners include other co-located business and non-business stakeholders situated within the platform ecosystem. To return to the key findings presented in this section, I have advanced the thesis in this section by the discovery that geographical proximity and social proximity contribute to a number of extra-organisational factors within the focal OBM's platform ecosystem. Thus, I consider the notions of geographical proximity and social proximity to be important and form value creation domains of the focal OBM. I have advanced the thesis in this section by the discovery of geographical proximity and social proximity that emerge from the study as recurring features of the focal OBM. In particular, the findings build on the work of Mason and Chakrabarti (2017) through the application of geographical proximity and social proximity to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I argue also that the findings contribute to understandings of geographical proximity and social proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I conclude that both geographical proximity and social proximity are indicative of the operationalisation of social enterprise practices within the platform ecosystem. I conclude also that social proximity is indicative of the existence of knowledge-sharing practices within the platform ecosystem. I have also advanced the thesis in this section by the discovery of metaphorical bridges between the three firms for transferring collaborative knowledge-based practices between these three firms. In particular, the findings build on the work of Eklinder-Frick et al. (2011, 2012) and Zhao and Anand (2013) through its application to a co-located cross-industry and cross-sectoral (public-private) OBM, in practice. I conclude collaborative bridging practices are indicative of the existence of *openness* and open innovation within the platform ecosystem.

To complete a multi-level examination of a cross-industry and cross-sectoral (public-private) OBM, I present the findings from the within-case theme analysis in the context of the conceptual framework's practitioners and their capabilities underpinning the focal OBM next.

6.2.4 PRACTITIONERS AND THEIR CAPABILITIES

The purpose of this section is to present the findings in the context of the fourth value creation domain, practitioners and their capabilities. To re-iterate, according to Storbacka et al. (2012), *capabilities* play a key role in BM design because they are manifested in the *practices* used by the *practitioner* in their value-creation processes. I contend these practitioners and their capabilities underpin the various practices that exist at the intra-, inter- and extra-organisational levels. A distinction from the resource-based view of the firm is the separation of the resource construct into resources and *capabilities* (Amit and Schoemaker, 1993). However, there was a need to focus on the actual processes [I add practices] of dynamic capabilities building rather than generate further abstract definitions of dynamic capabilities (Ludwig and Pemberton, 2011). According to Whittington (1996), the strategy-as-practice perspective has moved the focus from the core competence of the corporation (see for instance Hamel, 1994; Prahalad and Hamel, 1990) to the practical competencies [I add capabilities] of the manager [I add practitioner] as strategist. I argue the various open practices displayed by the practitioners of the three firms appeared to be important learning mechanisms for the development of both dynamic capabilities and ordinary capabilities.

During the data collection and analysis phase of the study, the possession of dynamic and ordinary capabilities emerged as recurring features within the focal OBM. To re-iterate, dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments [I add ecosystems] (Teece et al., 1997) with such capabilities often residing in one or a few individual senior-level managerial practitioners, such as a firm's CEO. On the other hand, ordinary capabilities are best practices that typically start in one or two firms and then spread to the entire industry (Teece et al., 1997). A central practitioner type identified in Section 6.2.2 of this thesis was the boundary-spanning practitioner.

Key finding 20: The existence and absence of boundary-spanning practitioners are indicative of the focal OBM.

To re-iterate, boundary-spanning describes practitioners within an open innovation system who have, or adopt, the role of linking a firm's internal networks with external sources of knowledge (Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Tushman, 1977; Williams, 2013). Whilst the literature on boundary spanners in the context of private sector firms appeared to be significant, there were far less studies in the context of PPPs (Noble and Jones, 2006; Williams, 2013). In particular, whilst it was commonplace for CEOs in most public sector firms to be heavily involved in intra- and inter-sectoral collaboration, understanding what constituted leadership for collaboration, and whether and how this differed from leadership in single firms was largely under-researched (Williams, 2013). I identified in the literature review section of this thesis that a question as to identity of the practitioners in OBMs seemed yet to be examined and, in particular, capabilities of boundary-spanning practitioners in OBMs seemed absent. In particular, less addressed were the capabilities of those practitioners situated outside the formal structure of the firm who influenced strategy. The findings presented in this section contribute to extant OBM literature in the context of the identity and boundary-spanning capabilities of the practitioners situated within the focal OBM.

I present the identity and location of the practitioners in relation to the boundaries of the three firms next.

6.2.4.1 PRACTITIONER IDENTITY AND LOCATION

The strategy-as-practice literature conceptualises two ontological dimensions for the identification of strategy practitioners, which make the distinction between individual and aggregate actors, whilst other studies indicate ontological considerations about strategy practitioners in relation to firm boundaries and make the distinction between internal and external actors (Jarzabkowski and Spee, 2009). Before presenting the findings in the context of the practitioners and their capabilities underpinning the focal OBM, first, it is necessary to determine the identity and location of the strategy practitioners in relation to the boundaries of the three firms. In other words, whether the practitioners are situated inside and/or outside the boundaries of the three firms.

The findings presented in this section were concerned with both internal and external private-sector practitioners and external public-sector practitioners, some of which worked *across* firm boundaries. In this context, Builder's private sector practitioners worked across boundaries - both organisational and sectoral - as an integral part of their mainstream job role. The firm's private sector practitioners established social networks, based on personal dyadic relationships due to common working. In the following quotation, Philip (Senior Manager, Builder) comments on the firm's boundary-spanning relationships with Buyer: '…both myself and [Builder's CEO] sit on the board of [Buyer]. Primarily my role is financial/commercial stuff on there.' Whilst this quotation from Philip related to the boundary-spanning relationships by Builder's CEO and another senior-managerial-level practitioner, in the following quotation, Jane (Manager, Builder) briefly comments about the boundary-spanning relationships of the firm's other practitioners: 'Several of our people are in… well… daily… near daily contact with them. […] Our managers, admin staff and contractors.' This quotation from Jane appeared to suggest Builder's boundary-spanning practitioners were displayed at all levels within the firm. I identified earlier in this chapter that Builder's practitioners were systems integrators (in the terms used by Davies et al., 2006, 2007; Hobday et al., 2005; Jacobides and MacDuffie, 2013) within the focal OBM. However, in contrast, with the exception of Inbound's CEO, there was little evidence the firm's private sector practitioners worked across boundaries. In the following quotation, George (Senior Manager, Inbound) appears to caution on the extent of the firm's boundary-spanning relationships with Builder: '[Inbound's CEO] knows [Builder's CEO] fairly well... our sales people… accounts people talk to them about orders etc. but that's about it I think.' In this quotation, George appeared to suggest the boundary-spanning relationships between Builder and Inbound were much less evident and were confined to occasional relationships and exchanges between the CEO's of the two firms and Inbound's branch directors and counter sales teams. According to Agranoff and McGuire (2003), the proliferation of new forms of governance such as alliances, networks and partnerships has stimulated new forms of public sector management termed *collaborative public management* which involves a practice of facilitating and operating in multi-organisational arrangements to solve problems collaboratively that cannot be solved by individual firms. In this context, Buyer's public-sector practitioners also worked across boundaries - both organisational and sectoral - as an integral part of their mainstream job role. In the

following quotation, Mark (Senior Manager, Buyer) comments on the firm's boundary-spanning relationships with Builder:

'We're a small team of people and there are no [internal] boundaries here. I call it the Olympic rings, there are no silos here. […] All of the staff here deal with [Builder]. Some staff deal with them more than others.'

This quotation from Mark appeared to corroborate the quotations from the two respondents from Builder presented earlier in this section and indicated the frequent boundary-spanning relationships between Builder and Buyer were evidenced by practitioners at all levels of the firm. The notion of boundary spanners refers to those practitioners whose primary role is concerned with working within collaborative multi-firm and multi-sectoral contexts (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Williams, 2013; Zhao and Anand, 2013). However, these studies were not set in the context of a cross-industry and cross-sectoral (public-private) OBM. Boundary-spanning practices appeared, therefore, to be a feature of the roles of several practitioners within the focal OBM. The defining characteristic of the boundary spanner is they work both as practitioners in individual firms, and as agents within mechanisms of collaboration (Williams, 2013). In addition, these quotations from Philip, Jane, George and Mark all appeared to highlight the higher interdependency and *openness* between Builder and Buyer and the lower interdependency and lack of *openness* between Builder and Inbound.

Key finding 21: Boundary-spanning practitioner dynamic capabilities are indicative of the existence and absence of openness within the focal OBM.

I present a Venn diagram showing my judgement of these practitioner roles in relation to the boundaries of the three firms in Figure 6.6. Each circle represents one of the practitioners of the three firms and the dotted line around the circumference of each circle represents each firm's boundary. In the context of the focal OBM, Builder's practitioners were the internal actors whilst Inbound's and Buyer's practitioners were the external actors. The intersection between Builder and Inbound and the intersection between Builder and Buyer, represents the extent of boundary-spanning activities by the practitioners of those firms, in the context of a continuum of varying degrees of complexity that ranges from co-

operation to collaboration (see for instance Kanter, 1994; Mattessich et al., 2001) to reflect the intensity of the interaction displayed by each firm's practitioners.
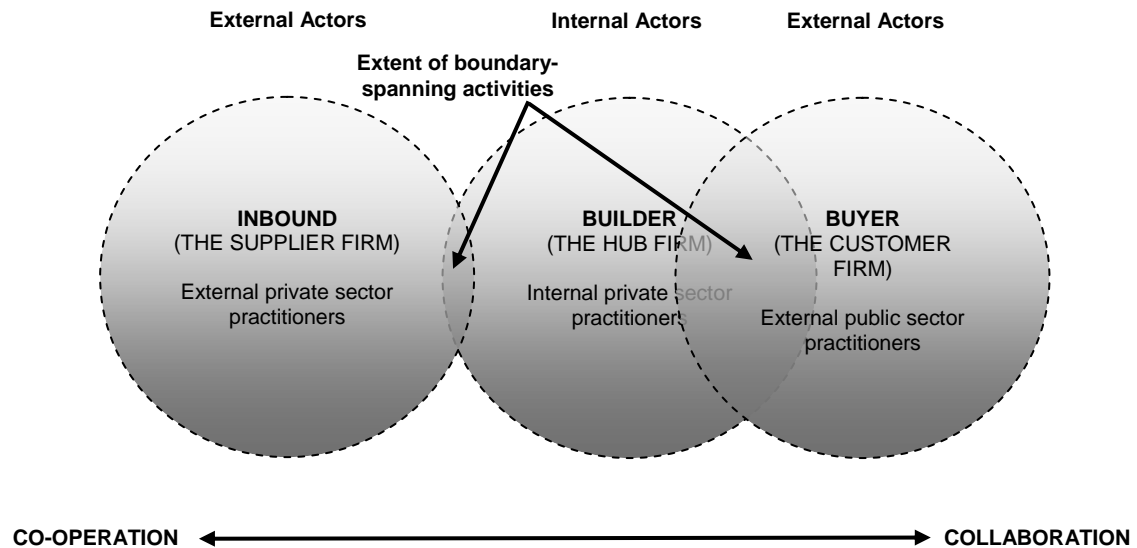
Figure 6.6: The location of practitioners in relation to firm boundaries
Source: Author

I present the practitioners and their capabilities underpinning the focal OBM next.

6.2.4.2 DYNAMIC AND ORDINARY CAPABILITIES

To re-iterate, according to Teece et al. (1997), the notion of dynamic capabilities involves a firm's CEO creating and/or transforming firms and who can add value through their organisation of resources and opportunities. Builder's CEO had been the principal practitioner responsible for the diversification of the firm's former closed BM into new product/service and market areas due to his willingness to a take risk on a new PPP opportunity in the city-region. In the following quotation, John (CEO, Builder) highlights a dynamic capability within the focal OBM and states how he views his leadership role in the firm:

> 'A business needs an entrepreneur - that's how I see my role - people to make things better… who advance the business and take it to places they didn't know there were places. […] When [Builder] as we are seen today was born…

> it was born out of opportunism... my old boss used to say that there's only one business and that's the business of making money... and an entrepreneur sees an opportunity and goes for it. That's just what I did here!'

In this quotation, John appeared to evidence a dynamic capability by the confirmation that he considered himself an entrepreneurial practitioner, in particular, an entrepreneurial practitioner that saw an opportunity and was willing to take risks in the expectation of making profits by the realignment of his firm with the opportunities that took place in the platform ecosystem. This finding, relating to the opportunistic and risk-taking propensities of Builder's CEO, is similar to DeLeon (1996) who found that two of the defining capabilities of an entrepreneur were opportunism and risk tolerance. However, this study was not set in the same context as this thesis. I argue such a balance between opportunism and risk tolerance can be seen also as the micro-level foundations of dynamic capabilities across the clusters of practices for sensing, seizing and transforming (in the terms used by Velu, 2017).

Key finding 22: Boundary-spanning practitioner dynamic capabilities are also indicative of the existence of open innovation within the focal OBM.

According to DeLeon (1996), the opportunistic private sector entrepreneur was the antithesis of the cautious public sector bureaucrat, in other words, the traits and values of an opportunistic private sector practitioner placed it in opposition to the traits and values appropriate to a public sector practitioner. In particular, this private sector practitioner successfully revitalised an already established, albeit stagnant, firm in response to a perceived business opportunity and, therefore, effectively redefined the firm's former closed BM by the systematic de-construction of the firm's outdated value propositions and simultaneously co-created a new *open* BM in partnership with Inbound and Buyer's CEOs, which was re-focused around its customer's needs, around the firm's new solutions-based value propositions and around the needs of its co-located non-business communities. This finding, relating to Builder's CEO's dynamic capability to create new boundary-spanning relationships with the CEOs of Inbound and Buyer, is similar to Jarillo (1988: p. 37) who found that an entrepreneur carefully identified the partners that he wanted to include in his strategic network, "searching explicitly for people the entrepreneur can 'relate to', i.e. with

similar values." More recently, Zenger et al. (2011) found that it was the responsibility of the firm's leader to decide whether governance of a particular activity was performed best within or across firm boundaries through a market or contractual form of governance. However, these studies were not set in the context of a cross-industry and cross-sectoral (public-private) OBM.

In co-creating a new OBM in partnership with Inbound and Buyer, the notion of *openness* was displayed by Builder's CEO who developed new boundary-spanning relationships with the CEOs of Inbound and Buyer, as well as other platform ecosystem practitioners. By definition, all firms have some type of boundary-spanning roles, if only at the highest level of the firm, for example, the firm's CEO or proprietor (Aldrich and Herker, 1977). This finding, relating to the importance of entrepreneurial practitioners in the creation and maintenance of the ecosystem, is also similar to Stam (2015) who found the entrepreneurial ecosystem approach viewed the importance of entrepreneurial practitioners as central players - or leaders - in the creation of the ecosystem as well as keeping the ecosystem healthy. Similarly, in BM literature, this finding is also similar to Palo and Tahtinen (2013) who studied the role of entrepreneurial practitioners in shaping emergent network relationships. However, this study was set in a different industrial and sectoral context to this thesis. In particular, Builder's resultant new value propositions were based on the firm becoming a property developer that worked with its supplier firm, Inbound, and its customer firm, Buyer, as a partnership, not only responsible for the finance, design and construction of a facility, but also for that facility's ongoing operation, management and maintenance. This finding further evidenced the possession of dynamic capabilities by Inbound's CEO and by Buyer's CEO.

Key finding 23: Boundary-spanning practitioner dynamic capabilities are further indicative of the existence and absence of systems integration practices within the focal OBM.

This creation of new product/service value propositions, which is termed *systems integration* (Davies et al., 2006, 2007, Hobday et al., 2005; Jacobides and MacDuffie, 2013), resulted in Builder offering both product and service solutions to generate superior customer exchange value and thus enhance competitive advantage (Smith et al., 2014). In

the following quotation, John (CEO, Builder) explains in quite some detail the background to the systems integration of Builder:

> 'Competition was rife among the city. There were an awful lot of fairly well established, family-owned construction firms and all they were doing was cutting margins. We felt there was no real future in it... we had a desire to do something different that was more sustainable, more long-term. […] I think that to be at the top of the food chain in any jungle you have to be the developer. Our vision involved becoming a developer... I had seen this in the States... where the developer builds the thing, arranges the finance, gets a designer and facility manages the building. Rather like you building a car and going on to maintain it.'

This quotation from John appears similar to Jantunen et al. (2005) who found that an entrepreneurial firm created opportunities through their actions. However, this study was not set in the same context as this thesis. To take advantage of these opportunities, the firm would often need to reconfigure their resource bases, and dynamic capabilities were the enabling mechanisms for doing this. This finding also reveals similarities to that of Schumpeter's (1950) notion of creative destruction. The term *creative destruction* was coined by Schumpeter (1950: p. 83) to denote a "process of industrial mutation […] that incessantly revolutionises the economic structure from within, incessantly destroying the old one, incessantly creating a new one." More recently, scholars (see for instance Chandy and Tellis, 1998; Velu and Stiles, 2013) have used the term *cannibalisation* to describe the adoption of new value propositions, which, in turn, reduces the value of a firm's existing assets and routines. In the context of the focal OBM, the notion of cannibalisation was evidenced by the creation of new product/service value propositions by Builder in partnership with Inbound and Buyer whilst reducing the firm's existing product-only value propositions. This finding, relating to the creation of new product/service value propositions by Builder in partnership with other stakeholders, is similar to Velu and Jacob (2016) who found the presence of entrepreneurial practitioners in firms enabled the adoption of radical BM innovation. According to Velu and Jacob (2016), innovation required entrepreneurial practitioners to connect with various stakeholders to effect the transformation of a firm's existing assets and routines to create the product/service value propositions and these entrepreneurial practitioners enabled the creation of more effective connections. This was a result of a more holistic understanding of both the business and its

platform ecosystem by these practitioners. However, this study was set in a different context to this thesis.

According to Williams (2013), boundary spanners are sometimes characterised by their ability to engage with other practitioners by the deployment of effective relational and inter-personal capabilities which is motivated by a need to acquire an understanding of people and firms outside their own firms and industry sectors (Williams, 2013). In the following quotation, John (CEO, Builder) describes one of his inter-personal capabilities using the term *maverick*, a dynamic capability:

> 'The entrepreneur is fundamental to growing the business and they grow the business in a certain way does an entrepreneur. These guys don't grow the business incrementally, these guys leap and go where angels fear to tread... they are mavericks.'

In this quotation, John's use of the phrase *leap and go where angels fear to tread* and the metaphor *maverick* conjured up an image to myself of somebody who was unorthodox in nature and one that refused to abide by the rules of, or resisted adherence to, a group. DeLeon (1996) who, like Builder's CEO, also evoked an image of entrepreneurs as mavericks who brought together problems and solutions not otherwise achieved by other practitioners also discusses the entrepreneurial capabilities of such boundary-spanning practitioners. However, this finding was set in a different context to this study. Builder's CEO also appeared to evidence a paternalistic leadership style. Erben and Guneser (2008) found that, with this style of leadership, the leader offered complete concern for the practitioners he employed. In return, the leader received the complete trust and loyalty of his practitioners and the relationship between these practitioners and their leader were extremely solid. In the following quotation, John (CEO, Builder) comments on his paternalistic leadership style:

> 'I am very aware of our obligations towards treating our employees with care and respect. […] Staff retention is very important to me. If someone resigns or is headhunted for instance, and they are offered a couple of thousand quid [colloquial: pounds] more… I will often match it… or may be better it in order to keep them… that person with us.'

In this quotation, John appeared to evidence reverence for his practitioners by promoting a culture of care and respect. This finding, relating to Builder's CEO's reverence for his practitioners, is similar to Erben and Guneser (2008) who found that a characteristic of the paternalistic leader was to treat his practitioners like a metaphorical *family* whereby these practitioners were able to go to each other with any problems because they understood the outcomes would be beneficial. According to Erben and Guneser (2008), the paternalistic leader works by acting as a metaphorical father figure by taking care of their practitioners in the same way a parent would. However, this study was set in a different context to this thesis.

In addition to Builder's CEO, the firm's boundary-spanning directors of its various sub-divisions, who were seen as the principal practitioners involved the day-to-day management of the firm, displayed further the notion of *openness*. These practitioners displayed the existence of more ordinary capabilities to lead teams of people and to co-ordinate other activities and resources. Although strategy work is mainly associated with the ideas of practitioners at the highest level of the firm, the roles of practitioners at the lower-ranking levels should not be ignored (Balogun and Johnson, 2004; Whittington, 2007).

Key finding 24: Boundary-spanning practitioner ordinary capabilities are indicative of the existence and absence of openness within the focal OBM.

Key finding 25: Boundary-spanning practitioner ordinary capabilities are also indicative of the existence of open innovation within the focal OBM.

In the following quotation, John (CEO, Builder) comments on the firm's requirement for such practitioners:

> 'In addition to the entrepreneur who leads the business, you also need what I call the 'professional practitioner'... you know if you form an electrical company you have an electrician... you don't form it with an accountant do you?'

In the following quotation, Charlotte (Manager, Builder) appears to corroborate the view of her CEO:

> 'Our business units are led by professionals… leaders and as part of leadership you need to have good inter-personal skills… communication and social skills. These people are dealing with people… you know, staff, sub-contractors, suppliers… [Inbound], [Buyer] and so on.'

In these quotations, both John and Charlotte appeared to support that, in addition to the firm's leader, Builder also employed senior-managerial-level practitioners to lead the individual business units. These practitioners, typically professionally qualified practitioners, displayed interpersonal ordinary capabilities such as assertiveness, communication, decision-making, listening, negotiation and problem solving. These findings appear to be supported by Williams (2013) who found that boundary spanners were typically graduate-calibre practitioners able to demonstrate planning and co-ordination capabilities with the ability to work in teams or groups.

Respondents from Builder also reported the firm's middle-managerial-level practitioners were seen as important to the operation of the firm. These practitioners highlighted the possession of ordinary capabilities in terms of the delivery of professional services to both Builder and Buyer. In the following quotation, John (CEO, Buyer) comments on this middle-managerial-level boundary-spanning practitioner:

> 'You also need what I call the 'profit mechanic'… that's the person who interprets the goods and services that the entrepreneur is expert at creating and delivering... someone who does the biz [colloquial: business] and someone who keeps them straight.'

Semantically, John's use of the term *profit mechanic* appeared to indicate the administrative nature of this role. In the following quotation, Charlotte (Manager, Builder) explains how Builder's boundary-spanning middle-managerial-level practitioners appeared to evidence the existence of certain ordinary capabilities:

> 'As I said earlier, our professional services teams regularly work with [Buyer]… our finance, HR, IT guys and so on. Our people often go down there and… work with the team there.'

In these quotations, both John and Charlotte appeared to support that Builder's boundary-spanning middle-managerial-level practitioners were engaged primarily in the delivery of professional services for both Builder and Buyer. These practitioners, in particular, displayed functional skills or capabilities such as those found in the professional areas of finance, health and safety, human resources, information technology, project management, procurement and public relations and communications. John and Charlotte also appeared to confirm that, in addition to Builder's CEO, the firm's boundary-spanning senior- and middle-managerial-level practitioners also evidenced higher interdependency and *openness* with Buyer.

Inbound's CEO also evidenced the possession of dynamic capabilities. In a similar finding to Builder, Inbound's CEO also accepted the label of an entrepreneur, albeit initially reluctantly. In the following quotation, Michael (CEO, Inbound) elucidates further on his initial reluctance to this entrepreneurial label:

> 'People talk about what is an entrepreneur and that's a very interesting subject on its own... but I don't describe myself as an entrepreneur but other people would do. I guess on the basis that I run my own business, I must be an entrepreneur.'

In this quotation, Michael, as Inbound's CEO, appeared to introduce a dynamic capability. Michael confirmed that he considered himself an entrepreneurial practitioner, in particular, an entrepreneurial practitioner that saw an opportunity and was willing to take risks in the expectation of making profits with the opportunities that took place in the platform ecosystem. Dynamic capabilities were also concerned with the capacity to create a resource base. In a similar finding to Builder, Inbound's CEO was also seen as the principal practitioner responsible for the creation of a resource base in ways that other types of practitioners could not have achieved by converting a new business idea into a successful venture due to his readiness to take risks. I argue again that such a balance between opportunism and risk tolerance can be seen also as the micro-level foundations of dynamic capabilities across the clusters of practices for sensing, seizing and transforming (in the terms used by Velu, 2017). The notion of *openness* was displayed by the creation of the firm, which also involved the creation of boundary-spanning relationships with Builder. Inbound's CEO invented a new and innovative business concept that involved the

establishment and subsequent growth of a de-centralised branch network of separately owned and managed branch businesses. An individual senior-managerial-level branch director managed each branch. This practitioner also held an equity stake in the business to drive each branch business forward. This finding, relating to the opportunistic and risk-taking capabilities of Inbound's CEO, is similar to scholars (see for instance Covin and Lumpkin, 2011; Lumpkin and Dess, 1996) who found that entrepreneurial practitioners typically displayed innovative and risk-taking propensities. However, these studies were not set in the context of a cross-industry and cross-sectoral (public-private) OBM. In addition to Inbound's CEO, these branch directors *also* displayed entrepreneurial capabilities. These practitioners evidenced the existence of more ordinary capabilities to lead teams of people and to co-ordinate other activities and resources. In the following quotation, George (Senior Manager, Inbound) comments on the capabilities of the firm's branch managers: 'They are entrepreneurs, they are hungry to find new customers, they are hungry to make sales… drive the sales, hungry to make sales as profitable as they can.' This quotation from George appeared to confirm that he viewed the firm's branch directors as entrepreneurs. Linguistically, this quotation from George relating to the consistent use of the term *hungry* also appeared to indicate the firm's branch directors evidenced highly motivational capabilities with a high level of determination to achieve success. In particular, one of these branch directors displayed a boundary-spanning relationship with Builder. The senior-managerial-level branch directors employed by Inbound were hired because of their experience managing other firms in the same industrial sector as Inbound. However, unlike Builder and Inbound's CEOs, the branch directors employed by Inbound were not required to tolerate risk and therefore these practitioners did not evidence the risk-taking propensities commonly associated with entrepreneurial actors. In the following quotation, Michael (CEO, Inbound) comments on the lack of risk-taking capabilities of the firm's branch directors:

> 'They [the branch directors] want to have lots of input into the running of their branch so that's all part of our flexibility in helping them to fulfil their ambitions which is to run their own business but actually not take all the risk because actually there's no risk to them because they haven't got their branch on the line... sorry they haven't got their cash on the line. All the risk is ours.'

In this quotation, Michael explained that all of the risk related to the operation of the firm's de-centralised network of branches was borne centrally by the firm. In this finding, Michael appears also to suggest that, despite being referred to by the term *entrepreneur* by some respondents; the entrepreneurial capabilities of these practitioners appeared to be semantically different to the entrepreneurial capabilities of both Builder's CEO and Inbound's CEO. In the following quotation, Richard (Manager, Inbound) elucidates on the essential skill-sets required by the firm's senior-managerial-level branch directors:

> 'They need to have strong leadership skills… someone who can set goals, set strategies and expectations. They need an understanding of business so can make sound business decisions… industry knowledge would help but is not essential. […] Good inter-personal skills are important to build and manage the relationships with our customers as well as build a team of competent employees.'

In this quotation, Richard suggested the firm's branch directors were required to demonstrate ordinary capabilities that included both strong business acumen and inter-personal skill-sets. However, in the following quotation, George (Senior Manager, Inbound) questions the generic use of the term *entrepreneur* by his CEO in the context of describing the capabilities of the firm's branch directors:

> '[Inbound's CEO] calls them entrepreneurs… they're not entrepreneurs in the truest sense of the word… but let's call them entrepreneurs for a minute... and if you've got entrepreneurs on my left hand and on my right hand you've got employees, we want our people over there [left hand]. What I think tends to happen is the unsuccessful ones migrate back to feeling like employees, they draw their salary every month, they still have their company car and they maybe give up on the opportunity of making dividends because they can't see that they will ever achieve it.'

In the following quotation, Thomas (Senior Manager, Inbound) also cautions on the generic use of the term *entrepreneur* by the firm's CEO in the context of describing the capabilities of the firm's branch directors: 'The [branch directors] are a mix of people, some who are entrepreneurial and some who are not so... not everyone has an entrepreneurial vision.' In these quotations, George and Thomas appeared to question their CEO's generic use of the term *entrepreneur* because not all of the firm's branch directors displayed entrepreneurial capabilities. These findings are similar to Mitchelmore and Rowley (2010) who found that

whilst entrepreneurial practitioners tended to be associated with new venture creation and small business management, not all owner-practitioners could be regarded as entrepreneurs, nor were all small businesses entrepreneurial. However, these findings were set in a different context to this study.

Inbound's CEO also appeared to evidence a democratic leadership style. A democratic style of leadership has gained popularity with notions of an empowered workforce (Foster, 2002). According to Foster (2002), the democratic style of leadership consists of the firm's CEO sharing decision-making practices with certain practitioners. Such strategic decision-making practices were evidence of a dynamic capability in Inbound in which the firm's practitioners combined their various levels of expertise to make the choices that shaped the major strategic decisions of the firm. In the following quotation, Michael (CEO, Inbound) comments on his democratic leadership style:

> 'Whilst we're all in this together, by devolving and empowering our branch directors to run their own branches… their own businesses, what I'm saying is look I want the same thing as you... I want you to make as much profit as possible and it's in their interests to do that because if their branch does better… they, they earn more money. That then leaves me and the team here to concentrate on decisions like strategy and the quality of the deals we do with our suppliers... with their input as well.'

In the following quotation, George (Senior Manager, Inbound) also discusses the empowerment of the firm's branch directors to make decisions about the operation of their branches:

> '[Inbound's CEO] is still in charge of the company and whilst all of us here support the branches, the [branch directors] themselves are empowered… I mean have an awful lot of autonomy to make their own decisions about the running of their branches. For example, this autonomy extends to our [branch directors'] relationships with [Builder]'.

These respondents provided two perspectives of their CEO's democratic style of leadership. Whilst the firm's CEO was in overall control of the firm, this practitioner also empowered the firm's branch directors with the decision-making autonomy to manage their own

branches. In return, the CEO benefited from the combined expertise of these branch directors as part of the firm's strategic decision-making processes.

In addition to Inbound's CEO and branch directors, respondents from Inbound also reported the firm's middle-managerial-level practitioners were seen as important to the operation of the firm. These practitioners evidenced the possession of ordinary capabilities in terms of the delivery of professional services to Inbound. However, these practitioners did not evidence any boundary-spanning roles. In the following quotation, George (Senior Manager, Inbound) comments on this middle-managerial-level practitioner:

> 'The roles of our department heads are central to [Inbound]. They're good at making decisions about the allocation of expenditure… you know like the purchasing of our stocks, employment of our people, hiring our kit [colloquial: mechanical plant and equipment] and so forth.'

In the following quotation, Richard (Manager, Inbound) discusses the middle-managerial-level practitioner further:

> 'We have a team of professional people based centrally to support our branch personnel… basically these people look after our finance, HR, purchasing, marketing and IT functions. Each of these teams is led by a department head.'

In these quotations, Michael, George and Richard all highlighted the firm's centrally based practitioners, who typically specialised in disciplines such as finance, human resources, information technology, marketing and procurement, were seen also as the principal actors involved the operation of the firm. In addition to the firm's centrally based middle-managerial-level practitioners, the firm's branch-based counter sales teams also displayed the possession of ordinary capabilities. In the following quotation, George (Senior Manager, Inbound) recognises the firm's success is supported by the capabilities of its locally based practitioners: 'We recognise that our success is down to our locally based people through their knowledge, skills, attitude and performance… they are our number-one asset.' Semantically, the use of the term *number-one asset* in this quotation from George appeared to indicate the high level of value placed on the firm's practitioners and the various capabilities displayed by these practitioners were an important factor that helped to contribute to the success of the firm. However, these practitioners lack of

boundary-spanning roles with Builder evidenced lower interdependency and lack of *openness* between the two firms.

Buyer's CEO further displayed the possession of dynamic capabilities. However, unlike Builder and Inbound's CEOs, whilst Buyer's CEO did not appear to accept the label of an entrepreneur, this practitioner did appear to evidence the possession of dynamic capabilities. In the following quotation, Emma (CEO, Buyer) highlights the *openness* and innovation within the focal OBM and discusses how she sees her role within the firm:

> 'I see my role as being responsible for ensuring delivery of… of all of [Buyer's] commitments as well as setting and maintaining the direction of the company with the board. This has included playing a leading role in developing partnerships with a range of public sector partners to identify innovative, achievable estates solutions.'

In the following quotation, Mark (Senior Manager, Buyer) highlights the innovative and opportunistic capabilities of the firm's CEO and stated:

> 'I think [Buyer's CEO] probably doesn't consider herself entrepreneurial but that's not to say she isn't innovative and looking for opportunities all the time, but she's doing it within the confines of the structure of the company as opposed to putting her own neck on the line.'

In these quotations, Emma did not appear to consider herself entrepreneurial. However, according to Mark, she did appear to evidence certain innovative and opportunistic capabilities. However, these innovative and opportunistic capabilities were confined to the LIFTCo's contractual form of governance. For example, in co-creating the focal OBM with Builder, both Buyer and Builder's CEOs created and developed new boundary-spanning relationships where value was co-created through the relationships and exchanges between Buyer and Builder, as well as other platform ecosystem practitioners. This finding, relating to the innovative and opportunistic capabilities of public sector practitioners, is similar to Williams (2013) who conceptualised three different roles and related capabilities for boundary spanners in public sector firms. For instance, whilst Buyer's CEO did not consider herself entrepreneurial, public sector practitioners can demonstrate capabilities

such as innovation and opportunism (Williams, 2013). However, this study was set in a different context to this thesis.

Under the terms of the PPP contract, Buyer and Builder were permitted only to operate within its local municipal authority partner's municipal boundary. Buyer's CEO overcame this localised constraint with the formation of a new firm. In a similar finding to Buyer, the new firm was also a PPP involving the NHS, which helped the firm to combine public sector expertise with private sector commerciality, but without the localised geographical constraint. Builder also became a partner in the new firm. In the following quotation, Mark (Senior Manager, Buyer) discusses the firm's rationale for wanting to expand but without the localised geographical constraint:

> 'We knew we were coming to the end of our pipeline of new building in [city-region]. We wanted therefore to create a vehicle to allow us to go outside of [city-region], offer, and undertake the same sort of work. So what we've done is… we have set up a new separate firm which has a similar but different shareholding.'

In this quotation, Mark further highlighted the existence of a dynamic capability by Buyer's CEO by the creation of a new PPP in response to a perceived business opportunity in the platform ecosystem, but without the localised geographical constraint. Furthermore, Roberts and King (1996) provide a seminal contribution on the notion of entrepreneurial public sector practitioners whom they describe as people who introduce, translate and implement an innovative idea into public practice. One respondent from Buyer explained the firm's current shareholders were content with the investments they had already made and the income they were generating, so were not interested in investing in the new firm. This therefore resulted in the creation of a different shareholding in the new firm compared with Buyer. Builder owned seventy per cent of the firm; CHP owned twenty per cent with the remaining ten per cent owned by Buyer's CEO. In the following quotation, Mark (Senior Manager, Buyer) comments on the shareholding in the new firm:

> '[Buyer's CEO] has taken a share in the new company to give her some interest and incentive… which is right given that she has driven most of this stuff forward.'

In this quotation, Mark appeared to confirm that a dynamic capability evidenced by Buyer's CEO was concerned with the ability to determine whether the firm was performing the right activities, and then effected necessary change, which resulted in the creation of the new public sector firm. This finding, relating to the innovative and risk-taking capabilities of Buyer's CEO, is similar to DeLeon (1996: p. 497) who evoked the capabilities of public sector practitioners as innovators, where innovations were not necessarily new but could be a creative re-packaging of existing ingredients, and risk-takers who "have keen ears to hear opportunity knocking." However, this finding was set in a different context to this study. I argue again that such a balance between opportunism and risk tolerance can be seen also as the micro-level foundations of dynamic capabilities across the clusters of practices for sensing, seizing and transforming (in the terms used by Velu, 2017).

In comparison to Builder and Inbound, Buyer's organisational structure was flat and employed few people due to its close boundary-spanning relationships with Builder. An example of the notion of *openness* was displayed by the close working relationship between Buyer and Builder; two members of Builder's board were represented also on the board of Buyer. This close working relationship appeared to indicate a democratic style of leadership within the firm. This democratic style of leadership was manifested by an open approach to leadership, where decision-making was shared between Buyer and Builder within the focal OBM. According to Foster (2002), the democratic style of leadership consists of the leader sharing the decision-making abilities with group members rather than to concentrate it by promoting the interests of the group members.

In addition to Buyer's CEO, the firm's practitioners at the senior- and middle-managerial-levels were seen as important to the operation of the firm. These practitioners were, typically, property management and development professionals who displayed the possession of ordinary capabilities in terms of the management of the PPP contract with Builder. In the following quotation, Mark (Senior Manager, Buyer) highlights the firm's boundary-spanning practitioners' developmental roles with Builder: 'We're a small team of property people… business development people... we talk to the people at [Builder] just about every day. Even though they don't all realise it, they're doing business development every day.' In the following quotation, Natalie (Manager, Buyer) provides an example of

the boundary-spanning practitioners' developmental roles with Builder in the context of cross-sectoral innovation:

> 'Our staff… we're busy innovating all the time. For example, in the health centres, we're working with [Builder] and looking to develop space utilisation. We're trying to understand how well used they are.'

In these quotations, both Mark and Natalie appeared to confirm that, in addition to Buyer's CEO, the firm's boundary-spanning senior- and middle-managerial-level practitioners also evidenced higher interdependency and *openness* with Builder. These practitioners were engaged mainly with developmental roles with Builder.

6.2.4.3 SUMMARY OF THE SECTION

The notion of dynamic capabilities involves a firm's CEO creating and/or transforming firms and who can add value through their organisation of resources and opportunities. A central practitioner type identified in this was the boundary-spanning practitioner. In co-creating the focal OBM, Builder's CEO displayed certain entrepreneurial capabilities by the creation and development of new boundary-spanning relationships with Inbound and Buyer where value was co-created through the relationships and exchanges between the three firms. This finding highlighted the existence of certain dynamic capabilities within the focal OBM. The repeated open practices displayed by the practitioners of the three firms presented appeared to be important learning mechanisms for the development of dynamic capabilities. To return to the key findings presented in this section, I have advanced the thesis in this section by the discovery that various boundary-spanning practitioner dynamic and ordinary capabilities contribute to the existence of openness and open innovation within the focal OBM. Thus, I consider the notion of practitioners and their capabilities to be important to form a value creation domain of the focal OBM. I have advanced the thesis in this section by the discovery of the importance and distributed nature of both boundary-spanning private-sector practitioners and public-sector practitioners among the actors within the focal OBM. Whilst the primary role of boundary spanners is concerned with working within collaborative multi-firm and multi-sectoral contexts (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Williams, 2013;

Zhao and Anand, 2013), such studies have not been set in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. I discovered the practices of these boundary-spanning practitioners through their dynamic and ordinary capabilities. I have advanced our understanding of the capabilities of boundary-spanning practitioners and build on the work of Davies et al. (2006, 2007), Hobday et al. (2005), Jacobides and MacDuffie (2013), Noble and Jones (2006) and Williams (2013) through its application to the focal OBM, in practice. I conclude the focal OBM *needs* dynamic capabilities, ordinary capabilities, open innovation and open practices to exist.

I present the findings related to how the three firms captured value through their cross-industry and cross-sectoral (public-private) relational-based contracts next.

6.2.5. VALUE CAPTURE THROUGH RELATIONAL-BASED CONTRACTS

Bowman and Ambrosini (2000) found the notion of value capture, defined as the *realisation* of exchange value, was realised by the bargaining relationships between customers and supplier firms. Chesbrough (2006) found that, in the context of OBMs, greater value capture could be realised by using key assets or resources, not only in the firm's own business, but also in the businesses of other firms. Buyer was responsible for delivering the NHS LIFT PPP in the city-region by implementing a governmental policy to invest in, build and manage health care and social care facilities that aimed to improve the overall quality of the primary care estate in the city-region. This governmental policy was achieved by the creation of a SPV firm, a LIFTCo. The LIFTCo was able to create, co-create and capture value under the terms of a PPP contract entered into by Buyer and Builder, as well as other platform ecosystem actors, which provided the LIFTCo with guaranteed regular, long-term revenue streams underwritten by the UK government.

In particular, this PPP contract enabled Builder (as the majority shareholder in the LIFTCo) through the notion of systems integration to capture value through guaranteed regular, long-term revenue streams. These revenue streams were derived from property rentals and facilities management income related to the various properties the firm had developed under the NHS LIFT PPP in the city-region. As discussed earlier in this chapter, a feature

with the NHS LIFT PPP was the use of standardised documents such as the lease-plus agreement to document the property owner and tenant relationship. According to Ehret et al. (2013), value capture lies in the domain of pricing, in other words, the process of retaining some financial percentage of the value provided during an exchange. Builder also captured value through lease-plus agreements, which provided for annual upwards only rent reviews. One respondent explained that, under the NHS LIFT PPP, property rental income was indexed annually in line with the Retail Price Index (RPI) whereas in conventional leases, increases in property rental charges were typically carried out at three yearly intervals and were affected by the cost of maintenance, repair, and market rental values. Builder also captured value based on the financial internal rates of return achieved on the firm's capital that it invested in the various property developments under the NHS LIFT PPP. The capital costs associated with the investment in the firm's properties under the NHS LIFT PPP were spread over a twenty or twenty-five-year period. One respondent explained the firm did not have a fixed internal rate of return, but that a rate of return of fifteen per cent was common. This rate of return was compared to a rate of return under ten per cent for traditional third party developments. According to Dawson (2001), a fifteen per cent rate of return is considered standard for a low-risk, privately financed project. Builder also captured value through the cost savings achieved using energy efficient building management systems that had been designed into its various business unit projects. Inbound was able to capture value under the terms of a construction materials supply contract entered into by the firm with Builder as well as under the terms of construction materials supply contracts entered into by the firm with municipal authorities and private sector firms situated within the platform ecosystem which provided guaranteed regular, long-term revenue streams. One respondent explained the firm's largest customers were four co-located caravan manufacturers, which accounted for over six per cent of the firm's revenue. Inbound also captured value through the cost savings achieved using energy efficient transportation management systems deployed on the firm's fleet of delivery vehicles.

6.3 CHAPTER SUMMARY

In this chapter, I presented the findings from the data collection and analysis phase of the study related to the three firms, namely Builder (the hub firm), Inbound (the supplier firm)

and Buyer (the customer firm), as embedded units of analysis, that formed the focal OBM case study. In particular, the presentation of the findings respected each of the aspects of my conceptual framework's intra-organisational factors, inter-organisational factors, extra-organisational factors and practitioners and their capabilities value creation domains against the two outcomes of value co-creation and value capture. During the data collection and analysis phase of the study, it became evident that a central practitioner type was the boundary-spanning practitioner. I presented the findings by adopting a strategy-as-practice perspective, where strategy practitioners were regarded as the link between the situated praxis in a firm and the micro-level practices that existed at the intra-, inter- and extra-organisational levels. In the findings, I exposed the multi-level relational interplay between practices, praxis and practitioners. The notion of collaboration formed an important inter-organisational feature of the three firms. The findings also contained many explicit notions of both spatial and non-spatial dimensions of proximity, which I presented as organisational proximity, geographical proximity and social proximity.

In the next chapter, I present the conclusions to the study in relation to the three research objectives.

CHAPTER SEVEN

CONCLUSIONS

7.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
Chapter Five.	Introduction to the focal open business model case study
Chapter Six.	Presentation of findings
Chapter Seven.	Conclusions
Chapter Eight.	Contributions, further research and reflections
	Current position in the thesis shaded

Figure 7.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this chapter is to present the conclusions to the study in relation to the three research objectives. In the conclusions chapter, I respect each of the aspects of my conceptual framework's intra-organisational factors, inter-organisational factors, extra-organisational factors and practitioners and their capabilities against the two outcomes of value co-creation and value capture. Finally, I present a summary of the theoretical concepts that form the multi-level focal OBM in practice.

7.2 CONCLUSIONS IN RELATION TO THE RESEARCH OBJECTIVES

In recent years, business models (BMs) have attracted increasing attention from a variety of academic disciplines and areas of professional practice. Partly driving this increasing attention were the opportunities for the then new internet-based firms established during the dot-com era of the late 1990s and their need to explain to potential stakeholder actors how they planned to create and capture value. However, a number of scholars identified that there was no commonly accepted understanding of what a BM should consist of. Whilst some scholars have offered definitions of BMs, practitioners do not appear to have fully

accepted these. Although common components were described in several conceptualisations of BMs, the composition of the whole set of components varied widely and there appeared to be confusion about how these components jointly shaped the BM concept. Furthermore, existing studies appeared to provide only *single-level* insight into BMs. The BM literature appeared to be consolidating, and a growing community of scholars emerging in various fields, were beginning to anchor the BM concept in various theoretical frameworks. For instance, in industrial marketing (IM) literature, implicit in discussion of BMs was that whilst *closed* BMs focused on *internal* processes and design of infrastructure that enabled firms to create and capture value, *open* BMs, on the other hand, focused on the creation/co-creation and capture of value between actors *outside* the boundaries of a single firm. However, the question as to how value was created/co-created and captured in the interplay between actors who collaborated to develop *solutions*, appeared largely unexplored. Implicit in discussion of BMs was they also hold the promise of elucidating the networked nature of the creation/co-creation and capture of value, but *multi-level* insight into open business models (OBMs) appeared lacking. Whilst research has shown the potential of opening up BMs, it currently lacked a consistent theory and research framework to analyse these models. Furthermore, substantial conceptual developments in BM literature have not been translated into the notion of strategic practice and ideas about how practitioners could use BMs and achieve open innovation appeared to be confusing and often contradictory. This confusion appeared to have taken the focus away from proper dialogue on key questions such as practitioner identity and capabilities as well as their open practices and situated praxis. In addition, only a limited body of research examined the work of boundary-spanning practitioners involved in organisational change processes. The question of the identity and role of these boundary-spanning actors in the context of BMs appeared to be a significant lacuna and just as significant an opportunity for scholars to open up new avenues of research.

In order to address the research problem, I stated the following three research objectives:

Research objective one

To provide an account of an OBM as strategic practice. More specifically:

a) What is *open* about OBMs?

Research objective two

Building on a practice perspective, to present an analysis of an OBM as a multi-level phenomenon. More specifically:

a) How internal factors affect openness (intra-organisational level).

b) What elements of inter-firm interaction affect OBM functionality (inter-organisational level)?

c) How the OBM's embeddedness in its external (ecosystem) context affects OBM functionality (extra-organisational level).

d) How personal (capability) factors underpin OBM functionality (actor level).

NB: I will explore functionality in terms of value capture and value creation/co-creation.

Research objective three

To gain an understanding of a solutions-based OBM context that crosses industry and sectoral boundaries.

NB: The case is set in a construction industry context in one of the Department of Health's National Health Service (NHS) Local Improvement Finance Trust (LIFT) public-private sector partnerships (PPPs) in a city-region situated in the North of England.

I present the conclusions in relation to the three research objectives in the context of my twenty-five key findings next.

The empirical setting for the study was centred on three firms that formed a single (focal) cross-industry and cross-sectoral (public-private) solutions OBM (focal OBM). In the findings presented in this thesis, I have responded to the call by Jaakkola and Hakanen (2013) who argued the creation/co-creation and capture of value in the interplay of relationships between actors collaborating to develop solutions was largely unexplored. In particular, the three firms, which comprised a lead (hub) firm, a supplier firm and a buyer firm, formed a supply chain through from upstream supplier to downstream end user which took in and considered a public and private sector downstream dyadic, a vertical upstream supply chain buyer-supplier dyad as well as the broader strategic network and business ecosystem contexts of the three firms in a solutions provision arrangement. The head offices of the three firms were geographically co-located. The first private sector firm, Builder, acted as the hub firm. The second private sector firm, Inbound, acted as the supplier firm, occupied an upstream position in Builder's supply chain whilst the public sector firm, Buyer, acted as the buyer firm, occupied a downstream position in Builder's supply chain. Builder was a family-owned property development, property management and retail business based in the North of England. Inbound was a family-owned business founded as an independent building supplies firm based in the North of England. Builder's transactions with Inbound took place within a single (construction) industry context. Buyer was a partnership between the public and private sectors responsible for delivering the NHS LIFT PPP in a city-region in the North of England. In particular, Buyer was responsible for delivering the NHS LIFT PPP in the city-region by implementing a governmental policy to invest in, build and manage health care and social care facilities that aimed to improve the overall quality of the primary care estate in the city-region. This governmental policy was achieved by the creation of a SPV firm, a LIFTCo. The LIFTCo was able to create, co-create and capture value under the terms of a PPP contract entered into by Buyer and Builder, as well as other platform ecosystem actors, which provided the LIFTCo with guaranteed regular, long-term revenue streams underwritten by the UK government. The broader strategic network context of Builder's OBM crossed multiple industry boundaries and the exchanges between Builder and Buyer crossed a sectoral boundary between public and private sectors. I argued the focal OBM actually formed a *regional* strategic network (in the terms used by Eklinder-Frick et al., 2011, 2012; Hallen and Johanson, 2009), a

network that also formed part of a multi-level, *national* platform ecosystem (Frow et al., 2016; Gawer, 2014; Iansiti and Levien, 2004).

The precursor to Builder being able to create, co-create and capture value within the focal OBM was because of the public-private sector partnership-based contract entered into with Buyer under the NHS LIFT PPP in the city-region. In particular, this PPP contract enabled Builder (as the majority shareholder in the LIFTCo) through the notion of systems integration to capture value through guaranteed regular, long-term revenue streams. These revenue streams were derived from property rentals and facilities management income related to the various properties the firm had developed under the NHS LIFT PPP in the city-region, therefore these practices in relation to contract attainment and maintenance were considerable value-capturing practices. More arms-length/transactional examination of OBMs may assume a simple cost/benefit assessment as play, which findings here refute. In particular, this PPP contract enabled Builder to capture value through an exclusivity clause giving the firm the exclusive right to construct all primary care properties for the city-region's Clinical Commissioning Group (CCG). I contended the hub firm was actually a *platform leader* (Adner, 2017) in this *regional* strategic network. Essentially, Builder appeared to be an OBM innovator rather than a technology innovator. Inbound was able to create, co-create and capture value within the focal OBM under the terms of a construction materials supply contract entered into by the firm with Builder as well as under the terms of construction materials supply contracts entered into by the firm with municipal authorities and private sector firms situated within the platform ecosystem which provided guaranteed regular, long-term revenue streams. There would appear to be an interesting interplay here between relational and transactional governance, and the findings have displayed the inter-organisational interaction that led to the securing of these contracts, and the practices that continue to justify their existence. This PPP contract and the construction materials supply contract also provided both Builder and Inbound with guaranteed regular, long-term revenue streams, therefore these practices in relation to contract attainment and maintenance were considerable value-capturing practices. More arms-length/transactional examination of OBMs may assume a simple cost/benefit assessment as play, which findings here refute. I further argued that this consortium appeared to provide an example of a platform for OBM *innovation* situated around an industry ecosystem. To re-iterate,

industry platforms are technological building blocks that act as a foundation on top of which a group of interdependent firms (called an industry ecosystem) collaborate to develop a set of inter-related products/services (Adner and Kapoor, 2010; Gawer, 2014; Moore, 1993).

I present the conclusions drawn from the first value creation domain, intra-organisational factors that support the focal OBM, next.

7.2.1 INTRA-ORGANISATIONAL FACTORS

I visualised intra-organisational factors as those factors within a *single* firm that specifically *supported* the focal OBM. The notion of organisational culture emerged as a recurring intra-organisational feature of the three firms. The three firms that formed the focal OBM each had their own distinctive organisational cultures. These cultures were established in Builder and Inbound by their founding CEOs and established in Buyer by the PPP contract. However, the notion of organisational culture in BM literature appeared to be an under-researched area. In varying degrees, a notion of *openness* also resonated with the three firms and formed an intuitive way for their practitioners to understand value creating practices. The above finding alluded to the fact the collective beliefs, principles and values of firm members could be arranged into five within-case thematic factors which I termed *open attitudinal practices, open recruitment practices, open development and recognition practices, open empowerment and inclusion practices*, and *other open practices*, all of which displayed value-creating practices and praxis. I argued these various practices were actually *open practices* (in the terms used by Hautz et al., 2017).

A common theme displayed among the practitioners of the three firms was the adoption of various attitudinal practices. Builder's various value creating attitudinal practices appeared to be about creating a culture of *openness* in the firm where everyone had ownership and responsibility for doing the right thing, because it was the right thing to do. In particular, those attitudinal practices appeared to have been incorporated as an established open mind-set of practitioner attitudes into its culture. This culture of *openness* appeared to be about both creating shared company values and then translating these values into shared

practitioner attitudes. These shared practitioner attitudes, arguably, reflected a set of values held by the firm's CEO and other members of the senior team that was so established that it created a powerful incentive within these practitioners to continue to adopt or accept prior attitudes. The culture of *openness* between Builder and Buyer was evidenced by the adoption of Builder's attitudinal practices by Buyer. However, the lack of *openness* between Builder and Inbound was displayed by the adoption of alternative shared company values by Inbound. A further common theme displayed among the practitioners of the three firms was the adoption of various value creating recruitment practices. The three firms all endeavoured to recruit practitioners from their co-located communities and only recruited from beyond these communities when suitable candidates could not be sourced locally. Builder also supplemented its core practitioner headcount with sub-contracted practitioners. These sub-contracted practitioners were also recruited locally. The three firms evidenced different interview practices. Builder and Buyer offered extended interviews that sought to recruit practitioners who were both capable individuals and sympathetic to the firm's open mind-set of attitudinal practices. Inbound sought also to recruit practitioners from its co-located communities and only recruited from beyond these communities when suitable candidates could not be sourced locally. The firm also recruited branch directors who had experience managing branches for competitor firms. These practitioners were attracted to Inbound by the firm's culture of *openness* whereby they were offered management autonomy, unlimited earnings potential and opportunities for equity stakes in the firm.

Another common theme displayed among the practitioners of the three firms was the adoption of various value creating development and recognition practices. Within the culture of *openness*, the practitioners of the three firms were recognised as their number-one asset and were rewarded with incentivised remuneration, training and development opportunities that led to the promise of structured career progression to reach their full potential. Because the practitioners of the three firms were recognised as their number-one asset, another common theme displayed among these practitioners was the adoption of various value creating empowerment and inclusion practices. Within the culture of *openness*, there was an absolute expectation for the practitioners of the three firms to put the customer first. As part of this customer-first expectation, the practitioners of the three firms were empowered with varying degrees of delegated responsibilities to make their own

decisions in order to solve problems and resolve conflict. However, there seemed to be a consensus among respondents that Builder and Buyer had very different value orientations, incentives and motivations for being involved in the PPP. Buyer was characterised as being motivated by the opportunity to develop a range of innovative health care and social care solutions for their co-located communities in the city-region. Builder, on the other hand, seemed motivated primarily by the opportunity to make a profit with the implication the interests of its shareholders would take precedence over the needs of its co-located non-business communities. Notwithstanding the differences in culture discussed above, there was a broad consensus among respondents that, although public and private interests differed, they could be aligned in the pursuit of developing high quality health care and social care facilities in the city-region, which would benefit its co-located communities. The ambition of the three firms was to aspire for various degrees of collaboration, sharing both risk and reward, within the focal OBM. However, in practice, the relationships appeared positioned closer to segregation with none of the three firms demonstrating a full integration of organisational cultures. Thus, I considered the notion of organisational culture to be important and a culture of *openness* formed a value creation domain of the focal OBM. In particular, the findings built on the work of BM scholars including Morris et al. (2005), and Thompson and MacMillan (2010) who both emphasised the importance of organisational culture in shaping BM design. I conclude, therefore, the existence of cultures of *openness* were indicative of the *foundation* of the focal OBM, in practice.

I present the conclusions drawn from the second value creation domain, inter-organisational factors that support the focal OBM, next.

7.2.2 INTER-ORGANISATIONAL FACTORS

I visualised inter-organisational factors as those factors that existed *between* the boundaries of the three firms. The notion of organisational proximity emerged as a recurring feature of the three firms that formed the focal OBM. However, organisational proximity has not yet been studied in the context of cross-industry and cross-sectoral OBMs. From the findings, I discovered how the value co-creating practices of the three firms were enmeshed in a complex network of collaborative relationships along a continuum of varying degrees of

complexity that ranged one-dimensionally from informal co-operation to formal collaboration, which reflected the intensity of the interaction between the three firms. I argued these various practices were actually *open practices* (in the terms used by Hautz et al., 2017). However, whilst higher interdependency and *openness* were apparent between Builder and Buyer, lower interdependency and lack of *openness* were evident between Builder and Inbound. In particular, the degree of formality of the various relational exchanges between the three firms was displayed in the language used by their practitioners. Semantically, respondents from Builder and Buyer preferred to use the more formal term *partnership* as an adjective, whilst respondents from Inbound preferred the more informal term *relationship* as an adjective.

Organisational proximity enabled the optimisation of collaborative knowledge-based practices within the focal OBM. The precursor to collaboration between Builder and Buyer appeared to have been established under the terms of the PPP contract entered into by the two firms under the LIFT programme. In particular, the PPP contract granted exclusivity to Builder to construct and facilities manage a number of health care and social care facilities in the city-region over a period of twenty-five years, using a standardised procurement process, subject to best value for money operational practice. There appeared here to be an interesting interplay here between relational and transactional governance, and a number of respondents' comments evidenced the interaction that led to the securing of this exclusive contract, and the practices that continued to justify its existence. This PPP contract provided the firm with guaranteed regular, long-term revenue streams, therefore these value co-creating practices in relation to contract attainment and maintenance were considerable value-capturing practices. More arms-length/transactional examination of OBMs may assume a simple cost/benefit assessment as play, which findings here refute. This sharing of financial risk with reward provided an example of open innovation within the focal OBM. The precursor to collaboration between Builder and Inbound appeared to have been established under the terms of the construction materials supply contract entered into by the two firms. This contract enabled Inbound to capture value within the focal OBM. Collaboration was also exhibited by the co-location of Buyer's head office within Builder's head office premises. A value co-creating practice displayed by Buyer was concerned with the provision of all of Buyer's administrative support services, which consisted of the areas

of finance, health and safety, human resources, information technology, and public relations and communications, provided by Builder as surrogates. This practice replaced the need for Buyer to provide either these support services itself or to outsource these support roles from a third party supplier. In particular, the findings built on the work of Mason and Chakrabarti (2017) through the application of organisational proximity to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I argued also that the findings contributed to understandings of organisational proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice.

A key practitioner identified in the interaction within the focal OBM was the boundary-spanning practitioner. Particular examples of such boundary-spanning practitioners were found within Builder's finance, health and safety, human resources, information technology, and public relations and communications functions. These boundary-spanning practitioners worked from Buyer's head office at various times of the year, on a part-time basis. A further example of higher interdependency and *openness* between Builder and Buyer was evidenced by Buyer who replicated many of Builder's administrative practices particularly in the areas of finance, health and safety, human resources, information technology, and public relations and communications. This higher interdependency and *openness* between Builder and Buyer appeared, therefore, to point to the existence of collective bridges between the two firms. However, in contrast to the interaction between Builder and Buyer, there was much less evidence of the collaborative exchange of knowledge-based practices displayed by the practitioners of Inbound. These practices appeared to be much more infrequent than that evidenced between Builder and Buyer. For instance, lower interdependency and lack of *openness* displayed between Builder and Inbound consisted of occasional collaborative exchange of knowledge-based practices between various practitioners of Builder's construction division and various branch-based practitioners of Inbound. I conclude the notion of organisational proximity pointed to higher interdependency and *openness* as well as lower interdependency and lack of *openness* within the focal OBM, in practice. I conclude also that both the existence and absence of collaborative bridging practices were indicative of the existence of the focal OBM, in practice. In particular, the findings built on the work of Eklinder-Frick et al.

(2011, 2012) and Frankenberger et al. (2013) through its application to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice.

Organisational proximity also created the capacity for temporary clusters whereby it was possible for the practitioners of the two firms to interact with, and learn from, other non-co-located practitioners. I argued those temporary clusters were important for the integration of co-located boundary-spanning knowledge-based exchanges between Builder and Buyer, which provided a further example of open innovation within the focal OBM. This notion of integration pointed also to a notion of *centripetal* boundary-spanning between Builder and Buyer, whereby Builder's practitioners directed its administrative support practices towards the centre of the focal OBM. Furthermore, Builder was responsible for the overall system design and integration of various external administrative support practices into a single functioning system. I conclude Builder's boundary-spanning practitioners were systems integrators within the focal OBM, in practice. Organisational proximity also created the capacity for the three firms that formed the focal OBM to optimise the sharing of risk. This mitigation of risk exposure appeared to be an important practice of PPPs and more broadly within the focal OBM. The collaborative distribution of risk exposure enabled value capture between Builder and Buyer. The sharing of risk and reward with partners was also highlighted between Builder and Buyer, and provided a further example of open innovation within the focal OBM. I conclude the notion of organisational proximity pointed to various examples of open innovation within the focal OBM. However, the collaborative distribution of risk exposure has not been studied yet in the context of cross industry and sectoral OBMs. Whilst the practice of risk management within a supply chain context has emerged as an important area of study, the study of risk management has not been adequate to meet the challenges associated with increasing supply chain risks. Risk management is considered as a means of value co-production through mitigation of the risk of value co-destruction. However, considering such collaborative value co-creating practices as purely driven either by efficiency (e.g. risk sharing) or strategic considerations (e.g. entry into a new geographical markets), was reductive and could have missed some major points of value-adding and value-capturing practices. In the context of the focal OBM, collaboration was not just about complementary knowledge and resource distribution as well as the sharing of risk exposure, it was about the sustainability of the long-term product/market

positioning of the three firms. Collaborative value-co-creating practices afforded the three firms a chance to pre-empt competition in addition to allowing these firms the opportunity to evaluate the capabilities of their partner firms. Besides which, co-opting competition could also mitigate risk exposure and thereby minimise the opportunities for value co-destruction within the focal OBM. During the period of collaboration, Builder and Buyer's assets, for example, physical assets (health care and social care facilities) and human assets (boundary-spanning practitioners), appeared to have become co-specialised, meaning they were uniquely valuable in combination, in other words were more valuable in combination than in isolation. In particular, the findings addressed partially calls from scholars (see for instance Kilubi, 2016; Tang and Musa, 2011) for researchers to identify and assess the industry practices in firms for mitigating risks in a supply chain context. I conclude risk management practices were indicative of the operationalisation of a co-located cross-industry and cross-sectoral (public-private) OBM, in practice. Thus, I considered the notion of organisational proximity to be important and formed a value creation domain of the focal OBM.

I present the conclusions drawn from the third value creation domain, extra-organisational factors that support the focal OBM, next.

7.2.3 EXTRA-ORGANISATIONAL FACTORS

I visualised extra-organisational factors as those factors that existed *beyond* the boundaries of the three firms within the platform ecosystem. The extra-organisational practices that supported the focal OBM contained many explicit notions of spatial and non-spatial proximity. For instance, the head offices of the three firms were geographically co-located; hence, the management and decision makers of these firms were also geographically co-located allowing social proximity to exist. I argued these various practices were actually *open practices* (in the terms used by Hautz et al., 2017). Within the focal OBM, Builder addressed a broader set of practitioners than just Inbound and Buyer. These practitioners included other co-located business and non-business stakeholders situated within the platform ecosystem.

Geographical proximity was displayed particularly in relation to the three firms who all adopted the value co-creating practice of being good corporate citizens to their co-located business and non-business communities situated within the platform ecosystem. The three firms, who were benefactors to the local economies of these co-located communities, supported the notion of a culture of *openness*. In relation to the three firms' co-located business communities, these firms all displayed a practice for the procurement of products and services from their co-located supplier firms in the city-region. In relation to the three firms' co-located non-business communities, the firms all displayed a practice for the recruitment and selection of locally based people. This practice applied to direct recruitment by the three firms as well as the indirect recruitment by their co-located supplier firms. This practice for the recruitment and selection of locally based people was seen to make a positive contribution to the economies of those co-located communities. This local multiplier effect served to create additional economic benefit within the platform ecosystem. I also argued this finding appeared to support further my notion that the focal OBM actually formed a regional strategic network. Furthermore, this notion of localness was further evidenced by a practice for the recruitment and selection of apprentices and work experience placements sourced entirely from the three firms' co-located schools. In addition, the three firms were all benefactors to a range of co-located charitable organisations in the city-region. I further argued this support for co-located supplier firms, schools and charitable organisations appeared to point to a notion of local ecosystem centricity. I conclude local ecosystem centricity was indicative of the existence of a co-located cross-industry and cross-sectoral (public-private) OBM, in practice. I also argued the three firms were not just good corporate citizens; they were social enterprises that helped address social problems and improve people's lives within their co-located communities. In other words, the three firms re-invested their profits back into their co-located communities. I conclude geographical proximity was indicative of the existence of social enterprise practices within the platform ecosystem.

Due to higher interdependency and *openness* between Builder and Buyer, the design of Builder's health care and social care developments was undertaken in collaboration with Buyer. Social proximity was particularly evident with the value-creating practice of the early engagement of Builder and Buyer's co-located communities in the design of its health

care and social care developments. This practice enabled the firm to benefit from their input whilst these co-located non-business communities felt a sense of ownership in the facilities that they had helped the firm to develop. These collaborative inbound and outbound knowledge exchanges evidenced open innovation and provided for continuous improvement based on the sharing of best practice within the platform ecosystem. However, in contrast, there was little evidence of the notion of social proximity between Builder and Inbound. In particular, the findings built on the work of Mason and Chakrabarti (2017) through the application of geographical proximity and social proximity to a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I argued also that the findings contributed to understandings of geographical proximity and social proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. I conclude social proximity was indicative of the existence of knowledge-sharing practices within the platform ecosystem.

I additionally argued that Builder appeared to be a systems integrator within the focal OBM. Builder was responsible for the integration of Buyer as well as co-located supplier firms and co-located communities into a single functioning system. In a similar finding to the notion of organisational proximity, the higher interdependency displayed between Builder and Buyer appeared to point to the existence of collective bridges between the two firms and their co-located communities. In particular, the findings built on the work of Eklinder-Frick et al. (2011, 2012) and Zhao and Anand (2013) through its application to a co-located cross-industry and cross-sectoral (public-private) OBM, in practice. I conclude collaborative bridging practices were indicative of the existence of *openness* and open innovation within the platform ecosystem. Thus, I considered the notion of co-location to be important and formed a value creation domain of the focal OBM.

I present the conclusions drawn from the fourth value creation domain, practitioners and their capabilities underpinning the focal OBM, next.

7.2.4 PRACTITIONERS AND THEIR CAPABILITIES

The notion of dynamic capabilities involves a firm's CEO creating and/or transforming firms and who can add value through their organisation of resources and opportunities. A central practitioner type identified in section 7.2.2 was the boundary-spanning practitioner. In co-creating the focal OBM, Builder's CEO displayed certain entrepreneurial capabilities by the creation and development of new boundary-spanning relationships with Inbound and Buyer where value was co-created through the relationships and exchanges between the three firms. This finding highlighted the existence of certain dynamic capabilities within the focal OBM. The repeated open practices displayed by the practitioners of the three firms presented earlier in this chapter, appeared to be important learning mechanisms for the development of dynamic capabilities. For instance, Builder's CEO described one of his inter-personal capabilities himself using the term *maverick*, a dynamic capability. However, although strategy work is mainly associated with the ideas of practitioners at the highest level of the firm, the roles of practitioners at the lower-ranking levels should not be ignored. In contrast, the findings also highlighted the existence of ordinary capabilities within the focal OBM. Ordinary capabilities are best *practices* that typically start in one or two firms and then spread to the entire industry. In addition to Builder's CEO, the firm's boundary-spanning directors of its various sub-divisions were seen also as the principal practitioners involved the day-to-day management of the firm. These practitioners displayed the existence of more ordinary capabilities to lead teams of people and to co-ordinate other activities and resources. A number of respondents from the firm also reported the firm's head office-based practitioners, who typically specialised in the administrative areas of finance, health and safety, human resources, information technology, procurement and public relations and communications, were also seen as the principal practitioners involved the operation of the firm. These practitioners also provided certain cross-sectoral administrative support services to Buyer. The notion of *openness* within the focal OBM was displayed by Builder's CEO who was the practitioner responsible for the systems integration, a dynamic capability, of the firm into new product/service and market areas due to his willingness to take a risk on a PPP opportunity in the city-region. I conclude that Builder's CEO was responsible for the systems

integration of the firm into new product/service and market areas, which contributed to value capture.

Inbound's CEO also evidenced the possession of dynamic capabilities. In a similar finding to Builder, the notion of *openness* within the focal OBM was displayed by Inbound's CEO. This actor was also seen as the principal practitioner responsible for the creation of a resource base in ways that other types of practitioners could not have achieved by converting a new business idea into a successful venture due to his readiness to take risks, and which involved a boundary-spanning relationship with Builder. However, unlike Builder, Inbound's CEO was reluctant to accept the label of an entrepreneur. In addition to Inbound's CEO, the firm's senior-managerial-level branch directors, recruited because of their experience and knowledge managing other firms in the same industrial sector as Inbound, also displayed certain entrepreneurial capabilities. These practitioners displayed the existence of ordinary capabilities to lead teams of people and to co-ordinate other activities and resources. In particular, a number of respondents used the term *hungry* to describe the determination of these practitioners to achieve success. However, unlike Builder's CEO and Inbound's CEO, the branch directors were not required to demonstrate risk tolerance and therefore the risk-taking capabilities normally associated with entrepreneurial practitioners were not evidenced in this case. All of the risk related to the operation of the firm's de-centralised network of branches was borne centrally by the firm. These practitioners' entrepreneurial capabilities appeared, therefore, to be semantically different to the entrepreneurial capabilities of both Builder and Inbound's CEOs. However, some comments from respondents cautioned on the use of the term *entrepreneur* when describing these branch directors stating that not every branch directors displayed an entrepreneurial vision. In addition to Inbound's CEO and branch directors, respondents from the firm also reported that its head office-based practitioners, who typically specialised in disciplines such as finance, human resources, information technology, marketing and procurement, were also seen as the principal practitioners involved the operation of the firm. These practitioners evidenced ordinary capabilities in terms of the delivery of professional services to Inbound. However, with the exception of Inbound's CEO and branch directors, unlike with Builder, Inbound's practitioners at the lower levels displayed little evidence of the creation and development of new boundary-spanning

relationships with Builder, thereby demonstrating lower interdependency and lack of *openness* between the two firms.

Buyer's CEO further displayed the possession of dynamic capabilities. Whilst this practitioner did not appear to accept the label of an entrepreneur, this practitioner displayed other innovative and opportunistic capabilities. In co-creating the focal OBM with Builder, the notion of *openness* within the focal OBM was displayed by the CEOs of Builder and Buyer who created and developed new boundary-spanning relationships where value was co-created through their relationships and resource exchanges. Buyer's senior- and middle-managerial-level practitioners also appeared to evidence various boundary-spanning business development roles. These practitioners were, typically, property management and development professionals who displayed ordinary capabilities in terms of the management of the PPP contract with Builder. In addition to support services, which consisted of the administrative areas of finance, health and safety, human resources, information technology, and public relations and communications, provided by Builder as surrogates, this practice assisted Buyer because the firm was small with a flat organisational structure and a corresponding small headcount of practitioners. The notion of *openness* within the focal OBM was displayed by Buyer who was also heavily reliant on a large team of external practitioners situated within the platform ecosystem to deliver its value propositions in the market place. I contend the possession of dynamic capabilities and ordinary capabilities by the practitioners of the three firms actually appeared to be *open looking* capabilities to reflect more accurately the notions of openness and open innovation within the focal OBM. Whilst the primary role of boundary spanners was concerned with working within collaborative multi-firm and multi-sectoral contexts (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Williams, 2013; Zhao and Anand, 2013), such studies have not been set in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. I discovered the practices of these boundary-spanning practitioners through their dynamic and ordinary capabilities. I have advanced our understanding of the capabilities of boundary-spanning practitioners and built on the work of Davies et al. (2006, 2007), Hobday et al. (2005), Jacobides and MacDuffie (2013), Noble and Jones (2006) and Williams (2013) through its application to the focal OBM, in practice. I conclude the focal OBM *needs* dynamic capabilities, ordinary

capabilities, open innovation and open practices to exist. Thus, the notion of practitioners and their capabilities appeared, arguably, to be important and were considered by myself to form a value creation domain of the focal OBM.

Finally, based on the conclusions to the study, I present a summary of the multi-level theoretical concepts that I contend are *important* to the development of the multi-level focal OBM, in Table 7.1. First, I present the intra-organisational theoretical concepts in the context of the cultural web framework (Johnson, 1992) to reflect that a number of cultural practices and praxis are important to the *foundation* of a co-located cross-industry and cross-sectoral (public-private) OBM, in practice. A firm's culture can be characterised more clearly by describing the distinctive stories, symbols, organisational structures, power structures, and rituals and routines that can contribute to the firm's worldview around a number of central paradigmatic assumptions. These paradigmatic assumptions suggest *practitioners* are the three firms' most valuable asset, practitioners who deliver high levels of customer service, practitioners who continually improve and innovate, and practitioners who ultimately achieve long-term and secure revenue streams. The story of the background to the development of the focal OBM is based on a similar OBM the CEO of Builder had seen previously in the United States. This practitioner is responsible for the *systems integration* of the firm into new product/service and market areas due to his willingness to take a risk on a new public-private sector partnership opportunity. Importantly, this systems integration capability also contributes to *value capture*. This OBM forms a *regional* strategic network (in the terms used by Eklinder-Frick et al., 2011, 2012; Hallen and Johanson, 2009), a network that also forms part of a multi-level, *national* platform ecosystem (Gawer, 2014; Iansiti and Levien, 2004). Importantly, encouraging firms to collaborate in regional strategic networks promotes innovation and growth in peripheral regions (Eklinder-Frick et al., 2011). The focal OBM's practitioners are committed to the *open* value creating/co-creating practices and praxis (Hautz et al., 2017; Jarzabkowski et al., 2007; Whittington, 2006) laid down by their high profile CEOs. These open practices and praxis include cultural attitudinal practices, recruitment practices, development and recognition practices, empowerment and inclusion practices, and investment practices. Second, I present the inter-organisational theoretical concepts in the context of value co-creation (Frankenberger et al., 2013) and organisational proximity (Boschma, 2005; Mason

and Chakrabarti, 2017). The three firms that form the focal OBM are evidenced by both higher and lower interdependency and *openness*, which is conceptualised by various collaborative bridging practices and praxis (Eklinder-Frick et al., 2011, 2012; Zhao and Anand, 2013). For example, higher interdependency and *openness* between Builder and Buyer is evidenced by their practitioners' shared language of partnership. Lower interdependency and lack of *openness* between Builder and Inbound and Buyer and Inbound is evidenced by their practitioners' shared language of relationship. The importance of *collaboration* is evidenced within the OBM and the practices and praxis involve high levels of collaborative knowledge/resource exchanges, transparency and trust within both the OBM and its ecosystem. The allocation and sharing of risk is one of the fundamental practices and praxis of the focal OBM. Risk allocation involves identifying risks and appropriately sharing/mitigating them among the firms (both public and private sector). Practitioners must allocate risk properly within PPP and related contracts. Third, I present the extra-organisational theoretical concepts in the context of geographical proximity and social proximity (Boschma, 2005; Mason and Chakrabarti, 2017). The three firms that form the focal OBM operate entirely within their co-located communities. The importance of *ecosystem centricity* is evidenced by various social enterprise practices and praxis towards the local communities served by the focal OBM within the platform ecosystem. The involvement of local communities helps to ensure the successful delivery of the focal OBM's project developments. For example, local community involvement at the initial stages of a project helps minimise any sort of delays with land acquisition and architectural designs for project developments. Additionally, local community involvement reduces the cost of production as the employment of local people (as employees) and suppliers (as contractors) are preferred. This local community involvement also extends to collaboration with local schools and local charities. Fourth, I present the practitioners and their capabilities theoretical concepts in the context of practitioner identity and capabilities (Teece, 2014) and controls (Johnson, 1992). The practitioners within the focal OBM demonstrate the importance of various dynamic and ordinary *boundary-spanning capabilities*. For example, the entrepreneurial CEO/founder demonstrates certain dynamic capabilities by the creation and development of new boundary-spanning partnerships where value is created/co-created through the relationships and knowledge/resource exchanges between the partner firms' CEOs/founders. The importance of *value capture* is achieved by

the securing of long-term contracts between Builder and Buyer and between Builder and Inbound. In addition, other boundary-spanning practitioners demonstrate certain ordinary capabilities by the leading of teams to provide specialist support practices and praxis within the OBM.

Theoretical concept	Builder (the hub firm)	Inbound (the supplier firm)	Buyer (the customer firm)
Paradigm (Johnson,1992)	• Committed to the entrepreneurial philosophy laid down by the current CEO: o Major emphasis on practitioner inclusion, customer service and profit. o Continuous improvement and innovation. o Business units operated entirely within their co-located communities.	• Open business model based on a network of de-centralised owner-managed branch businesses supported by centralised support services: o Major emphasis on entrepreneurial, empowered practitioners, customer service and profit. o Continuous improvement and innovation.	• Committed to the long-term contractual strategic partnering agreement laid down by the public-private sector partnership between the public and private sectors responsible for delivering the Department of Health's NHS Local Improvement Finance Trust public-private sector partnership in the city-region.
Stories (Johnson,1992)	• Open business model based on a similar model the CEO had seen in the United States. • The CEO's influence on the firm's practices.	• Firm created by current CEO following redundancy from former employer. • The CEO's influence on the firm's practices.	• The delivery and operation of collaborative, high quality health and social care facilities in the city-region.
Symbols (Johnson,1992)	• High profile CEO both within the firm and within the co-located communities. • High levels of customer service. • Awards for employee engagement.	• High profile CEO both within the firm and within the co-located communities. • High levels of customer service.	• High levels of customer service.
Organisational Structures (Johnson,1992)	• Two main business divisions - four distinct sub-divisions.	• Minimalised firm hierarchy. • De-centralised with semi-autonomous branch businesses supported by a centralised head office that provides support services.	• Minimalised firm hierarchy. • No distinct business divisions. • Small practitioner headcount.
Power Structures (Johnson,1992)	• CEO led private sector family-owned business with centralised decision-making practices.	• CEO led private sector family-owned business with de-centralised decision-making practices supported by centralised support services.	• CEO led public sector-owned Special Purpose Vehicle with de-centralised decision-making practices.

Rituals and routines (Johnson,1992)	• Open value creation practices and praxis (Hautz et al., 2017; Jarzabkowski et al., 2007; Whittington, 2006): o Attitudinal practices. o Recruitment practices. o Development and recognition practices. o Empowerment and inclusion practices. o Investment practices.	• Open value creation practices and praxis (Hautz et al., 2017; Jarzabkowski et al., 2007; Whittington, 2006): o Attitudinal practices. o Recruitment practices. o Development and recognition practices. o Empowerment and inclusion practices. o Investment practices.	• Open value creation practices and praxis (Hautz et al., 2017; Jarzabkowski et al., 2007; Whittington, 2006): o Attitudinal practices. o Recruitment practices. o Development and recognition practices. o Empowerment and inclusion practices. o Investment practices.
Open value co-creation practices (Frankenberger et al., 2013; Hautz et al., 2017)	• Higher interdependency and openness evidenced between Builder and Buyer by various collaborative bridging practices (Eklinder-Frick et al., 2011, 2012; Zhao and Anand, 2013): o Administrative support practices provided *to* Buyer. o Mitigation and distribution of risk exposure transferred between Buyer and Builder.	• Lower interdependency and lack of openness evidenced between Builder and Inbound by occasional knowledge exchanges between the two firms. • Lower interdependency and lack of openness evidenced between Buyer and Inbound by no knowledge exchanges between the two firms.	• Higher interdependency and openness evidenced between Builder and Buyer by various collaborative bridging practices (Eklinder-Frick et al., 2011, 2012; Zhao and Anand, 2013): o Administrative support practices provided *from* Builder. o Mitigation and distribution of risk exposure transferred between Buyer and Builder.
Organisational proximity (Boschma, 2005; Mason and Chakrabarti, 2017)	• Higher interdependency and openness between Builder and Buyer evidenced by practitioners' shared language of *partnership*.	• Lower interdependency and lack of openness between Builder and Inbound and Buyer and Inbound evidenced by practitioners' shared language of *relationship*.	• Higher interdependency and openness between Builder and Buyer evidenced by practitioners' shared language of *partnership*.
Geographical proximity (Boschma, 2005; Mason and Chakrabarti, 2017)	• Ecosystem centricity: o Sourcing of co-located supplier firms who employed locally sourced people to contribute to the economies of their local communities.	• Ecosystem centricity: o Sourcing of co-located supplier firms who employed locally sourced people to contribute to the economies of their local communities. • Various corporate citizenship	• Ecosystem centricity: o Sourcing of co-located supplier firms who employed locally sourced people to contribute to the economies of their local communities. • Various corporate citizenship

	• Various corporate citizenship practices: o Giving back to its co-located communities. o Benefactor to co-located charitable organisations. o Encouraging investment, training and skill-sets to support economic growth.	practices: o Giving back to its co-located communities. o Benefactor to co-located charitable organisations. o Encouraging investment, training and skill-sets to support economic growth.	practices: o Giving back to its co-located communities. o Benefactor to co-located charitable organisations. o Encouraging investment, training and skill-sets to support economic growth.
Social proximity (Boschma, 2005; Mason and Chakrabarti, 2017)	• Inclusion of co-located suppliers in the design of health care and social care developments. • Inclusion of co-located communities in the design of health care and social care developments.	• Collaborative procurement with other smaller builders' merchant firms.	• Inclusion of co-located suppliers in the design of health care and social care developments. • Inclusion of co-located communities in the design of health care and social care developments. • Outsourcing of facilities management services to Builder.
Practitioner identity and capabilities (Teece, 2014)	• Boundary-spanning practitioners (Williams, 2013; Zhao and Anand, 2013). • Dynamic capabilities (Teece, 2014): o CEO re-created Builder in response to new business opportunity. o CEO's innovative, opportunistic and risk tolerance propensities. • Ordinary capabilities (Teece, 2014): o CEO's paternalistic leadership style. o Senior management capabilities to lead teams of people and to co-ordinate other activities and resources.	• CEO's boundary-spanning relationship with Builder (Williams, 2013; Zhao and Anand, 2013). • Dynamic capabilities (Teece, 2014): o CEO created Inbound in response to new business opportunity. o CEO's innovative, opportunistic and risk tolerance propensities. • Ordinary capabilities (Teece, 2014): o CEO's democratic leadership style. o Senior management capabilities to lead teams of people and to co-ordinate other activities and resources.	• Boundary-spanning practitioners (Williams, 2013; Zhao and Anand, 2013). • Dynamic capabilities (Teece, 2014): o CEO re-created Buyer in response to new business opportunity. o CEO's innovative and opportunistic propensities. • Ordinary capabilities (Teece, 2014): o CEO's democratic leadership style. o Senior management capabilities to lead teams of people and to co-ordinate other activities and resources.

Controls (Johnson,1992)	• Value capture:
	  ○ Systems integration role (Davies et al., 2006, 2007; Hobday et al., 2005; Jacobides and MacDuffie, 2013).
	  ○ *Exclusive* long-term NHS Local Improvement Finance Trust public-private sector contractual strategic partnering agreement with Buyer.
	  ○ Long-term lease-plus agreements with other stakeholder actors.
		• Value capture:
		  ○ Long-term construction materials supply contract.
		  ○ Localised relationships with customers, suppliers and other co-located stakeholder actors.
		  ○ Profit-sharing entrepreneurial branch directors driving sales.
			• Value capture:
			  ○ Long-term NHS Local Improvement Finance Trust public-private sector contractual strategic partnering agreement with Builder.
			  ○ Long-term lease-plus agreements with other stakeholder actors.

Table 7.1: A summary of the multi-level theoretical concepts that form the focal open business model in practice

7.3 CHAPTER SUMMARY

The purpose of this chapter was to present the conclusions to the study in relation to the research objectives. In particular, I presented the findings from the study in the context of my conceptual framework's intra-organisational factors, inter-organisational factors, extra-organisational factors and practitioners and their capabilities against the two outcomes of value co-creation and value capture. Finally, I presented a summary of the theoretical concepts that formed the multi-level focal OBM in practice.

A central practitioner type that I identified was the boundary-spanning practitioner. A precursor to the creation of the focal OBM had been the establishment of a NHS LIFT PPP in the city-region. Builder's boundary-spanning CEO was the practitioner responsible for the systems integration of the firm into new product/service and market areas due to his willingness to take a risk on this PPP opportunity. This boundary-spanning practitioner co-created the focal OBM with Buyer and Inbound, as well as other platform ecosystem actors. Organisational proximity created the capacity for the three firms to acquire and exchange collaborative knowledge-based practices as well as to optimise the sharing of risk. Optimising the sharing of risk exposure appeared to be an important practice of PPPs and more broadly within the focal OBM. In the findings, I discovered how the value-creating practices of the three firms were enmeshed in a complex network of collaborative practices that ranged from informal co-operation to formal collaboration, which reflected the intensity of the interaction between the three co-located firms. The higher interdependency and *openness* displayed between Builder and Buyer were displayed less between Builder and Inbound. Similarly, the language used by practitioners from the three firms to describe their practices varied. Linguistically, Builder and Buyer's practitioners preferred to use the term *partnership* as opposed to the more informal term *relationship* used by Inbound's practitioners. In the findings, I also discovered that both the existence and absence of collective bridging (I offered the alternative term *collaborative bridging*) practices within the focal OBM, as well as the platform ecosystem, were indicative of the existence of a co-located cross-industry and cross-sectoral (public-private) solutions OBM, in practice. The findings also evidenced that, whilst the notion geographical proximity was important to the focal OBM, other dimensions of proximity, such as social proximity and organisational

proximity, which complemented it, also simultaneously influenced it. Within the focal OBM, organisational proximity provided the foundation for collaboration, whereas geographical and social proximity acted as reinforcing dimensions.

I present the contributions, suggestions for further research arising from the study and my personal reflections on the research journey in the next chapter.

CHAPTER EIGHT

CONTRIBUTIONS, FURTHER RESEARCH AND REFLECTIONS

8.1 CHAPTER INTRODUCTION

The following diagram presents the position of this chapter in the structure of the thesis.

Chapter One.	Introduction and background to the thesis
Section A.	**Literature Review**
Section B.	**Objectives, Methodology and Methods**
Section C.	**Findings, Conclusions and Contributions**
Chapter Five.	Introduction to the focal open business model case study
Chapter Six.	Presentation of findings
Chapter Seven.	Conclusions
Chapter Eight.	Contributions, further research and reflections
	Current position in the thesis shaded

Figure 8.1: The position of the current chapter in the structure of the thesis
Source: Author

The purpose of this final chapter is to present the contributions to knowledge made by the study, my suggested directions for further research, and my personal reflections on the research journey. In particular, I present an overview of the contributions to knowledge made by the study followed by a detailed presentation of the contributions both to theory and to practice. I present the directions for further research arising from the study next. Finally, I conclude the chapter with my personal reflections on the research journey.

I present the contributions of the study next.

8.2 CONTRIBUTIONS OF THE STUDY

A number of original contributions to knowledge relating to our understanding of open business models (OBMs) in a cross-industry and cross-sectoral (public-private) context have been presented in this thesis. Generally, research can contribute to three areas of knowledge: theory, methodology, and practice. In the findings from the study, as presented in chapters five and six and the conclusions presented in chapter seven, I have contributed

to both theory and to practice, but not to methodology. Before presenting the contributions of the study and, in particular, the contributions for theory, I think it is helpful to explain first the meaning of the term *theory*. According to Sutton and Staw (1995), the term *theory* is described as a formal statement of the rules on which a subject of study is based or of ideas that are suggested to explain a fact or event or, more generally, an opinion or explanation. Corley and Gioia (2011) argue the notion theoretical contributions should progressively advance our understanding is a greatly respected one. Corley and Gioia (2011) argue further that the ultimate value-added test of a study is whether the study has *advanced* our theoretical understanding of a particular area of knowledge. In order to attempt to answer this question, Corley and Gioia (2011) provide a helpful model to establish the dimensions for theoretical contribution. To re-iterate from chapter one, in order to illustrate the *position* of the contributions to knowledge made by myself in this study, I have adapted this model, which I present again in Figure 8.2.

	Utility	
	Practically useful	Scientifically useful
Revelatory	4 Contributions for practice	1 Contributions for theory
Incremental	3 No contributions	2 Contributions for theory

Figure 8.2: Position of contributions of the study
Source: Adapted from Corley and Gioia (2011: p. 15)

In Figure 8.2, Corley and Gioia (2011) present two dimensions to consider theoretical contribution and term these dimensions as *originality* and *utility*. Whilst originality is an essential criterion in the creation of new theoretical insights that advance our understanding of organisations, Corley and Gioia (2011) explain that originality can be achieved partially by what they term *incremental insight* and *revelatory insight*. Incremental insight is "the notion that theoretical contributions should progressively advance our understanding"

(Corley and Gioia, 2011: p. 16). According to Whetten (1989: p. 16), "theoretical insights come from demonstrating how the addition of a new variable significantly alters our understanding of the phenomena by reorganising our causal maps." This then raises the question as to how the word *significantly* should be defined. In other words, how much additional understanding of the phenomena is needed to meet the criterion of significant? Revelatory insight "rests in the idea that contribution arises when theory reveals what we otherwise had not seen, known, or conceived" (Corley and Gioia, 2011: p. 17). However, Corley and Gioia (2011) contend that such theory is not useful unless it surprises or changes perceptions. According to Davis (1971: p. 309) it "has long been thought that a theorist is considered great because his theories are true, but this is false. A theorist is considered great, not because his theories are true, but because they are *interesting*." I argue the contributions to knowledge presented in this thesis have been made on the ability to provide original insights into a phenomenon by advancing knowledge that is both revelatory and incremental in a way that is deemed to have utility, in other words usefulness for some purpose. In this study, I contend this usefulness is for other organisational scholars and for practitioners.

I present the theoretical and practical contributions made by the study next.

8.2.1 CONTRIBUTIONS FOR THEORY

In this thesis, I reviewed three broad streams of literature to elucidate both the background to the business model concept as well as the business model concept itself. I contend I have provided *revelatory insights* into our understanding of OBMs as well as *scientific utility* (Corley and Gioia, 2011) into OBM literature by a novel synthesis of strategy-as-practice, industrial marketing (IM), and business model (BM) theory. In particular, this contribution arose because the theory revealed what we otherwise had not conceived, known or seen (Corley and Gioia, 2011). In other words, this contribution addressed partially the under-socialisation of current BM research and added insight into the open practices of the practitioners within OBMs. In particular, I offered insight into value creation/co-creation and value capture, as strategic practice. As the focal OBM crosses industry and sectoral

boundaries, I also advanced knowledge where it was currently lacking into the influence of boundary-spanning practitioners in OBMs.

In relation to the research objectives of the study, from a theoretical perspective, I have built on only a small body of work in industrial marketing (IM) literature considering OBMs, and make an early contribution to OBM literature by advancing current understanding of solutions OBMs in a cross-industry and cross-sectoral (public-private) context, adopting a strategy-as-practice perspective. I contend I have provided multi-level *incremental insight* (Corley and Gioia, 2011) into OBM literature by exploring an area of OBMs that was previously under-researched. To re-iterate, scholars have so far ignored research that offers *multi-level* insight into *open* systems of solutions - both in terms of clarity as OBMs and of innovation as OBMs. In other words, I challenged the underlying assumption that existing studies have provided only *single-level* insight into BMs and OBMs. This multi-level insight was examined at the intra-, inter- and extra-organisational levels. Existing OBM literature has hitherto overlooked this important perspective, which also has relevance to strategic practice. For instance, a missing key element in numerous overlapping studies is the context of *openness* and *boundaries*, and *value creation/co-creation* and *value capture* across and between these boundaries. The examination of three firms, as embedded units of analysis, that formed a single OBM has, therefore, widened and deepened knowledge in this area significantly. Thus, the study explicates a new perspective of OBMs and makes it accessible to the academic community. I have responded to the call by Jaakkola and Hakanen (2013) who found the creation/co-creation and capture of value in the interplay of relationships between actors collaborating to develop solutions was largely unexplored. I have also responded to the call by Hautz et al. (2017) who stated that further research is needed to learn more about the various outcomes of different open practices on the firm by different types of practitioners as well as a need to examine how certain open practices relate to other open practices in firms.

In particular, I discovered that the three firms that formed the focal OBM formed a regional strategic network, a network that also formed part of a larger national platform ecosystem. This regional strategic network provided a platform for OBM innovation situated around the multi-level, national platform ecosystem. I have advanced our understanding of

solutions OBMs by building on the work of Eklinder-Frick et al. (2011, 2012), and Hallen and Johanson (2009) in terms of regional strategic networks as well as the work of Frow et al. (2016), Gawer (2014), and Iansiti and Levien (2004) in terms of multi-level platform ecosystems and innovation.

I discovered the notion of *openness* was an important intra-organisational factor of the various cultural practices within the three firms. I have advanced our understanding of solutions OBMs by building on the work of BM scholars including Morris et al. (2005), and Thompson and MacMillan (2010) who both emphasised the importance of organisational culture in shaping BM design. Therefore, the existence of a culture of *openness* was indicative of the *foundation* of the focal OBM, in practice. This culture of openness also pointed to the existence of *open practices* within the focal OBM.

Organisational proximity was a recurring inter-organisational feature of the focal OBM. However, this non-spatial dimension of proximity has not been studied yet in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. I discovered that organisational proximity was indicative of both the existence and absence of openness within the focal OBM as well as indicative of the existence of open innovation within the focal OBM. I have advanced our understanding of OBMs by invoking the concept of proximity and built on the work of Mason and Chakrabarti (2017) through the application of proximity to the focal OBM, in practice. In particular, these findings confirmed the relevance of non-spatial proximity in OBM literature. I argue also that the findings contribute to understandings of proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. The notion of collaboration was a recurring inter-organisational feature of the focal OBM. However, collaborative open practices have not been studied yet in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. In the findings, I pointed to the discovery of metaphorical *bridges* between the three firms (see for instance Eklinder-Frick et al., 2011, 2012; Vendrell-Herrero et al., 2017) and, in particular, both the existence and absence of collective bridges (Zhao and Anand, 2013) for transferring inter- and extra-organisational knowledge-based practices between the three firms. I offered the alternative term *collaborative bridges* here in order to; arguably, represent more accurately

the collaborative exchange of knowledge-based practices between the three firms. I have advanced our understanding of metaphorical *bridges* between firms by building on the work of Eklinder-Frick et al. (2011, 2012) and Frankenberger et al. (2013) through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. The notion of collective bridges was a theory I borrowed from the Strategy discipline, as classified by the Chartered Association of Business Schools (CABS) (2015), and applied in the context of OBMs. Scholars (see for instance Oswick et al., 2011; Whetten et al., 2009) suggest that business and management research relies heavily on borrowed concepts and theories from neighbouring disciplines. The notion of collaboration was focused on optimising the distribution of risk exposure within the focal OBM. However, the collaborative distribution of risk exposure has not been studied yet in the context of a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. In the findings chapters, I highlighted the existence of collaborative open risk management practices were indicative of the operationalisation of the focal OBM, in practice. I have contributed to extant OBM literature by addressing calls from scholars (see for instance Kilubi, 2016; Tang and Musa, 2011) for researchers to identify and assess the industry practices and praxis in firms for mitigating risks in a supply chain context.

Two other dimensions of proximity were recurring extra-organisational features of the focal OBM's platform ecosystem. However, the notions of both spatial and non-spatial dimensions of proximity have not yet been studied in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. I discovered that spatial geographical proximity and non-spatial social proximity were indicative of the existence of openness within the focal OBM's platform ecosystem. Geographical proximity and social proximity also pointed to the existence of open practices and praxis within the focal OBM's platform ecosystem. Geographical proximity and social proximity further pointed to the existence of metaphorical bridges within the focal OBM's platform ecosystem. Geographical proximity pointed to the existence of centricity within the focal OBM's platform ecosystem. Geographical proximity also pointed to the existence of social enterprise within the focal OBM's platform ecosystem. Social proximity pointed to the existence of open innovation within the focal OBM's platform ecosystem. I have advanced our understanding of OBMs by invoking the concept of proximity and built on the work of Mason and Chakrabarti

(2017) through the application of proximity to the focal OBM, in practice. In particular, these findings confirmed the relevance of spatial and non-spatial proximity in OBM literature. I argue also that the findings contribute to understandings of proximity by building on Boschma's (2005) work through its application to a cross-industry and cross-sectoral (public-private) solutions OBM, in practice. The notions of both spatial and non-spatial proximity were theories I borrowed from the Regional Studies, Planning and Environment discipline, as classified by the CABS (2015), and applied in the context of OBMs. In particular, I have contributed to extant OBM literature by borrowing a theory to explain a complex relationship to highlight the existence of organisational, social and geographical proximity in a co-located cross-industry and cross-sectoral (public-private) OBM, in practice.

The distributed nature of the practices and praxis of both boundary-spanning private-sector practitioners and public-sector practitioners were recurring features of the focal OBM. Whilst the primary role of boundary spanners was concerned with working within collaborative multi-firm and multi-sectoral contexts (see for instance Aldrich and Herker, 1977; Jones and Noble, 2008; Noble and Jones, 2006; Williams, 2013; Zhao and Anand, 2013), such studies have not yet been set in the context of a cross-industry and cross-sectoral (public-private) solutions OBM. In the findings, I discovered that boundary-spanning practitioner *dynamic* capabilities and *ordinary* capabilities (Teece, 2014) were indicative of the existence and absence of openness within the focal OBM. Boundary-spanning practitioner dynamic capabilities and ordinary capabilities were also indicative of the existence of open innovation within the focal OBM. Boundary-spanning practitioner dynamic capabilities were further indicative of the existence and absence of systems integration practices within the focal OBM. In particular, the possession of dynamic capabilities and ordinary capabilities by the practitioners of the three firms actually appeared to be *open looking* capabilities to reflect more accurately the notions of openness and open innovation within the focal OBM. Therefore, I argued the focal OBM *needed* dynamic capabilities, ordinary capabilities, open innovation and open practices to exist. I have advanced our understanding of the open looking capabilities of boundary-spanning practitioners by building on the work of Davies et al. (2006, 2007), Hobday et al. (2005), Jacobides and MacDuffie (2013), Noble and Jones (2006) and Williams (2013) through its

application to the focal OBM, in practice. The notion of boundary spanners was a theory borrowed from the General Management, Ethics and Social Responsibility, Public Sector and Healthcare, Organisation Studies, and Strategy disciplines, as classified by the CABS (2015), and applied in the context of OBMs.

I present a summary of the contributions to literature made from the study in Table 8.1. In particular, I exhibit my twenty-five key findings in the context of the contributions made *from* the study against the contributions made *to* the literature. I also present each key finding against the achievement of the three research objectives.

Contributions made *from* the study	Contributions made *to* the literature
The three firms that form the focal OBM form a regional strategic network (Research Objectives 1a, 2b, 2c and 3).	Eklinder-Frick et al. (2011, 2012), Hallen and Johanson (2009)
The regional strategic network also forms part of a multi-level, national platform ecosystem (Research Objectives 1a, 2b, 2c and 3).	Frow et al. (2016), Gawer (2014), Iansiti and Levien (2004)
The regional strategic network provides a platform for OBM innovation situated around the multi-level, national platform ecosystem (Research Objective 1a, 2b, 2c and 3).	Eklinder-Frick et al. (2011, 2012), Frow et al. (2016), Gawer (2014), Hallen and Johanson (2009), Iansiti and Levien (2004)
The existence of a number of intra-organisational factors facilitates cultures of openness that form the foundation to the focal OBM (Research Objectives 1a and 2a).	Morris et al. (2005), Thompson and MacMillan (2010)
These cultures of openness point to the existence of open practices within the focal OBM (Research Objectives 1a and 2a).	Morris et al. (2005), Thompson and MacMillan (2010)
Organisational proximity is indicative of the existence and absence of openness within the focal OBM (Research Objectives 1a and 2b).	Boschma (2005), Mason and Chakrabarti (2017)
Organisational proximity is also indicative of the existence of open innovation within the focal OBM (Research Objectives 1a and 2b).	Boschma (2005), Mason and Chakrabarti (2017)
Collaboration points to the existence of open practices within the focal OBM (Research Objectives 1a, 2b and 3).	Frankenberger et al. (2013), Hautz et al. (2017)
Collaboration also points to the existence of systems integration practices within the focal OBM (Research Objectives 1a, 2b and 3).	Davies et al. (2006, 2007), Hobday et al. (2005), Jacobides and MacDuffie (2013)
Collaboration further points to the existence of metaphorical bridges within the focal OBM (Research Objectives 1a, 2b and 3).	Eklinder-Frick et al. (2011, 2012), Vendrell-Herrero et al. (2017), Zhao and Anand (2013)
Collaboration additionally points to the existence of risk mitigation practices within the focal OBM (Research Objectives 1a, 2b and 3).	Kilubi (2016), Tang and Musa (2011)
Geographical proximity is indicative of the existence of openness within the focal OBM's	Boschma (2005), Mason and Chakrabarti (2017)

Key findings

platform ecosystem (Research Objectives 1a, 2c and 3).

Geographical proximity also points to the existence of open practices within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Hautz et al. (2017), Mason and Chakrabarti (2017)
Geographical proximity further points to the existence of centricity within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Mason and Chakrabarti (2017)
Geographical proximity additionally points to the existence of social enterprise within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Mason and Chakrabarti (2017)
Social proximity is indicative of the existence of openness within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Mason and Chakrabarti (2017)
Social proximity also points to the existence of open practices within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Hautz et al. (2017), Mason and Chakrabarti (2017)
Social proximity further points to the existence of open innovation within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Mason and Chakrabarti (2017)
Geographical proximity and social proximity point to the existence of metaphorical bridges within the focal OBM's platform ecosystem (Research Objectives 1a, 2c and 3).	Boschma (2005), Eklinder-Frick et al. (2011, 2012), Mason and Chakrabarti (2017), Vendrell-Herrero et al. (2017), Zhao and Anand (2013)
The existence and absence of boundary-spanning practitioners are indicative of the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)
Boundary-spanning practitioner dynamic capabilities are indicative of the existence and absence of openness within the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)
Boundary-spanning practitioner dynamic capabilities are also indicative of the existence of open innovation within the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)
Boundary-spanning practitioner dynamic capabilities are further indicative of the existence and absence of systems integration practices within the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)

Boundary-spanning practitioner ordinary capabilities are indicative of the existence and absence of openness within the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)
Boundary-spanning practitioner ordinary capabilities are also indicative of the existence of open innovation within the focal OBM (Research Objectives 1a and 2d).	Noble and Jones (2006), Williams (2013)

Table 8.1: A summary of the contributions to literature made from the study

Thus, the findings from this study have advanced theoretical knowledge of OBMs and I claim, therefore, these original theoretical contributions and resultant scientifically useful insights have provided both *revelatory insights* and *incremental insights* (Corley and Gioia, 2011) into our understanding of OBMs.

8.2.2 CONTRIBUTIONS FOR PRACTICE

As a challenge to the predominant static understanding of BMs stated in the previous section, from a practical perspective, the findings from this study also contribute by advancing our current understanding of OBMs as strategic practice, thus breaking with the rhetorical nature of much BM literature. I have responded to the call by Wieland et al. (2017) who identify collaboration taking a *practice-based perspective* as a priority for further BM research. By focusing on practitioners and their capabilities in OBMs, I, therefore, address partially the under-socialisation of current BM research and add multi-level insight into the operationalisation of OBMs. However, according to Cuervo-Cazurra et al. (2013: p. 285), many academic research contributions do not adequately explain the *practical* relevance for practitioners and tend to be written as an afterthought "with scant concern for praxis that results in dubious practicality." In the presentation of the contributions of this study for practice, therefore, I take cognisance of the recommendations made by Cuervo-Cazurra et al. (2013) on how to explain the practical relevance for *practitioners*. In order to present my arguments for the practical relevance for practitioners, this section is framed by addressing three questions: Which decision makers care about this research? Why should decision makers care about this research? How should decision makers care about this research? (Cuervo-Cazurra et al., 2013). When responding to these three questions, I replace the term *decision makers* with the term *practitioners*. Finally, I address a further question: What should practitioners do or avoid when developing a successful OBM and in what order?

Which practitioners care about this research? In recent years, practitioners have increasingly used the term *business model* in everyday business parlance. However, I discovered in the literature review section of this study that whilst BMs, and more recently OBMs, have been found to be a relatively new and potentially powerful concept in business and management practice. A number of scholars also identified that research in this field

was formative with no commonly accepted view of what a BM and an OBM should consist of. Whilst some scholars offer definitions of BMs, none of these definitions appears to be accepted fully by practitioners (Shafer et al., 2005). Therefore, I contend this research will directly assist practitioners by attempting to elucidate some useful concepts that do not obviate the complexity but that serve as empirically validated guiding frameworks for practitioners in the future.

Why should practitioners care about this research? Practitioners can deploy the findings from this study to analyse the OBMs in their own firms. In particular, the findings can first help practitioners to identify areas for making their own OBMs more coherent and, second help practitioners to identify the multi-level interplay that takes place within their own business ecosystems. It was through their OBMs that firms interact with each other in their business ecosystems. The various open practices can potentially be deployed by practitioners to help define and re-define the component features of their own OBMs according to their individual needs in their respective business ecosystems and to help design and re-design how the multi-level relational interplay between these practices and related situational praxis needs to be shaped within these business ecosystems. The multi-level relational interplay between these practices in the focal OBM varied and practitioners, therefore, need to consider the multi-level relational interplay between each practice and praxis to achieve an OBM that suits the needs of the firm in its respective business ecosystem. The findings from the study can also assist practitioners to identify the actors that will contribute to the performance of an effective cross-industry and cross-sectoral (public-private) OBM and structure the human resources that will be necessary in the early phases of value proposition development. However, I recognise the views of different practitioners may vary concerning the value proposition development and related business opportunities, which is an aspect that merits special attention in developing their OBMs.

How should practitioners care about this research? The findings from this study will ultimately inform and assist practitioners who are challenged with understanding OBMs, and possibly all BMs, in their own firms, by offering rich and in-depth practically useful insights into this concept from the perspective of cross-industry and cross-sectoral (public-private) OBMs and their business ecosystems, by adopting a strategy-as-practice perspective, operating in industrial markets.

What should practitioners do or avoid when developing a successful OBM and in what order? First, when developing an OBM in a cross-industry and cross-sectoral (public-private) context, the identification of suitable private sector partner firms is crucial for delivering the public-private sector partnership (PPP) because the compatibility and complementarity of these firms' practitioners, practices and praxis will influence the eventual success or failure of the OBM. Importantly, this *systems integration* capability also contributes to value capture. Second, a number of *cultural* practices and praxis are important to the *foundation* of an OBM. To re-iterate, a firm's culture can be characterised more clearly by describing the distinctive stories, symbols, organisational structures, power structures, and rituals and routines that can contribute to the firm's worldview around a number of central paradigmatic assumptions. These paradigmatic assumptions suggest *practitioners* are a firm's most valuable asset, practitioners who deliver high levels of customer service, practitioners who continually improve and innovate, and practitioners who ultimately achieve long-term and secure revenue streams. Third, an OBM requires *open* practices and praxis to create/co-create and capture value. These open practices and praxis include cultural attitudinal practices, recruitment practices, development and recognition practices, empowerment and inclusion practices, and investment practices. Fourth, early *collaboration* is important when developing an OBM and the practices and praxis should involve high levels of collaborative knowledge/resource exchanges, transparency and trust both within an OBM and its ecosystem. However, transparency does not only apply to procurement practices and praxis, transparency should be observed also throughout the delivery of an OBM's project developments. Fifth, when developing an OBM, the allocation and *sharing of risk* is one of the fundamental practices and praxis of an OBM. Risk allocation involves identifying risks and appropriately sharing/mitigating them among the firms (both public and private sector). Practitioners must allocate risk properly within PPP and related contracts. Sixth, when developing an OBM, The maintenance of *local ecosystem centricity* is important. Various social enterprise practices and praxis towards an OBM's co-located communities are required. The involvement of local communities helps to ensure the successful delivery of the OBM's project developments. For example, local community involvement and support at the initial stages of a project helps minimise any sort of delays with land acquisition and architectural designs for project developments. Additionally, it reduces the cost of production as the

engagement of local people (as employees) and suppliers (as contractors) are preferred. This local community involvement and support should also extend to collaboration with local schools and local charities. Finally, when developing an OBM, practitioners will need to demonstrate various dynamic and ordinary boundary-spanning *capabilities*. For example, the entrepreneurial CEO/founder should demonstrate certain dynamic capabilities by the creation and development of new boundary-spanning partnerships where value is created/co-created through the relationships and knowledge/resource exchanges between the partner firms' CEOs/founders. The importance of value capture is achieved subsequently through guaranteed long-term revenue streams secured under the terms of a PPP and related contracts. In addition, other boundary-spanning practitioners should demonstrate certain ordinary capabilities by the leading of teams to provide specialist support practices and praxis within an OBM.

These findings have widened and deepened the knowledge in this area and I contend, therefore, these original practical contributions and resultant practically useful insights have provided *revelatory insights* into our understanding of OBMs as well as *practical utility* (Corley and Gioia, 2011) because the findings can be directly applied to the problems facing practitioners and their practices. Thus, the study explicates a new perspective of OBMs and makes it accessible to the practitioner community.

In the next section, I present the directions for further research arising from the study.

8.3 DIRECTIONS FOR FURTHER RESEARCH

The purpose of this section is where I discuss possible directions for further research. Whilst empirical studies of BMs appear to be formative, OBM research, in particular, appears to have received relatively little attention from marketing scholars. Whilst this study has examined partially this under-researched area, much remains to be explored about how the OBM concept can contribute to fundamental concepts of IM.

First, much strategy-as-practice research has focused predominantly on the strategy practices of senior practitioners in firms (Hendry et al., 2010; Jarzabkowski and Balogun, 2009; Jarzabkowski and Seidl, 2008). Whilst this study has addressed partially calls for

more research exploring the micro-level strategy practices of practitioners at different levels and functional locations across firms (Jarzabkowski and Balogun, 2009), there is, arguably, a case for the *open* practices of these practitioners – including practitioners at the middle-managerial-levels (Browne et al., 2014) to be further explored. Second, a re-positioning of the study within the IMP research tradition, and more specifically the interaction approach to understanding industrial markets, would offer alternative *multi-level* insights into an OBM (Hakansson and Snehota, 1995). Third, research into networks of stakeholder relationships in the context of other regional strategic networks and platform ecosystems may be a particularly attractive direction for future research. Such other regional strategic networks and platform ecosystems could include an examination into firms that both compete and collaborate with each other. This investigation could include the notion of co-opetition (see for instance Bengtsson and Kock, 2000; Lundgren-Henriksson and Kock, 2016) and, in particular, co-opetition-based BMs (see for instance Ritala et al., 2014; Velu, 2016). Co-opetition from the perspective of strategy-as-practice (see for instance Tidstrom and Rajala, 2016) was a recent phenomenon that has captured increasing attention due to its relevance to business practice. The notion of co-opetition posits that co-operation and competition function simultaneously in inter-organisational relationships. Whilst firms collaborate to achieve common and compatible benefits, they also compete for private and incompatible benefits (Khanna et al., 1998). Fourth, the literature is still formative on the behaviour, characteristics and nature of boundary spanners (see for instance Jones and Noble, 2008; Nicholson and Orr, 2016; Williams, 2013; Zhao and Anand, 2013). Further exposition into the roles and behaviours of such boundary spanners in the context of OBMs that form other regional strategic networks, networks that form part of other platform ecosystems, may provide a deeper understanding of the dynamics of boundary spanners and could potentially be an attractive direction for future research.

I present my personal reflections on this long but intellectually fulfilling research journey in the final section of the chapter next.

8.4 PERSONAL REFLECTIONS

The long, challenging and individual nature of this Doctor of Philosophy research degree journey at Hull University Business School has afforded ample time for reflection. In my case, the journey as a part-time research student has been an invaluable opportunity to stand back from a busy full-time career to try to make sense of my own experience. This journey has also given me the opportunity to learn about the philosophy of social science, including different ontological and epistemological assumptions, and has led me to appreciate intellectual pluralism. Having spent thirty-two years working as a practitioner in industry, this journey has provided me with a genuine interest in academic research as well as the ability and confidence to want to continue my research interests professionally. Towards the end of this journey, I began to investigate the opportunities available for changing career path and for pursuing an academic career on a full-time basis at a higher education institution. At the beginning of 2016, the outcome of this endeavour resulted in my appointment to a faculty position in the business school at Sheffield Hallam University. This appointment has encouraged me to continue my research interests in IM, strategy and, in particular, the relationship of IM with the concept of the BM in the context of understanding better the mechanisms through which BMs are operationalised. This appointment has also enabled me to start to learn about different pedagogies, which will be helpful in my teaching of marketing and strategy topics. As a final reflection, it is my sincere wish the findings from this study will ultimately inform and assist practitioners who are challenged with understanding OBMs, and possibly all BMs, in their own firms, by offering rich and in-depth practically useful insights into this concept from the perspective of cross-industry and cross-sectoral (public-private) OBMs, operating in industrial markets.

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APPENDICES

APPENDIX 1 – CONSENT LETTER

15th October 2012

Dear Sirs,

Research into open business models and their relevance to industrial marketing

I am a part-time Doctor of Philosophy student in Management at Hull University Business School undertaking research into the concept of business models. In particular, I am interested in open business models in the context of industrial marketing.

I firmly believe the nature of your company's business could make a major contribution to my research. I would therefore like the opportunity to include your company as part of a case study for my thesis. To this end, this would require undertaking a number of short interviews of no more than one-hour duration with key executives in your company.

I am fully aware of the need to treat my findings with the utmost confidentiality. No source, individual or company, will be identified or comment attributed without the prior written permission of the individual or the company.

In addition to being a part-time research student, I am also employed full-time with Associated British Ports, based in Hull. However, I should like to point out that my employment with Associated British Ports is completely separate to this research and plays no part in it, as I am completely self-funded. Further information about my research and myself can be found on my 'Linked In' page at http://uk.linkedin.com/pub/philip-coombes/37/21b/490.

I hope you are able to help me. I would be extremely grateful if you could let me know by replying to this email. If you require any further prior information about the research, please do not hesitate to contact me.

Yours faithfully,

Phil

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Philip Coombes
Doctoral Research Student
Hull University Business School
University of Hull
Hull, HU6 7RX, UK
www.hull.ac.uk
01482 347500

HULL UNIVERSITY BUSINESS SCHOOL
CONSENT FORM

I, ……………………………………………………………….. [Print full name]

of ……………………………………………………………………………………

……………………………………………………. [Print full address]

Hereby give permission for our organisation to be involved in a research study being undertaken by Mr Philip Coombes. I understand the purpose of the research is to undertake research into the concept of business models and, in particular, open business models in the context of industrial marketing and that involvement by the organisation means the following:-

- Agreement for certain members of the organisation [as decided by the organisation] to take part in face-to-face and/or telephone-based interviews.

I understand that

1. The aims, methods, and anticipated benefits, and possible risks/hazards of the research study, have been explained to me.

2. I voluntarily and freely give my consent for the organisation to participate in the above research study.

3. I am free to withdraw my consent at any time during the study, in which event participation in the research study will immediately cease and any information obtained through this organisation will not be used if I so request.

4. Aggregated results will be used for research purposes and may be reported in scientific and academic journals.

I agree that [*Please delete as appropriate]

5. The organisation MAY / MAY NOT* be named in research publications or other publicity without prior agreement.

6. I DO / DO NOT* require an opportunity to check the factual accuracy of the research findings related to the organisation.

7. I EXPECT / DO NOT EXPECT* to receive a copy of the research findings or publications.

Signature: Date:

APPENDIX 2 – INTERVIEW GUIDANCE NOTES

General introduction to the research

- The researcher to provide an introduction and background to the research study.
    - Explain the objectives of the research study to the participant.
    - Explain the anonymity and confidentiality of the discussion to the participant.

Introduction to the firm

- The researcher to enquire about the level and role of the participant in the firm.

- Can you introduce the firm?
    - Can you explain the firm's history, ownership and organisational structure?
    - Can you describe your firm's (open) business model, as you understand it?
    - Can you describe your product/service propositions, product/market segments and geographic areas served?

Intra-organisational factors/practitioners and their capabilities

- What is/are your firm's internal environment/environments?

- In the context of your internal environment(s), what are the key internal practices deployed by your firm in order to achieve its strategic goals?

- Who are the people in your firm involved in the creation and implementation of these key internal practices?

- What are the roles of these people in your firm and how are these key internal practices actually deployed?

- What are the skills and competencies required of these people to deliver these key internal practices? Do they have any unique skills and competencies? If so, what are they?

- Do all of the people in your firm agree on the implementation of its key internal practices and on their individual roles? If not, why?

- How do the people in your firm interact among each other, and between the higher and lower levels in the organisational structure in terms of the creation and implementation of its key internal practices?

- Are there any delays in the implementation of its key internal practices? If so, from whom and at what stage?

- What are the effects of the internal environment(s) in terms of the implementation of its key internal practices?

Inter-organisational factors/extra-organisational factors/practitioners and their capabilities

- What is/are your firm's external environment/environments?

- In the context of your external environment(s) (e.g. your relationships with Builder/Inbound/Buyer and your other business and non-business stakeholders), what are the key external practices deployed by your firm in order to achieve its strategic goals?
  - How much access and influence up and down your supply chain do you allow with Builder/Inbound/Buyer and/or your other business and non-business stakeholders?
  - Where do you draw the line on acceptable risks and where do your legal responsibilities begin and end with Builder/Inbound/Buyer and/or your other business and non-business stakeholders?
  - How do you deal with the heterogeneous demands of Builder/Inbound/Buyer?
  - How do you maintain standards of product/service quality? Do you relinquish some control over product/service design?

- Who are the people in your firm involved in the creation/implementation of these key external practices?

- What are the roles of these people in your firm and how are these key external practices actually deployed?

- What are the skills and competencies required of these people to deliver these key external practices? Do they have any unique skills and competencies? If so, what are they?

- Do all of the people in your firm agree on the implementation of its key external practices and on their individual roles? If not, why?

- How do the people in your firm interact among each other, and between the higher and lower levels in the organisational structure in terms of the creation and implementation of its key external practices?

- Are there any delays in the implementation of its key external practices? If so, from whom and at what stage?

- What are the effects of the external environment(s) in terms of the implementation of its key external practices?

- What percentage of work time is spent interacting with the external environment(s)?

Final point to remember

- The researcher to thank the participant for the interview and to explain and agree any follow up action required.

APPENDIX 3 – DATA CODING

Node Structure
Business Models
09/04/2017 20:34

Hierarchical Name

Nodes

Nodes\\Co-location\Builder

Nodes\\Co-location\Builder\Community

Nodes\\Co-location\Builder\Supplier

Nodes\\Co-location\Buyer

Nodes\\Co-location\Buyer\Community

Nodes\\Co-location\Buyer\Office

Nodes\\Co-location\Buyer\Supplier

Nodes\\Co-location\Inbound

Nodes\\Co-location\Inbound\Supplier

Nodes\\Company Culture

Nodes\\Company Culture\Openness

Nodes\\Company Culture\Openness\Shared Language

Nodes\\Company Culture\Openness\Shared Language\Behaviours

Nodes\\Company Culture\Openness\Shared Language\Behaviours\Attitudes

Nodes\\Company Culture\Openness\Shared Language\Behaviours\Mindset

Nodes\\Company Information

Nodes\\Company Information\Builder

Nodes\\Company Information\Builder\Company Background

Nodes\\Company Information\Builder\Company Background\Family Business

Nodes\\Company Information\Builder\Company Background\Shareholding

Nodes\\Company Information\Builder\New-Age Developer

Nodes\\Company Information\Builder\New-Age Developer\Lead Firm

Nodes\\Company Information\Builder\New-Age Developer\Vision

Nodes\\Company Information\Builder\Organisation Structure

Nodes\\Company Information\Buyer

Nodes\\Company Information\Buyer\Company Background

Nodes\\Company Information\Buyer\Organisation Structure

Nodes\\Company Information\Buyer\Organisation Structure\SPV

Nodes\\Company Information\Buyer\Shareholding

Nodes\\Company Information\Inbound

Nodes\\Company Information\Inbound\Company Background

Nodes\\Company Information\Inbound\Family Business

Nodes\\Company Information\Inbound\Organisation Structure

Nodes\\Company Information\Inbound\Organisation Structure\Franchise

Nodes\\Company Information\Inbound\Shareholding

Nodes\\Corporate Citizen

Nodes\\Corporate Citizen\Local Community

Nodes\\Corporate Citizen\Local Community\Giving Back

Nodes\\Corporate Citizen\Local Community\Giving Back\Apprenticeship

Nodes\\Corporate Citizen\Local Community\Giving Back\Charity

Nodes\\Corporate Citizen\Local Community\Giving Back\Local Economy

Nodes\\Corporate Citizen\Local Community\Giving Back\Work Experience

Nodes\\Corporate Citizen\Recognition Awards

Nodes\\Corporate Citizen\Recognition Awards\Construction

Nodes\\Corporate Citizen\Recognition Awards\Employee

Nodes\\Customer Focus

Nodes\\Customer Focus\Customer Service

Nodes\\Customer Focus\Customer Service\Behaviours

Nodes\\Customer Focus\Customer Service\Level

Nodes\\Ecosystem

Nodes\\Ecosystem\CCG

Nodes\\Ecosystem\CCG\PCT

Nodes\\Ecosystem\CHP

Nodes\\Ecosystem\Department for Health

Nodes\\Ecosystem\Other NHS

Nodes\\Ecosystem\Other Private Sector

Nodes\\Ecosystem\Other Public Sector

Nodes\\Ecosystem\Other Public Sector\Local Authority

Nodes\\Employee Focus

Nodes\\Employee Focus\Behaviours

Nodes\\Employee Focus\Development

Nodes\\Employee Focus\Development\Talent

Nodes\\Employee Focus\Engagement

Nodes\\Employee Focus\Engagement\Huddle

Nodes\\Employee Focus\Engagement\Huddle\Inclusion

Nodes\\Employee Focus\Engagement\Huddle\Two-Way

Nodes\\Employee Focus\Engagement\Team Meeting

Nodes\\Employee Focus\Engagement\Team Meeting\Inclusion

Nodes\\Employee Focus\Engagement\Team Meeting\Two-Way

Nodes\\Employee Focus\Recruitment

Nodes\\Employee Focus\Recruitment\Local Employees

Nodes\\Employee Focus\Reward and Recognition

Nodes\\Employee Focus\Reward and Recognition\Appraisal

Nodes\\Employee Focus\Reward and Recognition\Meritocracy

Nodes\\Employee Focus\Sub-Contract

Nodes\\Empowerment

Nodes\\Empowerment\Centralised Authority

Nodes\\Empowerment\Devolved Authority

Nodes\\Empowerment\Devolved Authority\Autonomy

Nodes\\Empowerment\Inclusion

Nodes\\Entrepreneur

Nodes\\Entrepreneur\Maverick

Nodes\\Entrepreneur\Non-Risk Taker

Nodes\\Entrepreneur\Risk Taker

Nodes\\Knowledge Sharing

Nodes\\Knowledge Sharing\Builder

Nodes\\Knowledge Sharing\Builder\Community

Nodes\\Knowledge Sharing\Buyer

Nodes\\Knowledge Sharing\Buyer\Community

Nodes\\Knowledge Sharing\Ecosystem

Nodes\\Knowledge Sharing\Inbound

Nodes\\Knowledge Sharing\Inbound\Community

Nodes\\LIFT

Nodes\\LIFT\Background

Nodes\\LIFT\Contract

Nodes\\LIFT\Contract\LIFT Contract

Nodes\\LIFT\Contract\LIFT Contract\Lease

Nodes\\LIFT\Contract\LIFT Contract\Other Contract

Nodes\\LIFT\Contract\LIFT Contract\Ties

Nodes\\LIFT\Geographical Boundary

Nodes\\LIFT\Geographical Boundary\New Company

Nodes\\LIFT\Geographical Boundary\New Company\Boundary Expansion

Nodes\\LIFT\Partnership

Nodes\\LIFT\Partnership\Collaboration

Nodes\\LIFT\Partnership\Innovation

Nodes\\LIFT\Partnership\Knowledge Sharing

Nodes\\LIFT\Partnership\Openness

Nodes\\LIFT\Partnership\Openness\Trust

Nodes\\LIFT\Partnership\Openness\Trust\Ties

Nodes\\LIFT\Partnership\Resource Sharing

Nodes\\LIFT\Procurement

Nodes\\LIFT\Procurement\Exclusivity

Nodes\\LIFT\Relationship

Nodes\\LIFT\Relationship\Collaboration

Nodes\\LIFT\Relationship\Innovation

Nodes\\LIFT\Relationship\Knowledge Sharing

Nodes\\LIFT\Relationship\Openness

Nodes\\LIFT\Relationship\Openness\Trust

Nodes\\LIFT\Relationship\Openness\Trust\Ties

Nodes\\LIFT\Relationship\Resource Sharing

Nodes\\LIFT\Revenue Stream

Nodes\\LIFT\Risk Sharing

Nodes\\LIFT\Risk Sharing\Design and Build

Nodes\\LIFT\Risk Sharing\Equipment Leasing

Nodes\\LIFT\Risk Sharing\Investment

Nodes\\LIFT\Risk Sharing\Mitigation

Nodes\\LIFT\Risk Sharing\Mitigation\Transfer

Nodes\\Practitioner

Nodes\\Practitioner\Private Sector\Capability

Nodes\\Practitioner\Private Sector\Capability\Dynamic

Nodes\\Practitioner\Private Sector\Capability\Ordinary

Nodes\\Practitioner\Private Sector\Type

Nodes\\Practitioner\Public Sector\Capability

Nodes\\Practitioner\Public Sector\Capability\Dynamic

Nodes\\Practitioner\Public Sector\Capability\Ordinary

Nodes\\Practitioner\Public Sector\Type

Nodes\\Risk Taking

Nodes\\Risk Taking\Equipment Leasing

Nodes\\Risk Taking\Landlord and Tenant Risk

Nodes\\Shared Values

Nodes\\Shared Values\Community Relations

Nodes\\Shared Values\Continuous Improvement

Nodes\\Shared Values\Customer Service

Nodes\\Shared Values\Environment

Nodes\\Supplier

Nodes\\Supplier\Local Supplier

Nodes\\Supplier\National Supplier

Nodes\\Trust

Nodes\\Trust\Ties

APPENDIX 4 – RESEARCH ETHICS APPROVAL

From: S.Dryden@hull.ac.uk [S.Dryden@hull.ac.uk]
Sent: 06 December 2012 09:50
To: Philip H Coombes
Subject: Approved Research Ethics Proforma HUBSREC2012/36

Dear Philip,

Please note that Stephan Dahl on behalf of the Research Ethics Committee has approved "Business Models and Their Relationship with Marketing: A Comparative Case Study Exploration of Value Co-Creation".

Regards,

Sheila Dryden
School Services Office

APPENDIX 5 – PUBLISHED PAPER

Available at: https://doi.org/10.1016/j.indmarman.2013.05.005