

**TOWARDS THE FEASIBILITY OF A LANDOWNER ENTERPRISE IN THE
WESTERN BAVIAANSKLOOF: AN EXTERNAL STAKEHOLDER ANALYSIS**

A dissertation submitted in the fulfilment of the requirements of the degree of

MASTERS IN COMMERCE

Department of Management

RHODES UNIVERSITY

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February 2014

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ABSTRACT

In May 2012, a meeting was held between various stakeholder representatives of the Western Baviaanskloof to discuss the concept of a proposed landowner-enterprise. This concept was put forward in response to a need for collaboration in the midst of economic, environmental and social issues at play in the Baviaanskloof. Owing to the conservation value and rapidly decreasing economic output of the land, a radical shift to sustainable land-use practices was called for by various stakeholders. Suggested as a vehicle to generate income for the local landowners through alternative sustainable land-uses, the proposed enterprise may aid in addressing this shift by use of a bottom-up approach. During the stakeholder meeting, it was requested by the representative landowners that a feasibility assessment be conducted on the concept of the proposed enterprise prior to establishment. As an integral part of this assessment, the researcher took on the task of investigating stakeholder reception to the enterprise by means of a stakeholder analysis. It was decided to limit this to three markets: water, carbon and tourism.

The purpose of this research study is twofold, namely to: investigate stakeholder influence and their reception of the proposed enterprise using a stakeholder analysis; and also to identify and advise on the opportunities and constraints relating to stakeholders, thus contributing to determining the feasibility of the proposed enterprise. In achieving the purpose of this study, a systematic stakeholder analysis framework was constructed, based on existing theory. This was necessary because, although stakeholder analysis is commonly practiced, no study was found to provide a theoretically based framework for the purpose of feasibility in the initial stages of enterprise establishment. Thus the contribution of the study is also twofold, namely the practical outcome of determining stakeholder reception for feasibility, and a secondary outcome of constructing a stakeholder analysis framework.

The stakeholder analysis framework is based on an interpretation of existing stakeholder theory, with the addition of four “relational indicators” – goals, intentions, relationships, and resources. These four indicators provide a link between theory and practice in gauging the two attributes of stakeholder influence – power and interest.

Dealing with a number of stakeholder interests in a unique context, the study takes on a single network case study approach in the paradigm of phenomenology. To suit the complex nature of the study, semi-structured interviews with various stakeholder representatives were conducted, using groups or organisations as units of analysis. Drawing from the stakeholder analysis framework and overall purpose of the study, four research objectives were set. The first was to identify the proposed enterprise’s legitimate key external stakeholders, based on the three markets: water, carbon and tourism; the second to describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest.; the third, to determine the stakeholder network

influence and probable reception of the proposed enterprise, and the last to advise the landowners on any identified opportunities or constraints stakeholders might pose, and thus to contribute to determining feasibility.

In addressing the first objective, 21 stakeholders were identified, 12 of whom were found to be key to the current investigation. These key stakeholders were: Gamtoos Irrigation Board (GIB), LivingLands, R3G, Rhodes Restoration Group, Eastern Cape Parks and Tourism Agency (ECPTA), Department of Water Affairs (DWA), Nelson Mandela Bay Metropolitan (NMBM), Saaimanshoek, South African National Biodiversity Institute (SANBI), Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), Baviaans Tourism, and Baviaans Municipality. In applying the stakeholder analysis framework, ECPTA was categorised as the definitive (most influential) stakeholder to the enterprise, and DEDEAT, SANBI (through Working for Wetlands), Baviaans Tourism, GIB, and NMBM were categorised as pivotal (influential and active).

In discerning stakeholder interest in the proposed enterprise, a number of emerging themes were found to affect the projected interest and behaviour of stakeholders, apart from their specified goals. Emerging themes included: tunnel visioning, internal disparity, individual/personality clashes, and misaligned interests. In addition to this, in interpreting stakeholder interest, specific intentions or agendas that might affect the interest shown towards the proposed enterprise were also taken into account. Five predominant intentions of stakeholders were identified as: implementing a stewardship programme, establishing a tourism association, establishing a water users' association, social development, and “the big vision”.

Findings on the final objective revealed a number of perceived opportunities and constraints relative to the feasibility of the enterprise. Three prime opportunities were identified as: partnerships with definitive and pivotal stakeholders, the possibility of tendering for implementer of the “Working for” programmes, and taking on the role of Tourism Association. The following potential constraints were also emphasised by participants: social aspects such as individuals and personalities, the incompatibility or non-existence of local market structures, and the need for external funding.

With regard to stakeholder reception, most of the stakeholders, with the exception of NMBM and Saaimanshoek, responded positively to the idea of the enterprise. Overall, based on participant perceptions, the tourism market was found to be the most feasible the carbon market uncertain and a long-term possibility, and the water market the least feasible.

ACKNOWLEDGEMENTS

I would like to acknowledge those who have enabled, guided and supported me throughout the research process in completing this thesis, most notably:

- My supervisor and co-supervisor, Hans-Peter Bakker and Professor Lynette Louw, for their encouragement, guidance and support in making this thesis a reality.
- My parents, Norman and Sue Wiles, for their continual love, patience and unwavering support in everything that I do.
- My boyfriend, Tyrone Rogalsky, for his patience and support throughout this entire research process.
- Allan Gray for the two year scholarship, without which this research study would not have been possible.
- The Rhodes Management Department and staff, for providing the support system that has been my home away from home for the past two years.
- The Western Baviaanskloof landowners, for their cooperation and openness to new ideas and possibilities
- All the participants of this study, most notably ECPTA for their open cooperation during the data collection process.
- God, for it is only through His strength that I have made it this far.

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LIST OF ACRONYMS

AIP	Alien Invasive Plants
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
A/R	Afforestation and Reforestation
BMR	Baviaanskloof Mega Reserve
CER	Certified Emission Reduction
CCBS	Climate, Community and Biodiversity Standard
CDM	Clean Development Mechanism
CSR	Corporate Social Responsibility
DAFF	Department of Agriculture, Fisheries and Forestry
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism (formerly known as DWAF – Department of Water affairs and Forestry)
DNA	Designated National Authority
DWA	Department of Water Affairs
EASTCARE	Ecosystem Approach for Sub-tropical Thicket Conservation And Restoration
ECPTA	Eastern Cape Parks and Tourism Agency
EPWP	Expanded Public Works Programme
GIB	Gamtoos Irrigation Board
LTO	Local Tourism Operator
LULUCF	Land Use, Land Use Change and Forestry
NMBM	Nelson Mandela Bay Metropolitan
PE	Port Elizabeth
P.Ent	The Proposed Landowner Enterprise
PES	Payment for Ecosystem Services

PRESENCE	Participatory Restoration of Ecosystem Services and Natural Capital in the Eastern Cape
R3G	Formerly known as “Rhodes Restoration Research Group”. Now split into two separate groups - “R3G” and “Rhodes Restoration Group”.
SANBI	South African National Biodiversity Institute
STEP	Subtropical Thicket Ecosystem Planning
STRP	Subtropical Thicket Restoration Programme
UNFCCC	United Nations Framework Convention on Climate Change
VER	Verified Emission Reduction
VCS	Voluntary Carbon Standards
WB	Western Baviaanskloof
WfW	“Working for” (Water/Wetlands/Woodlands) programmes

CHAPTER ONE

INTRODUCTION

1.1. INTRODUCTION

The following research explores and applies the theory of external stakeholder analysis to a unique context in the Western Baviaanskloof, Eastern Cape. An enterprise, proposed for establishment in this area was put forward as a means to generating income for the local landowners through alternative sustainable land-uses (LivingLands, 2012). It was requested by the Western landowners that a feasibility assessment be conducted on the concept of the proposed enterprise prior to establishment. Owing to the myriad economic, environmental and social interests at play within the Baviaanskloof area, an external stakeholder analysis became an integral part to contribute towards determining the proposed enterprise's feasibility (Allen, 2012: 82; Varvasovszky and Brugha, 2000: 339).

In the initial stage of enterprise establishment, the reception of a stakeholder network may significantly affect the success or failure of a proposed enterprise (Brugha and Varvasovszky, 2000; Newcombe, 2003; Post, Preston and Sachs, 2002: 2). This fact is widely recognised and acted upon in the field of project management by the implementation of stakeholder analysis prior to establishment (Achterkamp and Vos, 2007: 749; Montgomery, 1974 and Brinckerhoff, 1991, cited in Brugha and Varvasovszky, 2000: 243). However, despite its frequent implementation, "most of the techniques for identifying and assessing stakeholder orientation at [the enterprise establishment] stage are not theory driven or systematic in approach" (Currie, Seaton and Wesley, 2009: 41-42). Few studies conducted in the field of stakeholder management provide a firm theoretical basis for practical implementation in either project or commercial management. In addition to this, no study has been identified as providing a theoretically based systematic framework to guide the process of stakeholder analysis in contributing towards feasibility assessment (Currie *et al.*, 2009: 46; Researcher's Observation, 2012-2013).

In an effort to address this gap, a stakeholder analysis framework was constructed, based on existing theory, to apply to the context of the Western Baviaanskloof. This study

unfolds from a primarily applied research perspective, where the needs of a specific proposed enterprise called for a secondary outcome of a stakeholder analysis framework. According to Collis and Hussey (2009: 7), applied research focuses on solving a specific existing problem through the application of existing knowledge, and the outcome of such a study will have an ultimate practical use in the short to medium term. The immediacy of the problem is therefore more important than academic theorising. The following sections provide a brief prologue to the multifaceted context of the current study.

1.1.1. Setting the context: The Baviaanskloof

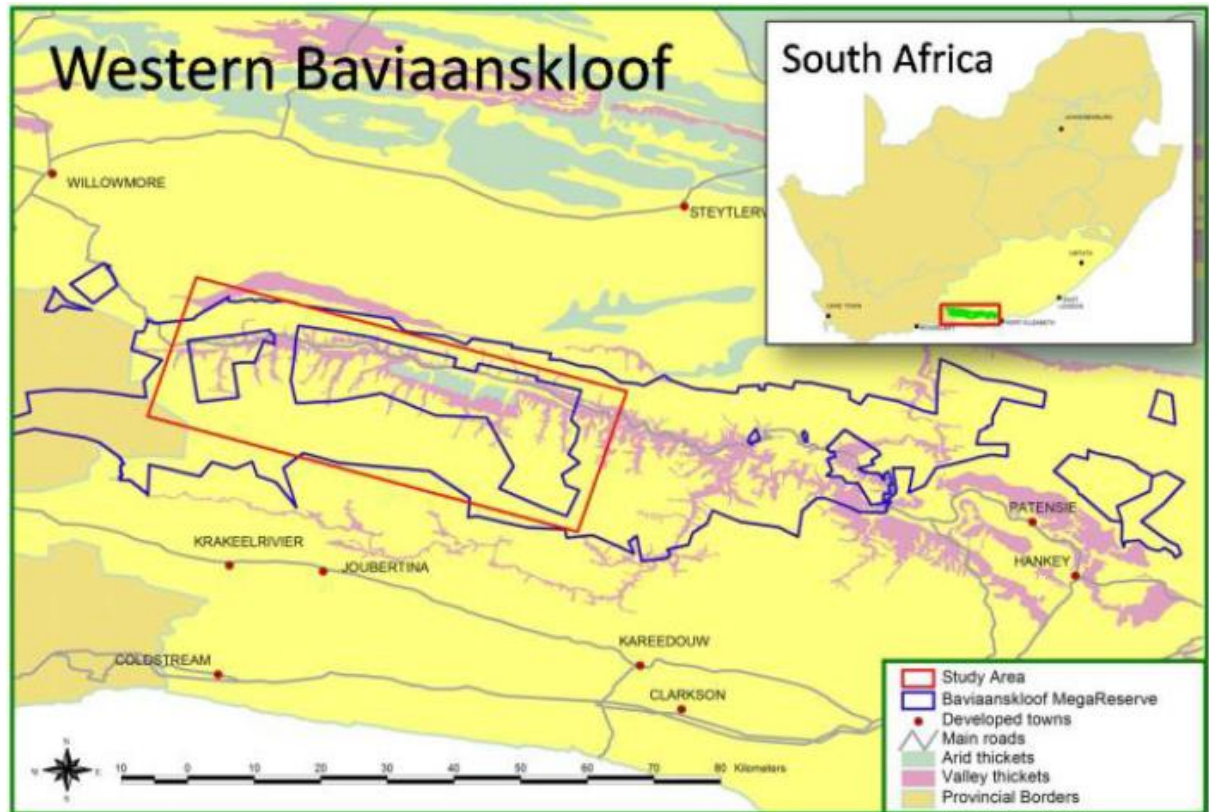
The Baviaanskloof area is settled by a number of stakeholders, each with differing interests – economic, environmental and/or social. Baviaanskloof itself comprises over 300 000 hectares of land, including the Baviaanskloof Mega Reserve (BMR), which was declared a World Heritage Site in 2004 (Boshoff, 2008, cited in Javed, 2009: 28). This area is of particular importance to conservationists in that it has seven of the eight biomes identified in South Africa (Erlank, 2010: 37). In addition to this, it acts as a significant water catchment for various “downstream water users including [the Eastern Baviaanskloof] farmers and water-stressed urban areas of Port Elizabeth, Jeffrey’s Bay and Cape St. Francis” (Mander, Blignaut, van Niekerk, Cowling, Horan, Knoesen, Mills, Powell, and Schulze, 2010: 1). The BMR is encased between the more affluent and prosperous East and the currently more degraded area of the Western Baviaanskloof (from now on referred to as WB) which is the focus of this study. The WB is a “75km long valley of varying width and depth, flanked by Baviaanskloof Mountains in the north and the Kouga Mountains in the south” (Javed, 2009: 28), lying at the very pinnacle of the Baviaans water catchment (see Figure 1.1).

Figure 1.1 displays the study area of the WB (indicated as the two enclosed areas within the red box) encased by the BMR (outlined in blue). The Baviaanskloof is located in the province of the Eastern Cape, South Africa, with the BMR encroaching slightly over into the Western Cape. The landowners referred to as the “Eastern farmers” lie further to the east, spanning from the perimeter of the BMR down towards the town of Hankey.

The study area incorporates an estimated 78 274 hectares of land, over 65% (50 000 hectares) of which is privately owned (the majority of these owners being farmers) (Mander *et al.*, 2010: 1; Noirtin, 2008: 12). Current inhabitants comprise 20 white-family-owned farms, two “coloured communities” – Sewefontein and Saaimanshoek (owned by

the church) – and a collective farm named Tchuganoo – owned by over 70 shareholders (Javed, 2009: 28).

Figure 1.1: Map of the study area



Source: PRESENCE - Report on Water for Food and Ecosystems in the Baviaanskloof Mega Reserve, 2009: 4

From an ecological perspective, the WB is in a crisis stage in terms of its future sustainability. This is evident from the signs of a rapidly altering landscape and shrinking biodiversity, with what was once a rich ecosystem rapidly transforming into a desert (Powell, 2009: 29-30). This desertification is partially as a result of various farming malpractices that have left the land infertile, dry and degraded (Mander *et al.*, 2010: 2; Powell, 2009: 47) – something that the farmers term "marginal land" (Researcher's observation, 2012).

Due to the extensive ecological changes, farmers are finding it increasingly difficult to make a living off the land through the use of current practices. Such practices include: cattle farming; goat farming (only one out of the 20 farmers); olive orchards (only one

farmer); guest houses; and "off road" tourism (LivingLands, 2012; Researcher's observation, 2012).

As a result, landowners are forced to reconsider current land-use practices and are in need of viable alternatives that will allow them to continue earning a living there. Farmers in the Baviaanskloof have come to realise the importance of sustainable land-use change, and are "continually investigating alternative ways to remain economically viable on their land" (Kirkman, 2006: 5). Holistically, sustainable land-use change has to date not been a possibility, with several of the landowners unable to make the transition because of the sheer amount of resources required to make such a leap (Kirkman, 2006: 71). This has meant that land-use change has been slow, with those who can afford it, gradually replacing goat farming with alternatives such as bed-and-breakfast facilities. Gottfried *et al.* (1996, cited in Franks and McGloin, 2007: 472) term this "mismatch between the ownership and management of land and the spatial characteristics of watersheds, landscapes and valuable habitats" the "economies of configuration" problem. As Franks and McGloin (2007: 472) state:

"It is a problem because it typically requires intervention at a scale larger than the individual farmer, i.e.: collaboration between contiguous land managers"

Kirkman (2006: 6&71) supported this in stating the following while conducting an investigation into land-use change in the WB:

"It will only be through a co-operative process of landowners working together on [sustainable land-use change], that...a permanent land use change...[may] be realised"

The following section introduces a potential opportunity to addressing the problem of economies of configuration, but from a business perspective.

1.1.2. A call for change: the proposed enterprise

In March 2012, representatives of various stakeholders met in order to discuss the idea of a proposed landowner-owned enterprise (from now on referred to as P.Ent). This P.Ent was presented by Hans-Peter Bakker, as a possibility for the WB, to representatives of the following stakeholders: LivingLands/PRESENCE; Western Baviaanskloof Farmers (nominated representatives of the Western Baviaanskloof Farmers' Union); ECPTA (Eastern Cape Parks and Tourism Agency); and Rhodes University (LivingLands, 2012).

Bakker (cited in LivingLands, 2012) outlines various key principles that could define the P.Ent, tailored for the WB. These are presented below to provide a basic conceptualisation of the P.Ent and its proposed role:

- ✓ The **form** of the P.Ent will be **determined by the landowners**, depending on the outcome of the complete feasibility assessment.
- ✓ The **owners** (or members, depending on the form chosen) would constitute the substantive **landowners of the Western Baviaanskloof**.
- ✓ It would be **professionally managed** according to principles of good management and governance, including the separation of executive and non-executive powers.
- ✓ **Income** would ideally be generated through a **suit** of sustainable land-use **opportunities**.
- ✓ The P.Ent would take on a **landscape-wide approach** to its management of benefits arising from the underlying natural capital assets, thus also **contributing towards environmental and social improvements**.

(Bakker, 2012)

One of the unique aspects to the P.Ent is its broad scope across a number of markets in obtaining a “suit of opportunities”. This technique of selling multiple services to different buyers is termed “layering” (Asquith and Wunder, 2008, cited in Javed, 2009: 18) and will enable the P.Ent to diversify risk, staggering cash inflows and ensuring a steady revenue stream

A full disclosure of the P.Ent and its goals may be found in the Briefing Document attached as Appendix A. Because the specific form of the P.Ent will depend on the outcome of the complete feasibility assessment, this will not be assumed by the researcher.

The P.Ent described above may at first be found similar to Franks and McGloin’s (2007) environmental cooperatives, which are described as follows:

“Local organisations of farmers and often non-farmers who work in close collaboration with each other and with local, regional and national agencies to integrate nature management into farming practices by adopting a pro-active approach based on a regional perspective”

However, an important difference between the two concepts is the fact that the P.Ent is economically and not ecologically driven. The shift of focus to providing economically viable income while still maintaining values of sustainability, allows for interests to be aligned from a bottom-up approach. Social and conservation offshoots are expected secondary outcomes, but not attained at the expense of the P.Ent. or its owners (Bakker, 2012).

Various benefits have been associated with such initiatives (i.e. the environmental cooperatives and P.Ent) not only for the members themselves, but also the environment, local community, and other stakeholders such as the government and environmental interest groups (Franks and McGloin, 2007: 476). These benefits may include: economies of scale, resulting in lower transaction costs, access to additional sources of income, development of local skills, provision of managerial expertise, easing of communication channels, and access to further sources of finance (Franks and McGloin, 2007).

On a final note, the P.Ent would act on behalf of WB landowners' interests. As such, it could be seen as a mediator and representative for landowners – as a professional intermediary in addressing and discussing alternative land-uses and strategies for all members involved.

The notion of the P.Ent was well received, and after reaching a consensus, the stakeholders who were present requested a feasibility assessment to be conducted into the probable success and/or failure of such a venture.

1.1.3. Feasibility assessment

The outcome of this study will feed into a larger feasibility assessment to be conducted on the P.Ent within the WB. A feasibility study may be defined as “a pre-start-up and strategic planning tool, conducted in the pre-business plan phase of a development” (Currie *et al.*, 2009: 42). The purpose of such a feasibility assessment is to allow “for an informed go/no go decision on a proposed development before considerable investment is made” (Currie *et al.*, 2009: 42). According to Allen (2012: 82), this planning tool generally consists of four main pillars – a market analysis, an internal analysis, an industry analysis, and a financial analysis. The present study will contribute towards a stakeholder analysis (which falls between a market and industry analysis) with a focus on

external stakeholders (see section 1.1.5). As such, it will aid in determining the likely reception and resulting impact of external stakeholders on the P.Ent in the Baviaanskloof.

1.1.4. The importance of a Stakeholder Analysis

A stakeholder analysis is defined as “an approach, a tool or set of tools for generating knowledge about actors [i.e. stakeholders] so as to understand their behaviour, intentions, interrelations and interests; and for assessing the influence and resources they bring to bear” (Varvasovszky and Brugha, 2000: 338) on the enterprise in question. For the purposes of this study, an external stakeholder analysis framework will aid in determining the success or failure of the P.Ent in the given context, “informing [its] design, preparation and implementation” (Varvasovszky and Brugha, 2000: 339).

Montgomery (1974) and Brinkerhoff (1991) highlight the importance of stakeholders' perceptions, in stating that “the support or opposition of parties involved in or affected by the project [the proposed enterprise] is an important factor in determining its success or failure” (cited in Brugha and Varvasovszky, 2000: 243). Stakeholders are people who “have an interest in the issue under consideration, who are affected by the issue, or who have or could have an active or passive influence” (Varvasovszky and Brugha, 2000: 341). The critical role of stakeholders stems from the view of an “organization as a shifting multi-goal coalition” (Cyert and March, 1963, cited in Newcombe, 2003: 842), where the “power bases” of various powerful individuals and interest groups and “the actors themselves shift over time” (Newcombe, 2003: 842).

As a result, even though the P.Ent's primary focus would be on the well-being of the landowners, this often relies on meeting “a system of multiple and often conflicting objectives” (Newcombe, 2003: 842). This shifting multi-goal coalition may pose a number of constraints (if not addressed) or opportunities (if properly engaged with).

1.1.5. External stakeholders

In this study, the researcher will focus on both the opportunities and the constraints posed and perceived by external stakeholders, as well as the probable effect this will have on the proposed enterprise's success or failure. From this point forward, the term "stakeholders" will refer to all external (as opposed to internal) stakeholders, unless otherwise explicitly stated. Drawing from business management literature, external stakeholders may include any of the following generic groups: customers/clients, suppliers, competitors,

government agencies/regulators, local communities, activist groups, and partners (French and Raven, 1959; Harrison and St. John, 1996: 51-53; Post, Preston and Sachs, 2002: 5; TrueSolutions, 2012: 70; Rowe, Mason, Dickel, Mann and Mockler, 1994: 137). A brief definition of each generic role is provided in Table 1.1 for future reference. Definitions given here will be assumed with the use of each term from this point forward, unless otherwise explicitly stated.

Table 1.1: Defining Generic Roles	
Role	Definition
<i>Customer</i>	“A party that receives or consumes products (goods or services) and has the ability to choose between different products and suppliers” (Business Dictionary, 2013a: 1)
<i>Supplier</i>	“A company, person, etc. that provides [a service or product] that people want or need, especially over a long period of time” (Cambridge Dictionary, 2013a: 1).
<i>Competitor</i>	“Any person or entity which is a rival against another. In business, a company in the same industry or a similar industry which offers a similar product or service” (Business Dictionary, 2013b: 1).
<i>Regulator/Regulatory Agency</i>	“Government body formed or mandated under the terms of a legislative act (statute) to ensure compliance with the provisions of the act, and in carrying out its purpose. Also called regulatory authority or regulatory body” (Business Dictionary, 2013c: 1).
<i>Local Community</i>	“A group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action in geographical locations or settings” (MacQueen, McLellan, and Trotter, 2001: 1936).
<i>Activist/Special Interest Group</i>	“Advocates of non-profit organizations that aggressively pursue social [or environmental] issues with business and government to promote their interests”(Lussier and Sherman, 2014: 245).
<i>Partner/Strategic Ally</i>	“A business relationship where parties work closely together to achieve specific objectives – [with] a focus on long-term, mutually satisfying goals”.

	“Participants [within a strategic alliance] willingly modify their basic business practices to reduce duplication and waste while facilitating improved performance”. (Frankel, Whipple and Frayer, 1996: 48) It must be noted that a partnership/strategic alliance may be formal (written, contractual) or informal (verbal, social) in nature (Frankel, Whipple and Frayer, 1996: 60-61).
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In order to narrow the focus of the current research study, the researcher has also limited the above external stakeholder groups to those within any of three promising markets, identified from the literature and initial feedback at the stakeholder meeting, namely water, carbon and tourism pertaining to the Baviaanskloof area.

1.2. RESEARCH PURPOSE AND OBJECTIVES

In response to the call by the Western landowners for further investigation, the primary purpose of the current research is twofold, namely to: investigate stakeholder influence and their reception of the proposed enterprise using a stakeholder analysis; and also to identify and advise on the opportunities and constraints relating to stakeholders, thus contributing to determining the feasibility of the proposed enterprise. The stakeholder analysis framework was constructed by the researcher to provide a more holistic perspective of external stakeholder impact.

The stakeholder analysis framework (constructed and presented in Chapter 3) consists of a procedural framework (Reed, Graves, Dandy, Posthumus, Hubacek, Morris, Prell, Quin and Stringer, 2009) underpinned by a conceptual framework derived from existing theory surrounding stakeholder influence. Stakeholder influence will be determined along the two primary attributes of power and interest – adapted and contextualised, primarily based on Mitchell, Agle and Wood’s (1997) Saliency model, to fit the context of enterprise establishment.

The stakeholders included in the current research study pertain to the three markets of water, carbon, and (eco) tourism in the WB. Those stakeholders falling out of these parameters were not considered for analysis.

In achieving the purpose of this research study, the core objectives are to:

- identify the proposed enterprise's legitimate key external stakeholders, based on the three markets: water, carbon and tourism;
- describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest;
- determine the stakeholder network influence and probable reception of the proposed enterprise;
- advise the landowners on any identified opportunities or constraints stakeholders might pose, and thus contribute to determining feasibility.

1.3. RESEARCH DESIGN AND METHODOLOGY

As an external stakeholder analysis for the establishment of a new venture, most of the present study called for a predominantly phenomenological approach – dealing with attitudes, perceptions, behaviour and ultimately subjective opinions. Collis and Hussey (2009: 57) term this overarching paradigm "interpretivism", describing it as having a focus "on exploring the complexity of social phenomena with a view to gaining interpretive understanding". The researcher seeks "to describe, translate and otherwise come to terms with the meaning, not the frequency of" (Van Maanen, 1983: 9, cited in Collis and Hussey, 2009: 57) various social phenomena (such as attitudes, perceptions and behaviour) towards the P.Ent. Due to the nature of the study, the research methodology used was identified as a business network case study, using stakeholder analysis as a basis for analysis (Halinen and Tornroos, 2005: 1286). Most research methods used, laid out in more detail in Chapter 4, stem from the chosen procedural framework of stakeholder analysis (Reed *et al.*, 2009: 1936).

The method of data collection chosen, namely semi-structured interviews, followed from the research paradigm of phenomenology. Data was collected through semi-structured interviews with representatives of various identified stakeholders (from now on referred to as "participants"). In identifying stakeholders, seven generic stakeholder groupings were applied to the context of the Baviaanskloof area, as well as the three markets (refer to section 1.1.5, Table 1.1, as well as Chapter 3, section 3.5.1). The sampling method involved initially consulting the available literature as a basis (convenience sampling) and

further expanding the resulting stakeholder pool through snowball sampling (Saunders, Lewis and Thornhill, 1997: 147; Varvasovszky and Brugha, 2000: 341).

In gaining initial contact with each group/organisation, an invitation to participate, along with a briefing document on the proposed enterprise, was emailed to those individuals identified by the relevant stakeholders as ideal representatives (see Appendix A). All participants in the study responded to this email by indicating their willingness to participate and by signing a consent form (see Appendix B).

With regard to the interviews, structure was provided with the assistance of an interview guide (see Appendix C). The interview guide consisted of three sections namely, the preliminary section, stakeholder grid (see Appendix D) and the stakeholder analysis. The preliminary section included basic information on the market concerned, stakeholder name, name and official position of the participant, as well as the years worked with the group/organisation (documented purely for the researcher's own records). The stakeholder grid provided information on identifying stakeholders' generic roles and relationships held between stakeholders. In terms of the stakeholder analysis, questions were constructed around the three steps in the stakeholder analysis framework, namely to: identify stakeholders; categorise and differentiate; and lastly investigate stakeholder relationships. In the step "categorise and differentiate", four relational indicators namely: goals, intentions, relationships and resources, were used. Each of these indicators were drawn from stakeholder theory as linkages in order to gauge the two attributes of stakeholder influence, namely power and interest (Venter and Bricknell, 2011; Mitchell *et al.*, 1997; Rowe *et al.*, 1994; Rowley, 1997; Varvasovszky and Brugha, 2000). In discerning intentions and potential relationships with the P.Ent, questions were also further subdivided according to the generic role identified with by the stakeholder in question. The three steps are explained in detail in Chapter 3, Sections 3.3.3 and 3.5.

Data collected was then analysed by means of a three-pronged approach – constituting of an initial content analysis, followed by an evaluation of dyadic influence through the use of a table and matrix, and lastly performing a network analysis through the method of stakeholder mapping (Reed *et al.*, 2009: 1936). Each of these data analysis techniques, with the exception of content analysis, is specific to the practice of stakeholder analysis, drawing from both commercial and project management. Content analysis is said to be "the diagnostic tool of qualitative researchers, which they use when faced with a mass of

open-ended material to make sense of' (Mostyn, 1985: 117 cited in Collis and Hussey, 2009: 164). The initial process of content analysis aided in the translating and ordering of data collected. Content analysis was carried out using NVivo 10, a qualitative software programme that aids in the coding and theming of data (QSR, 2012). A combination of predetermined themes, based on the four relational indicators, as well as emerging themes, was identified through content analysis.

In evaluating data integrity, the four criteria of credibility, dependability, transferability and confirmability were used (Lincoln and Guba, 1985, cited in Collis and Hussey 2003: 278; Remenyi, 2012a: 21) as further discussed in Chapter 4, Section 4.5. Data triangulation, through collection and analysis, was used in the strengthening of data integrity, thus overcoming the potential bias and sterility of any single approach (Easterby-Smith, Thorpe and Lowe, 1991 cited in Collis and Hussey, 2003: 78).

The ethical standards of voluntary participation, confidentiality, nondisclosure, anonymity and the use of research data (Collis and Hussey, 2009: 45-47) were all adhered to as per Rhodes University's Ethical Guidelines for human subjects (2012). These were honoured in the three core aspects of ethical conduct, namely the collection of evidence, processing of evidence, and the use of findings (Remenyi, 1998: 111). Thus the current research study complies with all ethical requirements of The Department of Management Human Research Ethics Committee.

1.4. DELIMITATION OF THE CURRENT RESEARCH

The purpose of the current study is primarily applied, therefore the use of theory and the construction of the stakeholder analysis framework are purely in support of this pragmatic outcome. The researcher acknowledges that further application of this framework will be necessary in order to determine the future transferability of such an approach. Therefore, the framework may require further alteration after conclusion of the present study. However, based on the strength of existing literature and models used, it may be deemed suitable for the current purpose of gauging stakeholder reception during the stage of enterprise establishment – for which it was constructed.

This study's findings may also be limited in that only three markets were focused on, thus they cannot be deemed entirely comprehensive. Participants were also assumed to be

representative of their stakeholders, when in fact each individual provided a subjective viewpoint of events.

All results generated by the current study pertaining to the feasibility as well as proposed strategic approaches of the enterprise will be presented to the Western Landowners in the form of a report after conclusion.

1.5. STRUCTURE OF THE THESIS

Chapter One serves to orientate and inform the reader of the concepts and methods used in the research study. It also contains the purpose and objectives to be addressed in the course of the research.

Chapter Two provides a brief overview of the three focal markets, water, carbon and tourism, to contextualise the study. It also introduces a number of the key players later identified as stakeholders to the proposed enterprise.

Chapter Three explores stakeholder theory in developing a stakeholder analysis framework to be implemented for the purpose of the present research. This framework is constructed by the use of a procedural framework (Reed *et al.*, 2009) underpinned by a conceptual framework adapted for the context of enterprise establishment (Venter and Bricknell, 2011; Mitchell *et al.*, 1997). Thus it draws from both the areas of project and commercial management in providing a theoretically based yet pragmatic approach to stakeholder analysis.

Chapter Four outlines the methodology of the present research, namely the chosen phenomenological paradigm, research methodology, research methods and techniques to be used in collecting and analysing data. The criteria for evaluating data integrity as well as the relevant ethical considerations are also discussed in this chapter.

Chapter Five presents the findings pertaining to the first three objectives of the study through the application of the stakeholder analysis framework developed in Chapter 3. Stakeholders are identified along the seven generic roles, differentiated and categorised based on the two attributes of power and interest, and ranked according to their perceived influence and thus salience. A holistic viewpoint is also gained through the construction of a stakeholder network map to illustrate stakeholder interdependencies.

Chapter Six discusses the opportunities and constraints identified in the three markets as well as the general Baviaanskloof in addressing the final objective of the research. It will also discuss the perceptions of stakeholders, drawn from participants, on the feasibility of the proposed enterprise. This will later inform the decision of feasibility as well as possible strategic approaches presented in Chapter Seven.

Chapter Seven concludes the thesis by summarising the findings pertaining to each objective, thus addressing the purpose of the research in contributing towards determining the feasibility of the proposed enterprise. This chapter consists of the conclusion, limitations encountered during the course of the research, recommendations with regard to the establishment of the enterprise and further research, and the value of the current research.

CHAPTER TWO

A BRIEF MARKET ANALYSIS

2.1. INTRODUCTION

The Western Baviaanskloof provides a host of different potential land-uses when it comes to meeting the interests of its various stakeholders. For the purpose of this study, a description of the markets and key stakeholders is necessary and will be presented here from a third party perspective. Having said this, the landowner's interests must still be kept in mind, in terms of the most optimal land-use options. This means adopting an economic, as opposed to social or environmental, perspective. Accordingly, the three potentially high yielding, core ecosystem related markets were identified as: water conservation; carbon sequestration; and tourism (Mander *et al.*, 2010: 5). Taking into account the current controversy surrounding agriculture as a land-use within the area, sustainable agriculture was not focused on within the current study. This does not, however, eliminate it as an option for future consideration.

This chapter will draw from the literature and preliminary data collected in an attempt to describe the context of each market with reference to the proposed enterprise (referred to from now on as the "P.Ent"). Consequently, the following chapter will set the scene for a comprehensive external stakeholder analysis in Chapter 5 - where theory developed in Chapter 3 will be applied to the context.

2.2. IDENTIFYING THE MARKETS

Recently, the overarching concern of all stakeholders based within the Baviaanskloof revolves around the fact that, due to a combination of climate change and decades of farming malpractices, the land has become degraded, arid and infertile (Mills, Cowling, Fey, Kerley, Donaldson, Lechmere-Oertel, Sigwela, Skowno and Rundel, 2005; Powell, 2009). This combination of factors has had a number of impacts – ecological, social and economic. For land-users, it has meant having to reconsider their land-use and revenue streams through adopting more sustainable practices. The question then becomes, what options are available, feasible and profitable? Researchers based within the Baviaanskloof have provided some insight into potential markets through both published and unpublished literature. These include ecosystem services, such as water, fire management

and carbon sequestration (Erlank, 2010; Javed, 2009; Mander *et al.*, 2010; Noirtin, 2008; Turpie, Marais, and Blignaut, 2008) as well as tourism and game farming (Javed, 2009; Kirkman, 2006; Noirtin, 2008). The majority of the abovementioned land-uses fall under a new concept termed “Payment for Ecosystem Services” (PES). Therefore, in order to understand the context of the chosen markets, one must first gain a grounded understanding of PES as a concept.

2.2.1. Payment for Ecosystem Services

Payment for Ecosystem Services (PES) is defined as a method of internalising the positive externalities associated with a specific land use option (Savey and Turpie, 2004, cited in Pagiola, Agostini, Gobbi, de Haan, Ibrahim, Murgueitio, Ramirez, Rosales and Ruiz, 2004). A broader definition identifies it as “an umbrella term often applied to any among a wide variety of schemes in which the beneficiaries or users of ecosystem services provide payment to the stewards or providers of these services” (van der Zande, 2010: 21). Erlank (2010) elaborates further on this in stating that:

“This [PES] means using new or existing markets to capture at least some of the value of beneficial environmental services which are provided to society at large, such as the storage of carbon or conservation of biodiversity (i.e. positive externalities)”.

PES is currently being explored and implemented in South Africa through a number of short term, largely government funded, projects such as the Subtropical Thicket Restoration Programme (STRP), Subtropical Thicket Ecosystem Planning (STEP), Working for Water, Woodlands and Wetlands (currently under DEDEAT and SANBI), and Ecosystem Approach for Sub-tropical Thicket Conservation And Restoration (EASTCARE) (Noirtin, 2008). Most of these projects focus on what Pagiola and Platatais (2007, cited in Mander and Blignaut, 2010) term as “umbrella services”, otherwise known as the “big four PES initiatives”: carbon sequestration, watershed protection, biodiversity conservation, and scenic beauty (Huberman and Leipprand, 2006: 11). Blignaut and Mander (2009: 4) identify three of these as ‘marketable services’ – water, carbon and [ecotourism through] biodiversity. The P.Ent may be able to realise a substantial amount of income through the provision of these ecosystem services, in the form of “contractual and conditional payments” (van der Zande, 2010: 21). Turpie *et al.* (2008) emphasise that a mechanism such as PES is a pragmatic solution to a number of diverse concerns, as both an incentive and a financing mechanism.

In outlining the concept of PES, this has provided further insights into the potential for the three ‘marketable services’ identified as: water, carbon and [tourism through] biodiversity. The following section serves as further supporting evidence of consensus among internal stakeholders with this finding. Information was gathered through the preliminary research conducted with the landowners themselves during the stakeholder meeting held in March 2012.

2.2.2. Preliminary feedback from Landowners

Stakeholders within the collective meeting held at LivingLands, which included two representatives elected by the Western Landowners, mentioned various alternative land use options to be taken into consideration. These included current activities within the area such as carbon sequestration, water retention, seed planting and further developing tourism (LivingLands, 2012). On tourism development, some possibilities such as wildlife breeding programmes, lodges (“Geelhoutsbos”) and a tourism development centre were suggested (LivingLands, 2012). In addition to this, alternative agricultural practices such as seed planting and olive farming were also discussed.

However, overall it was noted that emphasis was placed on PES related schemes with regards to carbon and water, as well as the tourism market as “the way forward” for the Baviaanskloof (LivingLands, 2012). Following from this, it should also be taken into account that this meeting’s members consisted of a number of conservationist/activist groups who may already have influence over the landowner’s interests, activities and future outlook.

2.2.3. Focus markets

Based on the literature review and feedback from the landowners themselves, three sustainable core markets, supported by some sustainable agricultural practices, were identified, namely: Water retention and management; Carbon Sequestration; and (eco)Tourism. The current study will thus be limiting its focus to the external stakeholders pertaining to the markets of water, carbon and tourism. The remainder of this chapter will attempt to provide an overview of each of these markets as they pertain to the Baviaanskloof, and more specifically Western Baviaanskloof.

2.3. WATER MARKET

2.3.1. Introduction

Water retention is a primary issue within the Western Baviaanskloof as, aside from the fact that it is a significant water catchment, all residents and life itself depend on this limited natural resource. Even the local community determines it as “the most important issue for residents in the valley” (Noirtin, 2008). Turpie *et al.* (2008) draw attention to the importance of water by identifying it as an “umbrella service” - meaning that through the conservation of water this will have a ripple effect on several other important socio-economic issues at hand, such as biodiversity, poverty, and disease.

Rapid desertification of the area has resulted in a large amount of run-off and a lowering of the water table. Thus very little water is being retained within the soil for storage during drier periods. Alien plants species have meant that a large amount of water is lost through evapo-transpiration, reducing the average quantity of catchment run-off (Turpie *et al.*, 2008: 790). This is further exacerbated by former farming malpractices – such as the channelling of natural alluvial fans and the overgrazing of land through goat farming (Mander *et al.*, 2010). These malpractices have resulted in rapid erosion, desertification and a reduction in soil fertility as silt is no longer deposited nor carbon returned to the soil (Mander *et al.*, 2010). The reduction in vegetation has also meant that water is not adequately filtered further upstream, resulting in sediments being deposited in the dam and further downstream. All of the above further affects the quality and quantity of water provided for downstream users as well as the overall sustainability of the catchment.

2.3.2. Window of opportunity/potential

The Western Baviaanskloof is at the pinnacle of a major water catchment - supplying various “downstream water users including [Eastern Baviaanskloof] farmers and water-stressed urban areas of Port Elizabeth, Jeffery’s Bay and Cape St. Francis” (Mander *et al.*, 2010: 1). The citrus farmers lying within the Gamtoos valley as well as Port Elizabeth water users are particularly dependent on water provided from the Kouga dam – which is fed by the Baviaanskloof, Kouga and Groot rivers (Jansen, 2008: 13; van der Burg, 2008: 7). Thus the activities of the upstream land-owners will greatly affect the supply and quality of water to these downstream users. As such, the upstream landowners are stewards of this precious resource and their efforts to restore and maintain the water catchment’s capacity should be encouraged and compensated for. It has already been

found by Erlank (2010) that NMBM within the Eastern Cape are more than willing to pay for such an ecosystem service. The private sector, in the form of the P.Ent, can provide such a service in an effective manner for the benefit of all local stakeholders. Entrepreneurial fervour in the private sector is said to act as an effective driver to serve a number of diverse purposes - social, economic and ecological (Davies, 1971: 165; Huberman and Leipprand, 2006: 18). The following section will attempt to explore a number of examples of projects – local, national and international – in an effort to gain a better understanding of the market and its players.

2.3.3. Previous studies and Projects

2.3.3.1. International: Silvopastoral practices as an ecosystem service

Various initiatives have been implemented worldwide in an effort to combat the damage done to land and ecosystems by agricultural and general land-use malpractices (Kosoy, Martinez-Tuna, Muradian, and Martinez-Alier, 2006; Pagiola *et al.*, 2004; Sanchez-Azofeifa, Pfaff, Robalino, and Boomhower, 2007). The majority of these have zoned in on PES as a tool to translate the need to conserve into tangible economic incentives for private landowners. Some even go as far as to say PES is a “conflict resolution instrument” (Kosoy *et al.*, 2006). This, however, has also brought confusion over the property rights of such ecosystem services (Kosoy *et al.*, 2006). As a result, property rights need to be clearly assigned from the get-go – establishing what land is owned by whom and ensuring that the PES benefits are attributed to the rightful landowners (if they choose to participate) (Huberman and Leipprand, 2006: 19). However, this statement only refers to the property rights over land, and not water – as will be revealed over the course of the current investigation.

The most prominent cases of water conservation to date are in Central America, where “voluntary direct payments [are made] from downstream water users to upstream providers of water-related environmental services, through the action of an intermediary agency” (Kosoy *et al.*, 2006: 2). Countries such as Honduras, Costa Rica, Nicaragua and Columbia are included in some of the most successful initiatives (Kosoy *et al.*, 2006; Pagiola *et al.*, 2004). The focus, however, was mainly on water quality rather than quantity. Although these areas lie within heavily forested regions with greater annual rainfalls, some lessons may still be learned from them in order to effectively gain

payment for ecosystem services in the Baviaanskloof. Even though the farmers upstream in each case received compensation for complying with the PES scheme, follow up research shows that they felt that it was not enough to offset the opportunity cost of forgoing other potential land-uses (Kosoy *et al.*, 2006: 10). One must also consider, however, that farmers may also be overstating their income as a bargaining strategy in order to gain a higher payment (Kosoy *et al.*, 2006: 12). Based on an assessment of various case studies in Central America, Kosoy *et al.* (2006: 3) provide some general parameters to an effective [water related] PES scheme in stating that it should fulfil two conditions:

“i) the compensation of upstream landholders should be at least equal to the opportunity cost of the promoted land use (in other words, more profitable); and ii) the amount of the payment should be lower than the economic value of the environmental externality”

The parameters stated above are fully compatible with a community-driven enterprise. Through the introduction of the P.Ent, it is hoped that this will become a vehicle for PES implementation, instead of relying solely on government funding. Such an initiative would, literally and figuratively, allow the landowners to take ownership of the restoration process – aligning interests and providing a more sustainable driving force for the future.

2.3.3.2. National: Alien invasive plants

Water conservation in South Africa first manifested through the implementation of a government sponsored conservation initiative called the “Working for Water programme” (WfWa) (Turpie *et al.*, 2008). WfWa is a programme that receives funding as a poverty relief initiative, formally under the supervision of DWA (Department of Water Affairs, formally known as Department of Water Affairs and Forestry) but recently passed on to DEDEAT (Departments of Economic Development, Environmental Affairs and Tourism), in that the service providers are those who were previously unemployed. It is currently being implemented with the help of Gamtoos Irrigation Board’s (GIB) guidance within the Gamtoos Valley (Noirtin, 2008). Its activities predominantly consist of the removal of invasive alien plants through a combination of manual clearing and the release of biological control agents (Turpie *et al.*, 2008). The “Working for” concept has since been extended to include two other initiatives, namely: Working for Wetlands (WfWe);

and Working for Woodlands (WfWo) (formerly known as STRP – refer to Section 2.4.3.4). The Working for Wetlands programme is particularly active within the Western Baviaanskloof – under the guidance of SANBI, and also implemented by GIB (SANBI, 2013).

Funding for the “Working for” programmes is sourced predominantly through government allowances under the Expanded Public Works Programme (EPWP) (although international funding had some role to play as a catalyst in the very beginning to launch the WfWa programme) (Turpie *et al.*, 2008: 791). In the past, WfWa looked to the government, water management agencies and voluntary water users for funding. However, the majority of its funding stems from poverty relief funding through tax payers money (Turpie *et al.*, 2008: 791-792).

The dynamics of the Working for programmes have been found to be slightly different from what is presented in past literature. These findings will be presented and discussed further in Chapters 5 and 6 respectively.

2.3.3.3. Regional: Cultivating indigenous plants

Through various studies, it has been revealed that “the restoration of degraded lands can, and indeed does, improve the provision of ecosystem goods and services” (Aronson *et al.*, 2007, Blignaut *et al.*, 2007, Turpie *et al.*, 2008, Blignaut *et al.*, 2008, Blignaut *et al.*, n.d, and Nel *et al.*, 2009 - cited in Mander and Blignaut, 2010), including both carbon sequestration (see section 2.4) and sustainable water retention. The best means of restoration, settled on by several researchers within the Baviaanskloof, is one proposed by Powell (2009), through the use of *Portulucaria Afra* (locally known as Spekboom). Powell (2009) proposes Spekboom as a “keystone species” that can provide the environment necessary for indigenous vegetation to regenerate, thus improving base-flow and reducing run-off in the process (Mander and Blignaut, 2010). This is supported by Mander and Blignaut (2010b: 3) and Jansen (2008: 15) respectively:

“the temporal distribution of water delivery to the water reservoir can be accelerated or slowed depending on the condition of the watershed vegetation”.

“it is possible to improve the hydraulic properties of soils through the (re)planting of indigenous vegetation”

An independent research/consultancy group called Rhodes Restoration Research Group (now split into R3G and Rhodes Restoration Group) was formed to advise and oversee the implementation of Spekboom and general rehabilitation of degraded land within the Baviaanskloof area (Noirtin, 2008). The group consisted of researchers from Rhodes University, Stellenbosch University, Nelson Mandela Metropolitan University and other outside consultants. As such, they were involved both within the water and carbon markets on an advisory/consultancy basis for GIB (Noirtin, 2008: 41). It should be noted that the water and carbon markets are very interlinked and often go hand-in-hand – as the carbon-rich Spekboom provides a partial solution in both the Carbon and Water markets (Erlank, 2010). The role of the Spekboom in the Carbon market is further discussed in Section 4.

2.3.3.4. Local: Feasibility studies in the Baviaans water market

A collaborative network named PRESENCE (Participatory Restoration of Ecosystem Services and Natural Capital in the Eastern Cape) initiated a project called “Water for food and ecosystems” within the Baviaanskloof in 2008 (Living Lands, 2009). This project is being co-ordinated by a South African Not-For-Profit organisation called LivingLands (backed by researchers from Wageningen University, Netherlands), and falls under its long-term goal of creating “living landscapes” (Livinglands, 2009). As such, it aims to guide sustainable socio-ecological development and restoration, including water retention. The following efforts incorporate an overall catchment restoration programme that has been put into place, based on the collective knowledge of local, national and international researchers (Living Lands, 2009: 3), namely the restoration of:

- alluvial fans;
- the main river bed; and
- the slopes, by planting Spekboom at predetermined sites. Note: the planting of the Spekboom on the slopes is still in the initial testing stages

This restoration programme has been done in collaboration with SANBI, Rhodes University (represented by Powell through R3G), Gamtoos Irrigation Board, and the landowners/farmers (Living Lands, 2009: 3) as part of the WfWe programme. Their goal is to (Living Lands, 2009: 3):

“implement water retention measures in the Baviaanskloof in order to enhance biodiversity and reduce erosion, and to possibly increase water availability for (downstream) water use for agriculture and drinking water supply. Furthermore, assist the process of conversion to ecotourism and ecosystem services for farmers and landowners and support the management of the Nature Reserve by the Eastern Cape Parks board.”

The feasibility of Payment for Ecosystem Services, in relation to water retention, was explored by Erlank (2010) as a form of income for the Baviaans Mega Reserve (BMR). The BMR is overseen by the Eastern Cape Parks Board and Tourism Agency (ECPTA), and falls directly between the Eastern farmers in the Gamtoos valley, and that of the study area of the Western Baviaanskloof. Erlank (2010) found that “the Nelson Mandela Bay Municipality (NMBM) is willing to support the concept of the ‘end user pays’ principle” and is thus “willing to attach a value to the water from the Baviaanskloof” (Erlank, 2010: 93). The willingness of NMBM to pay for such services further warrants a claim from upstream landowners to obtain payment from Kouga Municipality as well as the citrus farmers in the Eastern Baviaans (represented by GIB). It was found that the NMBM was willing to pay a water levy of between R0.20 and R0.25 per kilolitre respectively for the security of sustainable water management services. As a result, it was calculated that the BMR could earn between R18 600 000 and R23 250 000 collectively from the NMBM, GIB/citrus farmers and Kouga Municipality (Erlank, 2010: 97). Based on these figures, it may be inferred that a substantial amount of income may be earned through the provision of the Western Baviaanskloof’s water services (who are further upstream from the BMR), if negotiated and managed correctly.

Lastly, Mander *et al.*’s (2010) feasibility study revealed that both base flow maximisation and revegetation of denuded areas are financially feasible forms of restoration activities and thus warrant wide-scale consideration. Removal of alien invasive plants (AIP’s), however, has not been found to be profitable and has not been identified as a priority within the area due to minimal survival of AIP’s (Mander *et al.*, 2010a: 5; Powell, Cowling and Mills, 2009: 11; Powell and Mander, 2009: 7). Therefore the enterprise will consider the cultivation of indigenous plants (such as Spekboom) as well as possible “enhanced/artificial groundwater recharge measures through infrastructures” such as weirs, gabions, infiltration pits, and/or contour trenches, suggested by Jansen (2008: 15) as potential options for water management. This will contribute to a number of water

management services, including “flood control, sediment regulation, water supply, water availability, and water purification” (van der Burg, 2008: 3).

PES through water services has been revealed through the literature to have substantial potential for the generation of income (Erlank, 2010; Mander *et al.*, 2010). Moving forward, the current study will focus predominantly on the potential for PES water management by planting Spekboom, managing the catchment alongside SANBI, and potentially through the establishment of the abovementioned infrastructures.

2.4.CARBON MARKET

2.4.1. Introduction

One of the greatest challenges currently facing landowners within the Western Baviaanskloof is that of arid and infertile land. This has meant that there is little chance for future agricultural activities, as natural restoration of the thicket biome is gradual at best (Mills *et al.*, 2005; Powell, 2009). As a result, this has called for a large-scale intervention and rapid change in land-use if farmers hope to continue earning a sustainable income within the area. Through various environmental research initiatives, spearheaded by R3G and PRESENCE, a partial solution to restoring the area has been identified through the cultivation of an indigenous keystone plant species called Spekboom (*Portulacaria Afra*) (See section 2.3.3.3 above) (Powell, 2009). Spekboom is carbon-rich, and acts as a filter – sequestering carbon from the air and returning it to the soil, and in the process providing a sheltered and fertile environment for other species to survive and regenerate (Mills *et al.*, 2005; Powell, 2009). Landowners may reap a number of benefits including the restoration of previously marginal land, allowing for future increases in productivity, as well as receiving payment from the carbon market for carbon credits earned (Lorencova, 2008: 67 & 70).

2.4.2. Window of opportunity/potential

With the growing concern over climate change and Global warming, organisations are under increasing pressure to perform as “corporate citizens” and operate in a more sustainable manner (Agrawal, 2010). One of the largest identified contributors to this worldwide issue is that of carbon emissions and the widely shared opinion that organisations in both developed and developing countries cannot continue to pollute

unchecked (Kolk, Levy and Pinske, 2008: 720). Thus the United Nations Framework Convention on Climate Change (UNFCCC) was put in place in order to regulate carbon emissions. This framework has resulted in the need for organisations to reduce their overall carbon emissions, or else face the costs of being fined for exceeding the limits set by the UNFCCC (UNFCCC, 2012). However, a second option has resulted in the creation of a “carbon market”- where the UNFCCC has allowed for the trading of “carbon credits”. These carbon credits are generally either provided by those who have not reached their carbon quota, or earned through the use of “carbon offsetting” (Kolk, Levy and Pinske, 2008; Lorencova, 2008). Carbon offsetting is a relatively new concept that supports the notion of reducing carbon either through renewable energy sources or through large-scale projects to replant carbon-rich vegetation and create “carbon sinks” (Lorencova, 2008: 1; Blignaut *et al.*, 2009: 20).

Although South Africa, as a non-Annex 1 country (explained further in Section 4.3.1), is not committed to participate in reducing carbon emissions, it has started to take on an interest and dabble in carbon offsetting and cleaner energy sources (Climate Africa, 2013; SA News, 2012). However, to date its predominant energy source continues to be through the use of coal plants, one of the prime culprits to high carbon emissions (South African Government Information, 2013; Centre for Climate and Energy Solutions, 2013). Although the use of coal may work against the country’s overall carbon outlook, it does present an opportunity for those selling carbon credits through offsetting to strike a partnership with those who are heavy polluters and would like to ‘clean up their image’ (Kolk, Levy and Pinske, 2008: 270).

2.4.3. Previous studies and Projects

2.4.3.1. International: Kyoto Protocol

The Kyoto Protocol, established by the United Nations Framework Convention on Climate Change (UNFCCC) in 1997, is an international agreement made between 37 industrialized/developed countries – committing them to reducing greenhouse gas (GHG) emissions to specific preset targets (UNFCCC, 2012). These countries are termed as “Annex 1” countries, meaning that South Africa is considered a non-Annex 1 member – as it is still considered a developing country (UNFCCC, 2013). The predominant GHG on which the agreement focuses is carbon dioxide, speculated to be the greatest contributor

to the effects of global warming and climate change (Houghton, Meiro Filho, Callander, Harris, Kattenburg, and Maskel, 1996). Although the main aim of the Kyoto Protocol is to reduce overall carbon emissions through finding ‘clean’ sources of energy, it also makes provision for credits to be earned through land use, land use change and forestry activities (LULUCF) to offset carbon emissions (UNFCCC, 2012). Thus the UNFCCC put in place two options as carbon offsetting mechanisms under the Kyoto protocol, namely the Clean Development Mechanism (CDM) and Voluntary Carbon offset Schemes (VCS), forming the compliance market and voluntary carbon markets respectively (Lorencova, 2008: 19). The CDM and VCS will subsequently be explained.

2.4.3.2. International: CDM and Voluntary markets

The CDM was established as a flexible mechanism, and only later came into force in February 2005 (Boyd *et al.*, 2008, cited in Lorencova, 2008: 19). This mechanism acts as a means to trading Certified Emission Reductions (CER’s) in a regulated market place. Currently, there are only two types of human-induced LULUCF’s allowed to be traded on the CDM, namely afforestation and reforestation (A/R). The primary difference between afforestation and reforestation is the number of years that the degraded land in question has remained barren/marginal, prior to restoration. Afforestation is on land that has not been covered by forest for more than 50 years, whereas reforestation is on land that has been forested within the past 50 years, but is not currently forested (Lorencova, 2008: 21).

Being registered as a CDM project opens the doors to a host of new opportunities in terms of highly accredited carbon credits, international recognition and therefore a better chance of gaining investment and support on an international scale. However, in order to be considered for certification as a CDM initiative, the project has to meet a number of stringent requirements, including: “additionality, eligibility, leakage, and contribution to sustainable development” (Minang *et al.*, 2007, cited in Lorencova, 2008: 19). Despite the benefits of the CDM, the tight regulations and standards required to register as an A/R CDM project have deterred a number of initiatives worldwide in their attempts to become certified - including the Subtropical Thicket Restoration Program (STRP) (Lorencova, 2008), which will be discussed further in the following section.

A second, less costly and somewhat less bureaucratic option is that of the Voluntary market – consisting of a number of different offset schemes with varying standards, regulations and accreditation (Harrison, 2007, cited in Lorencova, 2008: 28). Of these schemes, three in particular come to the forefront for well-established standards when it comes to carbon sequestration: Voluntary Carbon Standard (VCS); Plan Vivo; and Climate, Community and Biodiversity Standard (CCBS) (Lorencova, 2008: 28). Each of these has a differing focus when it comes to stakeholders interests. Considering that the last two schemes revolve around enhancing the environmental and social co-benefits of carbon sequestration, the Voluntary Carbon Standard scheme seems most appropriate to this study as it supports the economic interests of the landowners. VCS ensures that the landowners are compensated for their efforts and, due to standardization of its methods, is shown to be far more cost-effective. In contrast to this, it has also been said that buyers may be “willing to pay more for carbon credits from projects that have considerable co-benefits” (Neef *et al.*, 2007, cited in Lorencova, 2008: 27).

The VCS stems from the CDM standards, and is very similar in most aspects when it comes to accreditation. However, it does allow for a much wider selection of carbon sequestration activities, referred to as AFOLU (Agriculture, Forestry and other Land Use), thus allowing for the generation of carbon credits called Voluntary Carbon Units or Verified Emission Reductions (VER's) (Lorencova, 2008: 25). The quality of these VER's can vary depending on the project type, baseline and validation methodologies (Zaborowsky and Reamer, 2004, cited in Lauterbach, 2007: 83). Unlike its counterparts, Plan Vivo and CCBS, VCS “does not require discussion of local stakeholders and does not focus on enhancing co-benefits, such as socio-economic and environmental contributions” (Lorencova, 2008: 28), although some of these may occur as inherent secondary outcomes.

2.4.3.3. National: Accelerated and Shared Growth Initiatives for South Africa (AsgiSA) and the carbon market

AsgiSA is a programme put in place as a means to combat the six identified ‘binding constraints on growth’ through a joint effort – both public and private – to enhance the growth of South Africa’s economy, with specific targets set between the years 2006 to 2014 (AsgiSA, 2007). From a national perspective, government institutions are far more likely to be interested in supporting a carbon off-setting initiative if it falls in line with

some of their overall goals. Through the establishment of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) in early 2006, the South African government identified six key priority areas: infrastructure programmes; sector investment (or industrial) strategies; skills and education initiatives; second economy interventions; macro-economic issues; and public administration issues (AsgiSA, 2007: 6). Within these focus areas, carbon offsetting is only of interest in terms of using the Bio-fuel and Tourism markets as a means for job creation. These sectors have been prioritised because they “are labour-intensive, rapidly growing sectors worldwide, suited to South African circumstances, and open to opportunities for Broad-Based Black Economic Empowerment (BBBEE) and small business development” (AsgiSA, 2007: 8). Therefore the only way that a carbon offsetting project would gain government support is through the development of local skills, provision of jobs, and to highlight the long-term benefits of such a project in enhancing the further development of other sectors (i.e.: the energy and tourism sectors).

2.4.3.4. Local: Subtropical Thicket Restoration Program

STRP is an initiative underneath DEDEAT (now known as Working for Woodlands – refer to section 2.3.3.2), started in an effort to follow through with the Accelerated and Shared Growth Initiatives for South Africa (AsgiSA). It was spearheaded by a number of scientists from R3G and implemented with the help of the Gamtoos Irrigation Board (GIB) as an implementing agency and the Baviaanskloof Mega Reserve (BMR) as a partner in the initial pilot studies (Mills *et al.*, 2005: 11; Lorencova, 2008: 69). STRP aims to make use of Spekboom’s unusually high carbon storage abilities as a keystone species to restore hectares of degraded land within the Baviaanskloof, Eastern Cape – essentially creating South Africa’s first carbon sink (Blignaut *et al.*, 2009: 20). In order to maximise economic, ecological and social benefits, however, it needs to register itself with a recognised Carbon offsetting scheme so as to become certified and begin trading credits.

The Designated National Authority (DNA) was established within South Africa in 2004 as a regulatory organisation for all CDM projects, ensuring that they comply with the country’s sustainable development goals (DNA, 2011) as well as general “promotion and CDM awareness raising” (Lorencova, 2008: 42). It is overseen by a steering committee consisting of governmental department representatives (DNA, 2011). A number of factors

were identified by the DNA director as barriers to forestry projects in South Africa, including: financial viability, complex methodology, lack of experience in South Africa (at governmental as well as private sector), and relatively low institutional capacity (Lorencova, 2008: 42).

According to Lorencova (2008: 72), institutional capacity consists of technical capacity, bureaucratic capacity, communication skills, management skills and tasks division, and the ability to attract donors/investors. During the compiling of the Project Design Document (PDD), the following were identified as the STRP's greatest obstacles in registering with the CDM as an A/R CDM project (Lorencova, 2008: 72-75):

- An insufficient level of technical capacity (Soil carbon measurements are complicated and expensive; Spekboom does not fall under the national definition of "forest"; focus on a singular species of plant is undesirable)
- A general lack of bureaucratic capacity (lack of trained staff and expert knowledge, perpetuated by insufficient funds, leading to a failure to comply with the bureaucratic requirements of carbon sequestration mechanisms).
- Insufficient funds to cover what is typically a costly process (approval process, transactional costs, multi-disciplinary expertise) due to limited government funding and thus a great need for private external funding
- Communication with government officials on a local, regional and national level is lacking.

Furthermore, carbon sequestration is not a main priority for South African climate change. The focus mainly revolves around energy efficiency and emission reductions within the energy sector as South Africa's energy sector is currently predominantly coal dependent (DEAT, 2004, cited in Lorencova, 2008: 60).

Despite all of the abovementioned challenges, the STRP has managed to restore a number of degraded areas through the planting of Spekboom. These areas include Baviaanskloof Nature Reserve, Addo Elephant National Park (Darlington Dam) and the Fish River Reserve, covering over 1000 hectares to date (Cowling, Holtz, Knipe, Mills, Cowling, and Powell, 2011: 1). The BMR itself now earns an estimated R60 000 a year by restoring, on average, 10 ha of Spekboom. It is unclear, however, how much of this can be attributed to water retention or carbon sequestration (Noirtin, 2008).

Taking the above into account, it may be noted that there are several lessons to be learned, as well as some opportunities to be sought if the Western Baviaanskloof landowners intend to enter the carbon market. These include the bureaucratic nature of the Clean Development Mechanism, and the inherent obstacles within the South African market that deem the establishment of a CDM project as near-impossible. One conclusion is vividly apparent when considering the South African voluntary carbon market - the private sector has a far larger role to play in the Carbon market to ensure mutual gains for both the individual business and its external stakeholders. As Lorencova (2008: 61) states:

“in the case of voluntary carbon offsets in South Africa, government does not have such a strong role as in CDM; private sector needs to be more self-reliable and take the leading role to implement carbon sequestration activities”

The P.Ent could take on this implementation role through the use of VCS in the voluntary carbon market. However, in so doing it would also need to be cognisant of national government interests such as AsgiSA, as well as opportunities to collaborate with existing projects such as STRP/WfWo.

2.5.TOURISM MARKET

2.5.1. Introduction

Tourism is fast becoming a lucrative market, often used to spur on developing countries' economic growth, as international barriers fall away and consumers place more value on leisure, relaxation and the natural environment (Hudson, 1995, cited in Binns and Nel, 2002: 235). Some have gone as far as to identify it as “a key strategy that can lead to economic upliftment, community development and poverty relief in the developing world” (Binns and Nel, 2002). With the variety of resources available to the Western Baviaanskloof, not discounting the attraction of the BMR as a “World Heritage site”, landowners have begun to recognise the merits of exploiting this market (Fousert, 2009: 12). Although several farmers within the Western Baviaanskloof have entered the tourism market through the provision of guesthouses on their properties, there may still be significant opportunity in further developing tourism within the area.

2.5.2. Window of opportunity/potential

When it comes to the tourism industry, there are a variety of associated benefits to be reaped if managed correctly. Some of the economic benefits can be identified as: “revenue generation, creation of (local) employment, social upliftment, empowerment of local communities, and increased entrepreneurial opportunities” (Sims-Castley, Kerley, Geach and Langholz, 2005: 7). Tourism promotes local economic development through embracing and enhancing the resources and attractions already present within a given area.

“[T]ourism has long been considered an effective catalyst of rural socio-economic development and regeneration” (Sharpley, 2002: 112, cited in Binns and Nel, 2002: 238)

It allows for access to revenue that, for most rural settlements, would otherwise be inaccessible. And lastly, it encourages the preservation of the local natural environment, heritage and culture.

“[T]ourism, as a less resource demanding activity, enables the rural livelihoods to comply with conservation and restoration objectives” (Fousert, 2009: 12)

As a land-use, it has been found to generate far more income per unit area than traditional agricultural methods - increasing the number of potential employees by up to 3 fold, while simultaneously providing a substantial contribution to biodiversity and conservation (Sims-Castley *et al.*, 2005).

One must also consider, however, the potential side-effects of exploiting such an industry, such as: environmental destruction, pollution and loss of cultural identity (Binns and Nel, 2002: 237). If over-commercialized, the original appeal of the area may be lost as the market becomes saturated and the pressure of hosting large numbers of tourists negatively impacts on the environment and local community (Gossling, 2006, cited in Fousert, 2009: 10; Fousert, 2009: 63). In addition to this, some landowners may be tempted to overstock wildlife or bring in species that are not indigenous to the area in an attempt to attract more tourists (Langholz and Kerley, 2006: 5). This ultimately results in destabilising the natural ecological balance, thus creating a wide-spread negative ripple effect throughout the local environment.

Taking all of the above into consideration, the foundations for enhancing the Baviaanskloof as a tourist destination already appear to have been laid. All that is

necessary is to develop and market the area as a product, while regenerating the attractions inherent to the area (Boshoff, 2005: 24). Since this particular opportunity would benefit all involved when managed correctly, there is a much lower possibility of resistance from external stakeholders (with the exception of competitors). The main challenges typically faced can be identified from the literature as: the volatility/seasonality of the tourism market, the costly initial outlay, and a lack of government support at a national level (Sims-Castley *et al.*, 2005).

2.5.3. Previous studies and Projects

2.5.3.1. International: Changing trends and SA in the spotlight

Changes within the global climate in the past decade or so have propelled the growth of the tourism industry to such an extent that it is now “one of the most critical forces shaping the world’s economy” (Williams, 1998, cited in Binns and Nel, 2002: 235). Falling international barriers and cheaper travelling costs have made overseas destinations more accessible and desirable. Many countries have welcomed the influx of tourists, which brings with it foreign currency and ultimately a far-reaching multiplier effect for the local economy. South Africa is just such a country, as it has gone to great lengths to enhance its natural attractions and develop infrastructure and facilities to support a booming tourism industry. This is evident from the 8.0% increase of foreign visitors entering the country between 2010 and 2011, 89% of which who’s purpose of travel was for holiday/leisure (StatsSA, 2011: 7).

2.5.3.2. National: Encouraging conservation and PGR’s (EC)

The South African government has recently prioritised tourism as a key strategy to both economic and social development. *The White Paper* emphasizes the importance of such a strategy in stating that: “if pursued responsibly tourism has the potential to positively improve the quality of life of all South Africans” (Binns and Nel, 2002: 238).

However, it can only go as far as to facilitate a contextual framework for tourism development – as this is something that only the private sector has the capacity to drive (Binns and Nel, 2002: 238). South Africa’s participation in the “Private Protected Area Action Plan”, held at the 5th World Parks Congress in Durban, South Africa and approved in 2003 (IUCN, 2005, cited in Langholz and Kerley, 2006: 2), calls for combined public

and private investment into private conservation. Tourism was identified as a tool to alleviating poverty, generating income and encouraging economic development in all parts of the country. As such, it fosters local economic development (LED), which:

“seeks to encourage economic growth and to diversify the local economic base into sectors that are usually quite different from those in which recent hardship has been experienced” (Binns and Nel, 2002: 236).

Two prime national examples of communities that have harnessed the benefits of tourism for local economic development are that of Still Bay in the Western Cape, and Utrecht in KwaZulu-Natal. In each case, they were facing economic hardship due to a shrinking base market (fishing and mining respectively), which forced them to take on a radical shift of focus towards tourism in order to survive (Binns and Nel, 2002: 240-244).

On a regional level, the Eastern Cape has recently experienced a rapid expansion of Private Game Reserves – as more and more farmers turn from agriculture to wildlife and eco-tourism for an income (Langholz and Kerley, 2006). As a result, the Eastern Cape Private Nature Reserve Association (ECPNRA – more commonly referred to as “Indalo”) was formed in 2002 and has grown in members, from an initial five to its current 10 member reserves. These include: Amakhala, Hopewell, Kariega, Kusuko, Kwandwe, Lalibela, Pumba, Samara, Shamwari, and Sibuya (Indalo, 2013). On the other hand, public reserves overseen by the ECPTA consist of: Baviaanskloof Mega-Reserve, Dwesa, Great Fish River Nature Reserve, Hluleka Nature Reserve, Mkhambathi Nature Reserve, and Silaka (ECPTA, 2013). Other reserves within the area, not associated with Indalo or ECPTA, include: Addo Elephant National Park (falling under South African National Parks), Kwantu Game Reserve, Blaauwbosch, Kichaka, Mpongo Mountain Zebra National Park (SANP), Tsitsikamma National Park (SANP), Bucklands Game Reserve, and Woody Cape Nature Reserve (SA-venues, 2013). Taking the number of reserves in the area into account, the market appears to be rather saturated. Therefore the most viable option to successfully compete would be to consider a partnership with BMR and thus ECPTA so as to provide a “complete package” for their target market - eco- and adventure tourists (Fousert, 2009).

2.5.3.3. Local: The BMR and tourists perceptions

The biggest attraction that the Baviaanskloof can boast is that of the Baviaans Mega Reserve, which has been named a World Heritage Site. However, this alone is not going to ensure that tourists are attracted to the area – as there are a number of other factors that contribute to the full tourism experience. On a broader tourism scale, tourists have been found to value: wildlife, the scenery and landscapes, and accommodation and high-quality service the most (Sims-Castley *et al.*, 2005, 2005: 8-9). However, when considering purely the Baviaanskloof, it was found that eco-tourists who visited the area placed more emphasis on natural landscapes, features and activities, the social environment, cultural and historical information, as well as conservation (Fousert, 2009: 57). Eco-tourists that visit the Baviaans generally want to experience a sense of: escape, novelty, peace, tranquillity, relaxation, and isolation from the “outside world” (Fousert, 2009: 62). Unlike most of its counterparts, the Baviaanskloof reserve currently appeals to a more domestic market, as 86.2% of its visitors in 2009 were from within the Eastern Cape (Fousert, 2009: 14). However, due to changes in environmental attitudes, there has been an exponential increase in demand for eco-tourism worldwide (Eagles and Higgins, 1998, cited in Fousert, 2009: 10). Thus there is a gap in the market for landowners to provide the marketing, accommodation and additional activities that are currently lacking by ECPTA, as well as to enhance the experience through the provision of information about the area. As Fousert (2009: 12) states:

“eco-tourism development in the Baviaanskloof is still in its beginning phase and requires further development of tourism infrastructure, marketing and communication efforts and management”

2.6. SUMMARY

The Western Baviaanskloof inhabitants’ past malpractices have left little choice in terms of productive land-use options. In order to move forward there needs to be a process of regeneration and recovery before the landowners may yield any true returns. For this reason, the only sustainable strategy to address past malpractices whilst providing a steady stream of revenue will come through a multi-layered approach involving a number of markets. These markets were identified through consulting both the literature and preliminary discussions with landowners – where PES (Payment for Ecosystem Services)

aided in identifying three key “marketable services” that aligned with the Baviaanskloof’s current context and resources: Water retention and management; Carbon Sequestration; and (eco)Tourism. Through a brief market analysis, these were described and explored individually, gradually panning in from an international, national, regional and down local level. The windows of opportunity present within each of the markets were also briefly outlined. This chapter will serve as a back-drop to identification and analysis of key stakeholders later on in the study.

CHAPTER THREE

STAKEHOLDER THEORY AND ANALYSIS

3.1. INTRODUCTION

The following chapter will explore the concepts of stakeholders and stakeholder analysis, with a focused investigation into the theory behind stakeholder influence on an enterprise. In so doing, a stakeholder analysis framework will be constructed based on the adaptation of existing theory, with modifications according to the literature and the given context and nature of enterprise establishment. Note that, for the purpose of clarification, “focal firm” referred to in the literature will be seen as interchangeable with the “proposed enterprise” in the current study.

The resulting stakeholder analysis framework consists of a simplified procedural framework to serve as a guide to implementation, in conjunction with a basic conceptual framework, adapted from the theory behind stakeholder influence and networking. The procedural framework provides a simplified and systematic structure that guides the overall process of stakeholder analysis as a tool. Whereas the conceptual framework will aid in the differentiation process, the second stage of the procedural framework, by delineating key stakeholders through gauging their influence on the P.Ent. Influence gauged will result in a representation of each stakeholder’s projected salience to the P.Ent, providing a basis from which to prioritise stakeholders in strategy formulation (expanded on in Chapter 4, Section 4.4.2.4).

The stakeholder analysis framework constructed will be applied in Chapter 5 to further the purpose of the research study. It must be noted that an iterative approach is frequently emphasised throughout the literature and so will also be incorporated through cyclical feedback within the framework design. The following section lays out the concepts of stakeholders and the stakeholder literature as a brief prologue into the field of stakeholder theory.

3.2.STAKEHOLDERS

3.2.1. Definition

As one of the greatest ongoing debates within stakeholder theory, there remains to be no true consensus amongst authors on the definition of “Who and what really counts” (Freeman and Reed, 1983, cited in Mitchell *et al.*, 1997: 854; Harrison and Freeman, 1999, cited in Kakabadse, Rozuel and Lee-Davies, 2005: 290; Phillips, 1997, cited in Phillips 2003: 25). What can be agreed upon, however, is that there are two distinct approaches to defining stakeholders – taking on either a broad or narrow approach (Mitchell *et al.*, 1997: 862; Phillips, 2003: 28).

As one of the seminal authors to stakeholder theory, Freeman’s (1984) broad definition of stakeholders as “those who affect or are affected by a decision or action” (cited in Reed *et al.*, 2009: 1934) is the most frequently referred to in the literature (Mitchell *et al.*, 1997: 854; Currie *et al.*, 2009: 47; Achterkamp and Vos, 2007: 750; Reed *et al.*, 2009: 1934). A more comprehensive description of stakeholders may be expressed as: “actors who have an interest in the issue under consideration, who are affected by the issue, or who – because of their position – have or could have an active or passive influence” (Varvasovszky and Brugha, 2000: 341) over the phenomena in question. These “actors” may consist of individuals, organisations/institutions, groups or even networks of a combination of the aforementioned (Brugha and Varvasovszky, 2000: 239; Varvasovszky and Brugha, 2000: 341). The mutually interdependent nature of the relationships that these actors are said to have, implies that each has a stake in the business’/project’s operations and/or decisions (Rowe *et al.*, 1994: 132).

Key proponents of a narrower approach argue that despite the idealistic appeal of Freeman’s (1984) definition, the practical reality faced by managers limits the number of interests that may be prioritised (Currie *et al.*, 2009: 47; Mitchell *et al.*, 1997: 854; Phillips, 2003: 28). As stated by Mitchell *et al.* (1997:857)

“Narrow views of stakeholders are based on the practical reality of limited resources, limited time and attention, and limited patience of managers for dealing with external constraints”.

As a result, most stakeholder analysis’ within business practice tend to take on Bowie’s (1988: 112, cited in Reed *et al.*, 2009: 1934) definition of stakeholders as “those groups

or individuals without whose support the organisation would cease to exist”. This narrow approach to stakeholder management directly correlates with an instrumental perspective, later discussed in Section 3.2.3.

3.2.2. Differentiating between external and internal

Stakeholders may be categorised into internal and external when referring to an organisation or project. Internal stakeholders can be identified as any individual/interest group that has a direct link to the operation of an organisation and thus lies within its bounds, leaving them completely dependent on the success of the enterprise/project (Cambridge Dictionary, 2013b). These may include management, shareholders/owners and employees. On the other hand, external stakeholders are any other individuals, groups or organisations outside of the business entity/project that may have a direct or indirect interest and/or influence over its operations (Cambridge Dictionary, 2013c). One of the greatest assumed differences between that of internal and external stakeholders is that internal stakeholders can be managed, whereas external stakeholders lie outside of the organisation’s control (Harrison and St. John, 1996: 47). There is a high degree of dependency between the enterprise and that of its external stakeholders, as Pfeffer and Salancik point out in stating the following (1978: 43, cited in Frooman, 1999: 195):

“Because organisations are not self-contained or self-sufficient, the environment must be relied upon to provide support. For continuing to provide what the organization needs, the external groups or organizations may demand certain actions from the organization in return.”

This lack of control and potential for influence may be one of the main reasons that external stakeholders are seen as a potential risk if not properly engaged with and included in the establishment of a new enterprise. Montgomery (1974) and Brinkerhoff (1991) highlight the importance of external stakeholder’s perceptions, indicating that “the support or opposition of parties involved in or affected by the project [the proposed enterprise] is an important factor in determining its success or failure” (cited in Brugha and Varvasovszky, 2000: 243). Some authors, such as Jeffery (2009: 8), expand on this in stating that in this age of change and uncertainty, businesses need to consider the use of stakeholder engagement as a necessary strategy within any business. This can be done either as a means of mitigating risk, and/or as a means “to identify and establish new opportunities through the use of meaningful stakeholder engagement” (Jeffery, 2009: 8).

Managers need to develop sound strategies in order to mobilize, neutralize or defeat external stakeholders – depending on their “potential to support or oppose the interests of the organization” (Bernhart, 1992, cited in Brugha and Varvasovzsky, 2000: 241).

Pertaining to this study, the researcher will be focusing on both the risks/constraints and opportunities posed by external stakeholders as well as the likely impact this will have on the proposed enterprise’s probable success or failure. From this point forward, the term “stakeholders” will refer to all external (as opposed to internal) stakeholders – unless otherwise explicitly stated or quoted.

3.2.3. Current stakeholder literature

The core of stakeholder theory is embedded in the ideal that stockholder interests are not the only ones that should be considered by organisations (Jones, 1980: 59-60, cited in Mitchell *et al.*, 1997: 856). As such, it draws from and is largely intertwined with the concept of Corporate Social Responsibility (CSR). As Kakabadse, Rozuel and Lee-Davies (2005: 288) so clearly state:

“If CSR aims to define what responsibilities business ought to fulfil, the stakeholder concept addresses the issue of whom business is or should be accountable to, and both concepts are clearly interrelated”

Despite this distinct link between stakeholder management and CSR, in consulting the literature there appears to be a clear divide between two diverging perspectives and consequent uses of stakeholder theory. Namely the normative and instrumental approaches (Kakabadse *et al.*, 2005: 291; Reed *et al.*, 2009: 1935-1936). These two seemingly opposing perspectives each maintain focus on one dimension of Freeman’s (1984) definition of stakeholders – “those who affect or are affected by a decision or action” (Phillips, 2003: 30-31).

A normative perspective takes on a purely CSR approach by emphasising the need to include those that are affected. Thus it “acknowledges as primary the ethical legitimacy of the stakeholders’ claims on the organisational purpose” (Jones *et al.*, 2002, cited in Kakabadse *et al.*, 2005: 291). This approach takes on “the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership” (Jones, 1980: 59-60, cited in Mitchell *et al.*, 1997: 856). Advocates for the

normative perspective maintain that stakeholder theory has a fixed “normative core” and thus CSR underpins all aspects of stakeholder management (Phillips, 2003: 30).

On the other hand, an instrumental perspective prioritises stakeholders through identifying those that can affect the given enterprise. This follows from the narrow definition of a stakeholder as “those groups or individuals without whose support the organisation would cease to exist” (Bowie, 1988: 112, cited in Reed et al., 2009: 1934; Freeman and Reed, 1983: 91). Phillips (2003: 28) corroborates with this in stating that “a theory of strategic management would appear significantly incomplete in failing to consider the potential impact of powerful constituencies that could help or hinder the achievement of the organisation’s objectives”. This approach has generally taken on the greatest amount of criticism because, as its name implies, stakeholder management is viewed as an instrument to better “mobilise, neutralise or defeat stakeholders, [in order] to meet the strategic objectives of firms” (Reed *et al.*, 2009: 1934).

Despite the apparent incompatibility of the two approaches, they may also be viewed as the polar ends of a continuum. A third approach has been suggested as a means to addressing the concerns of each perspective – namely, a convergent stakeholder theory. This theory is described as a “theory that is simultaneously morally sound in its behavioural prescriptions and instrumentally viable in its economic outcomes” (Jones and Wicks, 1999; Jones et al., 2002: 28, cited in Kakabadse *et al.*, 2005: 292). Thus it advocates maintaining a balance between social responsibility and corporate interests. The concept of a medium between the two perspectives is further outlined through Phillip’s (2003) distinction between normative and derivative legitimacy (to be discussed further in sections 3.8.3.1 and 3.8.4).

The possibility of such a convergent approach existing within the realms of business management is fast becoming a reality. This is largely due to the shared realisation of the “extended enterprise” which operates within “a network of interrelated stakeholders that create, sustain and enhance [the enterprise’s] value-creating capacity” (Post, Preston and Sachs, 2002: 7). From this, it may be stated that the enterprise and its network are mutually interdependent on one another. Ideally, any stakeholder approach should not aim “to shift the focus of firms away from marketplace success toward human decency but to come up with understandings of business in which these objectives are linked and mutually reinforcing” (Kakabadse *et al.*, 2005: 291). In order to achieve this ideal,

managers need to internalise stakeholder management as an integral part of business operations rather than viewing it as an obligation.

What better way to do this than by including stakeholder involvement within the initial stages of enterprise establishment. However, in consulting the theory, no theoretically based stakeholder analysis framework could be found to fit the context of enterprise establishment. Herein lies what may be considered as one of stakeholder theory's greatest criticisms – the implementation gap left due to poor managerial practicality (Kakabadse *et al.*, 2005: 292).

Throughout the commercial and project management literature on stakeholder management, studies conducted have chosen to focus solely on one particular aspect. These aspects have included: the planning procedure and techniques (Reed *et al.*, 2009; Venter and Bricknell, 2011; Rowe *et al.*, 1994; Varvasovszky and Brugha, 2000; Yuksel *et al.*, 1999, cited in Currie *et al.*, 2009: 46), identifying and differentiating stakeholders (Mitchell *et al.*, 1997; Currie *et al.*, 2009; Vos and Achterkamp, 2006; Wolfe and Putler, 2002) as well as stakeholder networking (Rowley, 1997; Post, Preston and Sachs, 2002; Halinen and Tornroos, 2005). However, no one study attempts to provide a holistic approach where the theory of stakeholder management drives the application of a systematic stakeholder analysis. Consequently, to achieve the purpose of the current study, a stakeholder analysis framework will need to be constructed based on the existing literature.

For the purpose of the current study, it may be stated that the researcher will be adapting a narrow definition of stakeholder with a predominantly instrumental approach. This is owing to time constraints and limited cognitive capacity (Phillips, 2003: 32), as well as to narrow the focus of stakeholder analysis.

The remainder of this chapter will attempt to firstly explore the relevant literature on the procedural aspects of stakeholder analysis; and secondly investigate the theoretical and conceptual underpinnings that drive stakeholder behaviour and influence. The following section starts off this process by delving into stakeholder analysis as a management tool.

3.3.STAKEHOLDER ANALYSIS AS A MANAGEMENT TOOL

3.3.1. A brief overview

Stakeholder analysis has long been recognised by managers as a vital strategic tool – used to identify and manage relationships with stakeholders and as such, better establish the organisation within its stakeholder network (Crosby, 1991: 1; Harrison and St. John, 1996: 51). Its importance in determining the feasibility of a new business can be summed up in the following statement, made by Rowe *et al.* (1994: 136):

“The validity of a strategic plan always depends on the assumptions that are made about the organization’s stakeholders and about the actions they will take during the planning and implementation period”.

There is, however, some controversy over how to execute a stakeholder analysis - as various methods and approaches have been developed in different fields for different purposes, giving “rise to widespread confusion over what is really meant by stakeholder analysis” (Reed *et al.*, 2009: 1933). Taken from a purely business perspective, a stakeholder analysis is a strategic tool used to identify who the key stakeholders are, as well as their relative strategic importance to the successful operation of the business (Crosby, 1991: 1; Harrison and St. John, 1996: 51). A more all-encompassing description is given by Varvasovszky and Brugha (2000: 338), who describe it as “an approach, a tool or set of tools for generating knowledge about actors – individuals and organisations – so as to understand their behaviour, intentions, interrelations and interests; and for assessing the influence and resources they bring to bear on decision-making or implementation processes”. Reed *et al.* (2009: 1934) substantiate this in identifying it as a process with a number of steps, including: “defining aspects of a social and natural phenomenon [the proposed enterprise] affected by a decision or action; identifying individuals, groups and organisations who are affected by or can affect those parts of the phenomenon [or enterprise]; and prioritising these individuals and groups for involvement in the decision-making process”.

The understanding of stakeholder analysis is further enriched by the work of Rowley (1997), who postulates that the impact of stakeholders should not only be understood through the study of individual dyadic relationships with the enterprise, but also requires “an analysis of the complex array of multiple and interdependent relationships existing in stakeholder environments” (Rowley, 1997: 890). This is further corroborated by several

authors within stakeholder theory (Achrol, Reve and Stern, 1983; Thorelli, 1986; Larson, 1992; Anderson, Håkansson and Johanson, 1994, cited in Holm, Eriksson and Johanson, 1999: 2). A dyadic relationship refers to the one-on-one interaction experienced between two parties in isolation. This is in contrast to a more holistic view of stakeholder networks, which refer to relational systems and structures of multiple dyadic relationships (Rowley, 1997: 893).

Some important factors that can be gleaned from these descriptions are that stakeholder analysis is a tool that firstly helps identify relevant stakeholders, differentiates between these stakeholders, and lastly investigates and identifies the dyadic relationships as well as multiple interrelations between stakeholders and the enterprise. An outcome of this would be to determine the individual and collective influence of external stakeholders on the enterprise and thus their relative strategic importance. The following section provides a brief exploration of the procedural frameworks available in conducting a stakeholder analysis on a practical level.

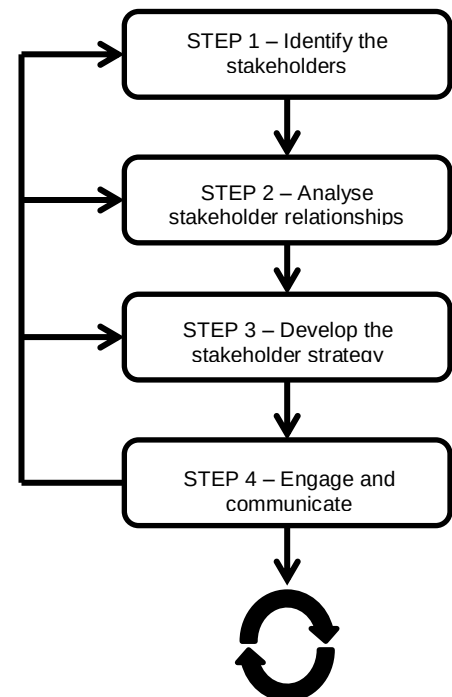
3.3.2. Procedural Framework

Various takes on the practical approach to stakeholder analysis can be found throughout the literature, each with their own modifications to suit the industry and particular context of the organisation/project in question. The following is a brief overview of some of the texts consulted in working towards an all-encompassing procedural framework that will guide the implementation of a stakeholder analysis for the establishment of an enterprise

3.3.2.1. Venter and Bricknell's Iterative process

As shown in figure 3.1, Venter and Bricknell (2011: 254) divide the process of stakeholder analysis into four relatively straightforward steps, namely: 1) identify the stakeholders; 2) analyse stakeholder relationships; 3) develop the stakeholder strategy; 4) engage and communicate

Figure 3.1: Stakeholder analysis process



Source: Venter and Bricknell, 2011: 254

and engage and communicate. Venter and Bricknell's (2011) approach is taken purely from a project management perspective. Drawing from stakeholder theory but developed to be pragmatic and iterative, the Figure 3.1 serves to illustrate this through feedback arrows and the ongoing cyclical process of engagement and communication.

3.3.2.2. *Rowe et al.'s Stakeholder Interdependency*

Rowe *et al.* (1994: 136) base their procedural framework around the interdependency of stakeholders. It is stated that the present status of the focal firm is determined by the “temporary balance of opposing forces” (Rowe *et al.*, 1994: 136). Thus it is the balancing of these network forces that will ensure the firm's survival and prosperity. How the firm reacts to each stakeholder is said to largely depend on the assumptions made about that stakeholder, based on perceived threats and/or opportunities. Thus the following step by step analysis is presented by Rowe *et al.* (1994: 136) as a means to identify and assess stakeholder assumptions:

- 1) Identify stakeholders
- 2) Map significant relationships among the stakeholders
- 3) Examine the stakeholder map for opportunities and threats
- 4) Identify, or bring to the surface, assumptions about stakeholders and the forces they exert on the organization
- 5) Assess the relative importance and certainty of these assumptions.

3.3.2.3. *Varvasovszky and Brugha's Time Sensitivity*

Another aspect of stakeholder analysis is brought to the fore by Varvasovszky and Brugha (2000) in their exploration of how to make use of such a tool. This aspect is time – in terms of time sensitivity, time frame, but most importantly “time focus” of the study in question.

Varvasovszky and Brugha (2000) also emphasise the iterative nature of stakeholder identification and differentiation. The steps for analysis suggested through this approach include (Varvasovszky and Brugha, 2000: 341-344):

- 1) Identifying and approaching stakeholders;
- 2) Data collection methods and data;

- 3) Organizing and analysing data;
- 4) Presenting findings; and
- 5) Using the findings.

From a pragmatic perspective, the researcher found this particular approach to be too academically inclined – being very similar in approach to any given academic research study. Therefore it was not found to be adequate as a basis for analysing an organisation within the complex context of enterprise establishment.

3.3.3. Reed *et al.*'s 3 by 3 framework

The diagrammatic illustration (shown as Figure 3.2 below), by Reed *et al.* (2009: 1936), was found to provide the most logical procedural framework - outlining the general process followed in any given stakeholder analysis:

Figure 3.2: Stakeholder analysis procedural framework

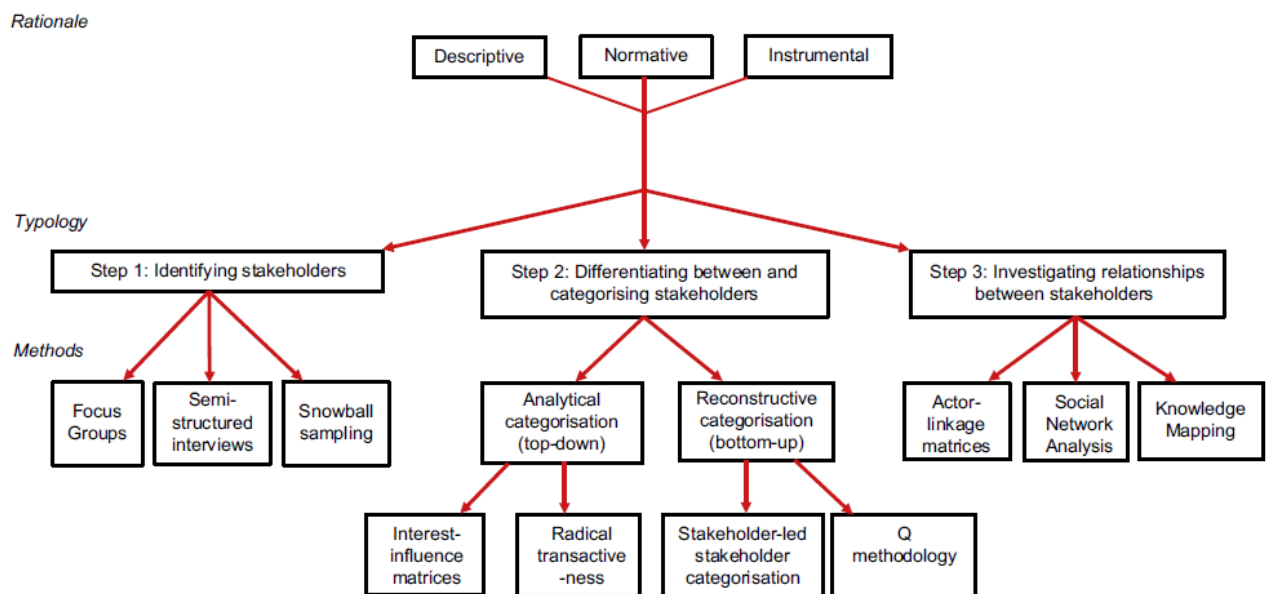


Fig. 1. Schematic representation of rationale, typology and methods for stakeholder analysis.

Source: Reed *et al.* (2009: 1936)

Each level of the analysis allows for a practical and focussed approach, as it guides the investigation through three layers of analysis as well as along a simplified three step procedure. Drawing from stakeholder theory in general, as well as the input from other stakeholder analysis', one must note that Step one and two are not exclusive and may feed into each other (Venter and Bricknell, 2011; Varvasovszky and Brugha, 2000). This is

due to the fact that the differentiation and identification of stakeholders are mutually interdependent.

After consulting various sources, Reed *et al.*'s (2009) 3 by 3 framework provided the most direct approach to stakeholder analysis - as it simplifies the process explained by the various authors preceding it (Venter and Bricknell, 2011: 254; Rowe *et al.*, 1994: 136; Varvasovszky and Brugha, 2000). Thus the above structure shall serve as a basic procedural framework, forming the skeletal outline of the overall stakeholder analysis framework. This will, however, be limited to the levels of Rationale and Typology – as methods are contextual and determined by various factors, including: the nature of the issue at hand; skills and experience of the researcher; resources available; time restrictions; and choices informed by the literature (Collis and Hussey, 2009: 74) (See Chapter 4 on Methods and the three pronged Data Analysis approach). The remainder of this chapter will attempt to explore the theoretical basis of the concepts outlined in Reed *et al.*'s (2009) frame-work, as well as to expand on the second stage of differentiation. As a result, this should better inform the criterion (Chapter 3) and methods (Chapter 4) to be used throughout the remainder of the study.

3.4. RATIONALE

Reed *et al.* (2009) identify the three typical rationales that one may follow when conducting a stakeholder analysis: descriptive, normative or instrumental. A descriptive rationale is purely a description of “the relationship between a particular phenomenon and its stakeholders” (Donaldson and Preston, 1995, cited in Reed *et al.*, 2009: 1935). It is said to be the most basic of rationales, thus rarely conducted on its own but inherent in each of the other two. When considering a normative approach, this takes on stakeholder involvement from an empowerment perspective – uplifting those who would normally be marginalised in decision making processes (see section 3.2.3). However, as a stakeholder analysis towards feasibility, this is not the approach that the researcher proposes to take. The instrumental approach is viewed as the most suitable of rationales – as it takes on a more pragmatic viewpoint in identifying, explaining and managing the behaviour of stakeholders in ensuring the future success of the firm (Reed *et al.*, 2009: 1936). Thus an instrumental perspective will emphasise the role of each stakeholder in relation to their influence on the P.Ent (Simmons and Lovegrove, 2005: 497).

3.5. TYPOLOGY

3.5.1. Identifying Stakeholders

Although some authors may dispute the correct means to identifying stakeholders, within an enterprise establishment context this will depend on two types of relationships: the potential benefits/costs posed to stakeholders (Interest) and the resources possessed by a stakeholder, should they choose to act (Power) (Mitchell *et al.*, 1997; Venter and Bricknell, 2011). Ultimately, these will determine the consequent strategic impact of the stakeholder on the enterprise's potential success or failure (Simmons and Lovegrove, 2005: 497). This will be discussed in detail within Section 3.8 below through the formation of a conceptual framework.

A conceptual framework allows for an iterative process of differentiation and identification along a number of key parameters. However, in the case of enterprise establishment, it cannot act as the preliminary basis for stakeholder identification. This is because the pool of potential stakeholders is so vast that predefined stakeholder roles are needed in order to generate a manageable group of stakeholders (Mitchell *et al.*, 1997: 854; Achterkamp and Vos, 2007: 4). This is openly suggested by Vos and Achterkamp (2006) when they state that a role-based model “should structure the different stakeholder groups; only then their identification can start by answering the question of ‘which specific stakeholders fit within a specific category?’” (Achterkamp and Vos, 2007: 750).

Therefore, as a point of departure, a far more simplistic and common classification system is necessary. In order to develop a comprehensive pool of stakeholders, the researcher consulted the business literature on typical stakeholder groups already widely accepted within the theory and practice. These are groups with homogenous interests or stakes when it comes to the enterprise, as they take on specifically defined roles (Wolfe and Putler, 2002) (discussed further in Section 3.6.3). The most commonly identified stakeholder groups, within what can be referred to as the “immediate environment” are: customers/clients, suppliers, competitors, government agencies/regulators, local communities, activist groups, and unions (French and Raven, 1959; Harrison and St. John, 1996: 53; Post, Preston and Sachs, 2002: 5; TrueSolutions, 2012: 70; Rowe *et al.*, 1994: 137). The researcher will make use of 7 stakeholder groups, with the addition of partners and the exception of unions, as an initial categorical base. Unions are excluded due to the fact that this analysis is being conducted prior to enterprise establishment -

therefore there are no current employees to represent. Partners are included for this initial development phase – as they may provide the resources and knowledge necessary to launch the organisation into the industry (Harrison and St. John, 1996: 51). These roles will be discussed further underneath Section 3.8.3.1 in connection with their legitimacy to the enterprise.

Identifying stakeholders will also require one to accurately define the boundaries of the organisation itself as well as the markets in which it operates. Therefore, given the context of each relevant market in Chapter 2, the 7 generic stakeholder groups may be identified based on their current business activities and/or role within that market.

On a final note, the researcher acknowledges that one must not be too quick to conclude – as “identifying stakeholders is usually an iterative process, during which additional stakeholders are added as the analysis continues” (Reed *et al.*, 2009: 1937). This fact is continuously re-emphasised throughout the literature (Venter and Bricknell, 2011; Reed *et al.*, 2009; Varvasovszky and Brugha, 2000), and thus the differentiation and more detailed classification of stakeholders in the following step may contribute to further stakeholder identification in the first. One must, however, draw a line at some point – and this can be done through the use of “well-founded criteria established by the research analyst” (Clarke and Clegg, 1998, cited in Reed *et al.*, 2009: 1937). These criteria will be presented through the broad conceptual framework discussed later on in this chapter (see section 3.8).

3.5.2. Differentiating between stakeholders

Although the generic role-based groups mentioned in Section 3.5.1 may serve well as a starting point, the researcher acknowledges that a more rigorous approach to differentiating stakeholders is needed there-after in order to fully understand the unique stakeholder dynamics at play. It is necessary to further delineate the theory and factors that contribute towards gauging a stakeholder’s influence on the proposed enterprise. In so doing, the pool of stakeholders can be further refined to identify the definitive stakeholders (Mitchell *et al.*, 1997).

Harrison and St. John (1996: 49) highlight that the identification and differentiation of key external stakeholders will largely depend on the perceived ability of that stakeholder to heighten “the uncertainty facing the firm”. This correlates with a business or

instrumental perspective on stakeholders - where the organisation will be far more concerned with those that can affect it (active), rather than those that are solely affected by it (passive) (Grimble and Wellard, 1997, cited in Reed *et al.*, 2009: 1934). Frooman (1999, cited in Reed *et al.*, 2009:1938) corroborates this in stating that “the appropriateness of the stakeholder’s claim may not matter nearly as much as the ability of the stakeholder to affect the direction of the firm”. Thus this provides some guidance on the significance of each stakeholder group – whether active and therefore key, or passive and thus not as important. However, maintaining a narrow perspective does not mean that all CSR concerns should be disregarded, as the moral obligations within an organisational context must still be addressed in order to maintain the integrity of the enterprise (Phillips, 2003: 31).

In order for the differentiation of stakeholders to be carried out, it is necessary to decide on a set of criteria from which to further delineate. This is where the use of a conceptual framework is imperative, as it provides the parameters around which stakeholders may be categorised and examined further (see Section 3.8). There are various attributes or criterion that may be used to differentiate within the literature, set out by the researcher prior to analysis. Some of the most popular of these include: “levels of interest and influence (Lindenberg and Crosby, 1981); cooperation and competition (Freeman, 1984); cooperation and threat (Savage *et al.*, 1991); and urgency, legitimacy and power, as attributes of influence (Mitchell *et al.*, 1997)” (cited in Reed *et al.*, 2009: 1938). The most predominant of these throughout the literature was found to be the latter, Mitchell *et al.*’s (1997) Saliency Model, which will be explored in more detail in Section 3.6.1. The adaptation and contextualising of this model will be outlined later within Section 3.8.

The final step of Reed *et al.*’s (2009) procedural framework involves an evaluation of the entire stakeholder network in which the proposed enterprise would be suspended (Rowe *et al.*, 1994). The following section will attempt to explore the concept of network analysis as a conclusive stage in the determining of external stakeholder influence.

3.5.3. Investigating relationships between stakeholders

3.5.3.1. Stakeholder networking

The final step of the procedural framework involves gauging the combined effect of each dyadic relationship as a network. Granovetter (1985, cited in Rowley, 1997: 893) states

that “social actors are embedded in a relational system, and one must conceive of this relational context to understand their behaviours”. It is important to understand the complex social network referred to – examining both the ties/relationships that are formed as well as their relative importance and implied interdependencies. Each network is highly context-specific and thus unique. Post, Preston and Sachs (2002: 2) state that “the long term survival and success of a firm is determined by its ability to establish and maintain relationships within its entire network of stakeholders”. This is further compounded when the complexity and uncertainty of the given market increases. As indicated by Harrison and St. John (1996: 51):

“When environments are more complex and uncertain, webs of interdependencies are created among stakeholders”.

As an organisation establishes itself and grows, the relationships within networks become more intricate and “the volume and diversity of transactions among stakeholders increase” (Rowe *et al.*, 1994: 139). These “webs” or networks need to be acknowledged as a key factor in the successful performance of a business. In order for a business to successfully position itself within the “industry structure” (Post, Preston and Sachs, 2002: 2), it first needs to gauge the reception of such a network. If the majority of stakeholders are not supportive of the venture, there is a high chance that this rejection will result in the failure of the enterprise.

Rowley (1997) is one of the key proponents of this view, placing emphasis on the use of social network analysis in order to better understand “entire stakeholder structures and their impact on organizations’ behaviours, rather than individual stakeholder influences” (Rowley, 1997: 887). This is based on the notion that one cannot understand stakeholder behaviour in isolation, as all members of a stakeholder network are interconnected – and thus the nature of the network and its relationships will also influence their behaviour.

“Explanations of how organizations respond to their stakeholders require an analysis of the complex array of multiple and interdependent relationships existing in stakeholder environments” (Rowley, 1997: 890).

Rowley (1997) purports that most stakeholder analysis has focused on the dyadic relationships formed between the focal organisation and each of its stakeholders, instead

of considering the dynamic interplay between stakeholders and how that may also affect stakeholder actions overall.

“The nature of any existing between-stakeholder relationships influences a stakeholder’s behaviour and, consequently, the demands it places on the focal organization” (Rowley, 1997: 890).

On this premise, stakeholder network analysis provides the researcher with a more holistic, macro perspective of the impact of stakeholders on the enterprise. In conjunction with the micro perspective gleaned from each individual dyadic relationship, this should provide a comprehensive conclusion to the analysis of stakeholder impact.

Rowley (1997: 896) highlights two key aspects of a stakeholder network that are most likely to impact on the P.Ent: network density and centrality of the focal firm. A brief explanation of each of these is given below.

3.5.3.2.Density

The density of a network relates to the degree of interconnectedness between all of its stakeholders, which will then impact on the P.Ent’s “degree of resistance to institutional pressures” (Oliver, 1991).

“Density [...] is calculated as a ratio of the number of relationships that exist in the network, compared with the total number of possible ties if each network member were tied to every other member” (Rowley, 1997:896).

The greater the density of the network, the more efficient the voluntary diffusion of shared information, as well as the more uniform behavioural expectations, such as norms and values, will be (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Pfeffer and Salancik, 1978, cited in Oliver, 1991: 171). Thus in a higher density network, stakeholders are held more accountable for their actions by those around them and therefore produce stronger constraints on the P.Ent’s actions (Rowley, 1997: 897). On the other hand, less dense networks are less able to monitor the P.Ent’s actions, leaving it to make decisions at its own discretion without having to be subjected to unified pressure. However, this also means that there is more likely to be a multitude of “conflicting stakeholder influences, since shared behavioural norms are less likely to form” (Oliver, 1991, cited in Rowley, 1997: 898).

3.5.3.3. Centrality

Centrality of the enterprise refers to its position within the stakeholder network, relative to its stakeholders. This is often closely interlinked with the individual firm's degree of power, as it "implies a position of status" – which is obtained through the network's structure (Rowley, 1997: 898). Brass and Burkhardt (1993) identify three types of centrality that a stakeholder may possess: degree, closeness, and betweenness.

Degree centrality measures the number of direct ties to other actors held by an enterprise, while closeness centrality refers to its independent access to others, and lastly betweenness centrality is its control over other actors. If an enterprise has high degree, closeness, and betweenness centrality, this will mean greater access to resources, a lower rate of dependency, and a greater level of control respectively (Brass and Burkhardt, 1993). It must be noted, however, that an enterprise will not often possess all three types of centrality and thus it will differ in its rankings.

These two network attributes will be explored subsequent to stakeholder identification and differentiation by means of extracting information simultaneously from both dyadic and network analysis. This will be done purely at a surface level so as to provide a qualitative snapshot of the industry and its key players. For the purposes of this study, density and centrality were gauged through the inclusion of a number of brief questions posed to each interviewee. These follow from the relational indicator of "current and potential relationships" (see Section 3.8.6 and Appendix D) where the number and nature of relationships between stakeholders were explored further. This was then compared with the number of possible ties between identified key stakeholders (density) so as to provide feedback into the analysis of each individual stakeholder's normative power (centrality). The result will give some indication of the degree of resistance, conflicting interests as well as control that would be imposed on the P.Ent.

3.6. AN EXPLORATION OF THE STAKEHOLDER THEORY

A variety of conceptual frameworks have been developed throughout the literature, as a means to providing parameters for the processes of stakeholder categorisation and differentiation (Savage, Nix, Whitehead and Blair, 1991; Clarkson, 1995; Mitchell *et al.*, 1997; Vos and Achterkamp, 2006; Wolfe and Putler, 2002). The following sections serve to outline a few of the most relevant approaches and models to the current research

context in determining relevant stakeholder influence and reception. Ultimately these will contribute towards a simplified conceptual framework to be implemented in aid of step two of Reed *et al.*'s (2009) procedural framework, as set out in Section 3.3.3.

3.6.1. Mitchell *et al.*'s Saliency Model

Mitchell, Agle, and Wood (1997) developed what has to date been known as the leading stakeholder influence model, namely The Saliency Model, which prioritises and thus determines each stakeholder's relative importance to the firm. This relative importance is formally termed the "saliency" of the stakeholder. Saliency, as Mitchell *et al.* (1997: 854) define it, is "the degree to which managers give priority to competing stakeholder claims". In other words, Mitchell *et al.*'s (1997) "saliency" is a subjective ranking of the strategic importance of each stakeholder, based on their perceived influence. Through this model Mitchell *et al.* (1997) purport that influence consists of three attributes, namely: power, legitimacy, and urgency. According to the Saliency Model, the degree of stakeholder influence depends on the absence or presence of these three subcomponents. Mitchell *et al.* (1997) take on an internal managerial perspective, exploring each influence attribute through the eyes of the enterprise's top managers. The following brief descriptions outline each concept as they were intended by Mitchell *et al.* (1997) for the Saliency Model.

3.6.1.1. Power

Mitchell *et al.* (1997) base their view of the concept "power" on a definition by Pfeffer (1981, cited in Mitchell *et al.*, 1997: 863) who states that: "power accrues to those who control resources needed by the organisation". Thus, from a resource dependence perspective, sources and degree of power may be determined based on the resources possessed by the stakeholder. The following types of power are a result of this resource-based theory (Etzioni, 1964, cited in Mitchell *et al.*, 1997: 865):

- Coercive power: based on the physical resources of force, violence or restraint
- Utilitarian power: based on material or financial resources
- Normative power: based on symbolic resources (such as relationships and social networks)

3.6.1.2. Legitimacy

Legitimate stakeholders are those whose interests are affected by the objectives and decision making of the firm, and thus have a legitimate claim or stake in that firm's activities (Mitchell *et al.*, 1997). This is based on what society considers to be “socially accepted and expected structures or behaviours” (Mitchell *et al.*, 1997: 862), and whether or not the firm puts the stakeholder's interests at risk. According to Mitchell *et al.* (1997: 862), the legitimacy of a claim is determined by various scholars, “based upon contract, exchange, legal title, legal right, moral right, at-risk status or moral interest in the harms and benefits generated by company actions”. This definition may be translated to that of the 7 generic stakeholder groups identified in Section 3.5.1.

On the topic of legitimacy versus power, Weber (1947, cited in Mitchell *et al.*, 1997: 866) states that “legitimacy and power are distinct attributes that can combine to create authority”. Some might claim that in this case, legitimacy can be incorporated into “power” if the sources of power are taken into consideration. However, Mitchell *et al.* (1997) also point out that legitimacy can exist without power, as in some cases like the local community, for example.

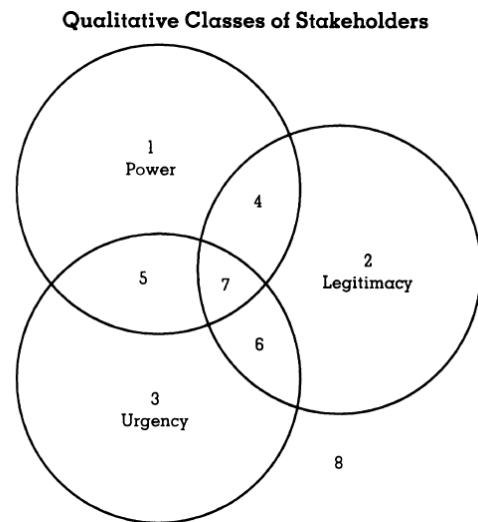
3.6.1.3. Urgency

Urgency relates to the time-sensitivity of a stakeholder's claim, and therefore may aid in determining its priority to the firm. Urgency is said only to exist: “ 1) when a relationship or claim is of a time-sensitive nature and 2) when that relationship or claim is important or critical to the stakeholder” (Mitchell *et al.*, 1997: 867). In other words, it may be seen as the degree of interest in the enterprise's activities, usually based on the extent to which these affect the given stakeholder.

It is proposed by Mitchell *et al.* (1997) that the three attributes above allow one to follow the process of assessing each stakeholder's salience, from a managerial perspective. The Saliency Model makes use of power, urgency and legitimacy as parameters or criteria so as to group and rank stakeholders into one of seven stakeholder classes, as illustrated in Figure 3.3 below.

These classes depend on the number of attributes associated with the stakeholder in question. Thus categories of stakeholders are formed through a binary system between the three attributes of stakeholder influence. Those stakeholders with only one attribute (i.e.: areas 1, 2 or 3) are latent stakeholders, those with two attributes are expectant stakeholders (4, 5, or 6), and those with all three are Salient stakeholders (7). Mitchell *et al.* (1997: 874) then proceed to label each of these separate types of stakeholders as: dormant (1), discretionary (2), demanding (3), dominant (4), dangerous (5), dependent (6), and definitive (7). Those that lie outside all three of the associated influence attributes are seen as non-stakeholders or potential stakeholders (8).

Figure 3.3: Attributes of stakeholder influence



Source: Mitchell et al. (1997: 872)

Mitchell *et al.*'s (1997: 854) discovery explains "to whom and to what managers actually pay attention". It therefore takes on an internal perspective of how and why managers prioritise particular stakeholders. In the absence of managers, as is the case with enterprise establishment, Currie *et al.* (2009: 52) suggest the use of a key informant approach through the identification of external sources involved within the area concerned.

Although the model was developed based on the assumption that the enterprise and thus relationships with each stakeholder currently exist, it remains an important point of reference for a stakeholder analysis in enterprise establishment. Adjustments to this model for the context of the research study will be explored further in Sections 3.7 and 3.8 respectfully.

The following two sections will briefly explore alternative perspectives on stakeholder theory and stakeholder analysis in particular. These were consulted in aid of retaining an open and thus more enriched perspective to the current study.

3.6.2. Vos and Achterkamp's Role-based stakeholder model

Vos and Achterkamp (2006) address the process of stakeholder analysis from a contextual perspective, making use of an “innovation projects” context in order to indicate the need for any stakeholder model “to fit the context the stakeholders are identified for”. In so doing, they developed a stakeholder classification method through a role-based classification model and identification procedure (Vos and Achterkamp, 2006: 168). The classification model presented takes into consideration the dynamic environment of a project, avoiding the typical role-based classification of grouping stakeholders according to a shared stake, and instead classifies stakeholders according to activities and tasks involved. Vos and Achterkamp (2006) adapted Ulrich's (1983, 1987, cited in Vos and Achterkamp, 2006) theory of stakeholder classification – where groups are classified according to those actively or passively involved. Active stakeholders were then further expanded upon, leading to the following classifications: client, decision-maker, and designer. Passive stakeholders, on the other hand, are not as clearly defined in that the group cannot be bound as easily – other than through representation by a formal organisation (Ulrich, 1983, cited in Vos and Achterkamp, 2006: 167).

An important point brought to the fore by Vos and Achterkamp (2006) is the time-sensitivity of stakeholder roles. Depending on the stage of development as well as the market concerned, the degree of involvement and therefore interest of each stakeholder may vary over time. The phases identified by Vos and Achterkamp for an “innovation cycle” include: the initiation, development, implementation and maintenance phases.

3.6.3. Wolfe and Putler's Benefit segmentation – pinpointing shared interests

In critique of the role based classification method described previously in section 3.5.1, Wolfe and Putler (2002) purport that the method of categorising by generic roles is flawed. They state that generic roles are utilised with the assumption of homogeneity towards the enterprise, in other words: that each group revolves around a common set of priorities based on their self-interest (Wolfe and Putler, 2002: 66). Thus this self-interest catalyses group cohesion, given that four factors are present (Wolfe and Putler, 2002: 68):

- Potential repercussions to an individual are large
- Costs and benefits of different alternatives are clear and will result with a high degree of certainty
- There are feared negative outcomes as opposed to desired positive ones

- Individuals attribute responsibility for an issue to an external agent (e.g.: government, society at large, a firm) rather than to themselves

Wolfe and Putler (2002: 66) argue that “role-based self-interest is frequently not a sufficient ‘binding tie’ of stakeholder group priorities”. If the above factors are not present to a large degree, the group members are more likely to be governed by “symbolic predispositions”, and thus heterogeneity, with regard to their standing on particular issues. Symbolic predispositions are identified by Sears and Funk as (1991: 13, cited in Wolfe and Putler, 2002: 68):

“learned affective responses to particular symbols that are acquired relatively early in life (any time from childhood to early adulthood) but persist through adult life. [These] are central in forming basic values, feelings of nationalism, political party identification, racial prejudices, and other attitudes”

Froome corroborates with this view of heterogeneity in stating the following (1999, cited in Simmons and Lovegrove, 2005: 497):

“Perceptions of stakeholders can change and may represent organisational evaluation rather than that of the group”

Wolfe and Putler (2002) equate their approach to that of consumer segmentation methods in marketing. In essence, role-based categorisation is seen as primal and basic – the equivalent of demographics. Meanwhile, the approach supported by Wolfe and Putler (2002: 73) of benefit segmentation relates to that of psychographic segmentation. By grouping stakeholders according to the benefits sought, one can more rigorously categorise groups according to their interests and priorities without the risk of presumptions. It is important to note that this line of thought would be most applicable to those role-based groups that are highly fragmented and thus consist of a number of different individuals. Heterogeneity may become less of a problem when there are fewer individuals within each stakeholder group.

3.7. ADAPTING THE THEORY: TOWARDS A CONCEPTUAL FRAMEWORK

In order to conduct a stakeholder analysis, a conceptual framework is necessary to provide a structure that represents the theoretical underpinnings of stakeholder influence. This framework will aid in categorising stakeholders based on their relative influence and

thus simplify the differentiation process. The researcher would emphasise at this point that the purpose of this study is to investigate external stakeholder influence and reception to the P.Ent, thus further informing opportunities and constraints and contributing towards determining the P.Ent's probable success or failure. This is as opposed to simply classifying stakeholders - on which most stakeholder literature appears to focus (Savage *et al.*, 1991; Clarkson, 1995; Mitchell *et al.*, 1997; Hardy and Beeton, 2001). Thus classification in itself will only be used to make further inferences as to the prioritisation and thus strategic import of each stakeholder in the P.Ent's probable success.

Drawing from the theory presented above in Section 3.6, the most prominent (some might say pivotal) development in stakeholder theory to date remains that of Mitchell *et al.*'s (1997) Saliency Model (Vos and Achterkamp, 2006: 161; Simmons and Lovegrove, 2005: 501; Wolfe and Putler, 2002; Scholl 2004). This model allows the researcher to both understand and determine the influence and thus salience of each individual stakeholder from a managerial perspective.

As one of the few studies discovered by the researcher to apply stakeholder theory for the purpose of feasibility assessment, Currie *et al.* (2009) make use of the Saliency Model as a theoretical basis for a feasibility assessment. Similar to the current study, several external stakeholders were consulted on the concept of a proposed initiative. However, unlike the current study this initiative constituted of a single project as a potential tourist attraction. Drawing from Vos and Achterkamp's (2006) role-based stakeholder model, a classification model "needs to fit the situation for which it is to be used" (Achterkamp and Vos, 2007: 750). The use of the 7 generic roles, first introduced in Chapter 1 Section 1.1.5, allows for this – as it not only narrows the focus of the study to those that are perceived to be pertinent to the P.Ent's survival but includes only those that are perceived to have a legitimate claim (discussed further in sections 3.8.3.1 and 3.8.4).

Adapting Currie *et al.*'s (2009: 47) bottom up approach, information may be drawn from multiple external perspectives for a more inclusive assessment. A variety of perspectives will allow the researcher to gain insight into stakeholder influence within the study area. Taking the purpose of the study into account, this approach is far more suited to the complexities of enterprise establishment.

From a practical perspective, the attributes that Mitchell *et al.* (1997) have provided in defining stakeholder influence need to be further delineated in order for the relevant information to be derived from multiple sources. The attributes of power, legitimacy and urgency must therefore be individually addressed. This may include what determines each attribute, as well as the sequence and manner in which they should be applied. In so doing, a greater understanding of stakeholders' current and predicted behaviour may be cultivated.

The following section will attempt to put forward a number of assumptions in adapting Mitchell *et al.*'s (1997) Saliency Model to the context of enterprise establishment. This framework will provide the theoretical underpinnings to stakeholder differentiation as well as a basis from which to determine stakeholder influence.

3.8. ADAPTED CONCEPTUAL FRAMEWORK

The purpose of a conceptual framework within this study is to provide the basis on which one can firstly gauge the potential force or influence of any given stakeholder, and secondly determine from this each stakeholder's degree of importance to the P.Ent's success. This process can be identified as differentiating and categorising - the second stage of a stakeholder analysis (see Section 3.3.3).

In constructing a working conceptual framework for the context of enterprise establishment, a number of assumptions were made. The following assumptions allow for the simplification and streamlining of differentiating and categorising stakeholders:

- Power as an attribute of Influence
- Resource based power
- Interest as an overarching concept for legitimacy, urgency and attitude
- Legitimacy as a fixed attribute

These assumptions were made based on interpretation and adaptation of the theory, as a means to tailoring the three attributes of influence to the context of enterprise establishment. Each assumption will be briefly explored within the sections that follow.

3.8.1. Power as an attribute of Influence

As a highly contested topic of debate, academic discourse on the difference between influence and power (and whether there is any difference at all) has resulted in a number of theories. The following will attempt to explore a few of the most prominent of these theories on the two seemingly interchangeable concepts of power and influence.

Power is viewed to pose both as an opportunity and a threat, largely depending on the stakeholder's attitude towards the enterprise. This is because "where interests diverge and the firm [/enterprise] is unwilling to change its behaviour to accommodate a stakeholder, power is likely to decide the outcome" (Pfeffer, 1981, 1992, 1997, cited in Frooman, 1999: 195). Taking a resource dependence perspective, the concept of power is defined by Willer, Lovaglia and Markovsky (1997: 573, cited in Frooman) as "the structurally determined potential for obtaining favoured payoffs in relations where interests are opposed". Zimmermann and Maenlinng (2007: 19) further this in stating that "power signifies the opportunity for a stakeholder to assert his/her will and impose his/her decisions on another even if this runs counter to the latter's subjective interests". Power implies the potential ability to control or pressurise another individual or organisation in line with their own objectives.

Some authors differ, however, over the disparity between potential power (ability) and actual power (use) (Brass and Burkhardt, 1993: 442; Dahl, 1957). This divide between actual power and potential power is essential in conceptualising a framework for stakeholder influence. Potential power resides in the resources possessed by the given stakeholder – thus providing them with the option to act on these resources if they see fit to do so. Actual power, on the other hand, is where the stakeholder makes use of its resources, thus activating them to impose its interests on others (Brass and Burkhardt, 1993: 442). This highlights the key role that interest plays in transforming a stakeholder's power (potential) into influence (actual) - thus bringing forward its salience to the enterprise.

"The distinction between 'having power' and 'exercising power' reflects the difference between viewing power as a dispositional and as an episodic concept" (Wrong, 1968: 677).

Power is highly contextual and, based on the fact that power relations will always be asymmetrical, the situation will determine the power distribution between holder and

subject (Wrong, 1968: 673). Not only this, but “the nature of the relationship....determines who has power” (Frooman, 1999: 196). Thus current or potential relationships may also determine the balance of power. Potential power will only be effective if the subject is fully aware of the holder’s ability to control or influence if prompted. Thus, despite the arguments by McCall (1979) and Mintzberg (1983), there is enough evidence to support a distinct difference between potential and actual power.

Thus the researcher concurs with Mitchell *et al.* (1997) in that influence comprises of, but is not solely determined by, power. For the purpose of this study, the word “power” will only represent the capacity or potential power held by the stakeholder in question. Whereas “influence”, which is a verb, will represent “actual power” – as it implies the use of power. This is supported by French and Raven (1959: 260) who state that “social influence takes place through an intentional act on the part of [the power holder]”.

3.8.2. Resource based power

In determining power, there are various theories that classify sources of power within the literature, based within both the human resource and strategic management fields. Firstly, sources of power may come in the form of legitimate, referent/social, expert/informational, coercive/operational or reward/economic (Roome, 2006: 245; Zimmermann and Maennling, 2007: 24). These sources of power, however, focus on roles played within a closed social setting and are thus more suited for a human resource study. The second and most appropriate classification of the sources of power can be identified as Etzioni’s (1964, cited in Mitchell *et al.*, 1997: 865) resource-based categories of: coercive, utilitarian, and normative power – originally endorsed by Mitchell *et al.* (1997) (see section 3.6.1.1). These will be used as the basis of power for the purposes of this study and thus will be included within the conceptual framework.

On a final note, power within a network is also closely associated with centrality, which was discussed previously in Section 3.5.3.3. The following section will delineate the concept of interest as a dynamic complimentary attribute to power.

3.8.3. Interest as an overarching concept

Based on the assumption that power is one attribute of influence, in order to activate this power at least one other attribute is required as a catalytic driver (see Section 3.8.1). This additional attribute must also be a viable feature to extract and determine from the

stakeholders themselves. In consulting the literature, the most common complimentary attribute to that of power was found to be “interest” (Brugha and Varvasovszky, 2000: 240; Newcombe, 2003: 844-846; Bryson, 2004: 30; Bourne and Walker, 2005: 649; Olander and Landin, 2005: 322; Venter and Bricknell, 2011: 256). A particular interpretation of the Saliency Model, made by Venter and Bricknell (2011: 256), supports the use of interest as an overarching term for the two attributes of legitimacy and urgency. Taking on this view, interest can then represent these two attributes, as it “refers to the stakeholder’s opportunity and willingness to act on their power” (Venter and Bricknell, 2011: 256). Thus interest provides the catalytic driver necessary in order for there to be influence.

Interest is what guides the behaviour and thus actions of a stakeholder – whether these actions are positive or negative (Dictionary.com, 2013). As a third attribute, “attitude” was discovered by the researcher to introduce a new dimension to the term interest. The additional aspect of “attitude” was derived from a framework presented by Hillson and Simon (2007: 40), who purport that there are three aspects of stakeholder influence, namely power, interest, and attitude. The researcher concurs with this in that attitude is an important aspect, but proposes it as a contributing factor to interest. This is supported by Abdrabo and Hassaan (n.d) as well as Schmeer (1999: 15), who present both urgency and attitude interlinked as two parts of interest. Attitude is determined by, and determines, the nature of the stakeholder relationship.

Interest may thus constitute of the presence of a stake (legitimacy), the orientation of that stake (attitude), as well as the degree of interest (urgency) in that stake (Venter and Bricknell, 2011: 256; Mitchell *et al.*, 1997; Hillson and Simon, 2007: 40). These three aspects will be briefly discussed within the following sections.

3.8.3.1. Legitimate stakes

The core of any interest may be identified as the stake held by the organisation or group concerned. A stake is a claim laid by an organisation, group or individual towards the enterprise, and would usually denote some element of risk in the relationship held (Clarkson, 1994: 5, cited in Mitchell *et al.*, 1997: 857). According to Mitchell *et al.* (1997: 857), a stake does not necessarily have to be legitimate – however, legitimacy is

more likely to provide it with additional leverage to influence. The importance of “illegitimate stakeholders” is captured in the following statement, where stakeholders are *“a disparate, yet systematically comprehensible, set of entities who may or may not have legitimate claims, but who may be able to affect or are affected by the firm nonetheless and thus affect the interests of those who do have legitimate claims”*

Although the core sentiment of this statement is true, the use of the term “legitimate” in this context is refuted by Phillips (2003: 33) when he states that the term “stakeholder” innately implies a legitimate claim, and thus an illegitimate stakeholder is in itself contradictory. Phillips (2003) provides a “middle ground” between the normative and instrumental concerns of differentiating legitimate stakeholders from non-stakeholders. A distinction is drawn between that of normative and derivative stakeholder legitimacy. Normative stakeholders are said to be “those to whom the organisation has a moral obligation....over and above that due other social actors” (Phillips, 2003: 30). It is specified that this is limited to “positive obligations arising in an organisational context” (Phillips, 2003: 31). Whereas derivative stakeholders are “those groups whose actions and claims must be accounted for due to their potential effects on the organisation and its normative stakeholders” (Phillips, 2003: 31). Taking on this understanding of legitimate stakeholders, all stakeholders must retain some form of legitimacy or else they are non-stakeholders.

Phillip’s (2003) interpretation of legitimacy further reinforces the use of the 7 generic roles – as a prime example of both normative and derivative external stakeholder groups within an enterprise establishment context. The notion of maintaining legitimacy as a constant will be further explored within section 3.8.3.1, as an assumption of the conceptual framework.

3.8.3.2. Attitude and Urgency

Following from this, the two components remaining are that of urgency and attitude - purported by the researcher to constitute interest, based on various author’s use of the three terms (Mitchell *et al.*, 1997; Hillson and Simon, 2007: 40; Abdrabo and Hassaan, n.d; Schmeer, 1999). Urgency and attitude may be seen to represent the relative intensity, and nature of a stakeholder’s claim respectively. Urgency, as presented by Mitchell *et al.*

(1997: 867), is determined by the importance of the stake to the stakeholder and thus the willingness to act (Venter and Bricknell, 2011: 256).

The extent of urgency puts a large amount of pressure on the enterprise to perform according to each stakeholder's interests – which may often directly conflict with each other. Thus this suspends the enterprise in a constant state of quasi-equilibrium between opposing forces (Rowe *et al.*, 1994: 136). As Rowe *et al.* (1994: 136) state: “the current state of an organization is the result of the supporting and the resisting forces brought to bear on the organization by stakeholders”. Depending on the alignment or misalignment of interests, stakeholder forces may result in either the provision of resources or present barriers/constraints to the P.Ent (Rowe *et al.*, 1994: 136).

An attitude is seen as an interdependent response factor that can both affect and is affected by the individual/group/organisation's surrounding environment (Boundless, 2013: 1). This relates to the susceptibility of interest to normative power, as relationships between stakeholders may alter attitudes and thus it is important to gauge inter-stakeholder relationships (see Section 3.5.3 on centrality and network analysis). In the context of a stakeholder analysis, attitude generally refers to either a supportive or resistant response to an issue and/or organisation (Hillson and Simon, 2007: 40; Schmeer, 1999: 14). The additional attribute of “attitude” is used on the pragmatic basis of identifying those that pose either an opportunity or constraint to the project or enterprise (Hillson and Simon, 2007: 40). Thus it is important to gauge the attitude of a stakeholder in order to remain proactive in either reducing the constraints and/or leveraging the opportunities posed.

Following from this, a stakeholder's attitude is usually closely linked with the number of goals that conflict and/or are compatible with the establishment of the enterprise. As Rowe *et al.* (1994:132) state, “a stakeholder is an advocate for any strategy that furthers its goals”, thus both urgency and attitude towards the P.Ent will largely depend on these goals. This is assuming homogeneity of interests within the group/organisation. As such, a stakeholder may determine the need to influence the enterprise's strategies in an effort to better the stakeholder's own interests, goals and objectives. Referring back to Wolfe and Putler's Benefit-Cost segmentation, benefits (complimentary goals) and costs (conflicting goals) allow the researcher to determine the stakeholder's projected attitude

towards the establishment of the enterprise. The amount of benefits or costs will determine each stakeholder's attitude - whether the relationship and resulting interest is supportive (complimentary), resistant (conflicting), or even neutral (incompatible) (Hillson and Simon, 2007: 40). In conjunction with this, the significance of these particular goals to the stakeholder will be likely to indicate the urgency and thus degree of interest shown. Inferring from this, the urgency will be driven by the level of priority that the goal concerned holds. Thus through goals, it is possible to detect both the likely urgency, as well as attitude, of a stakeholder towards the P.Ent.

In addition, goals will also determine the strategies taken by stakeholders and therefore their intentions if the proposed enterprise were to be established. Since a potential enterprise is still highly pliable, stakeholders are more likely to attempt to influence the form and activities of the proposed enterprise to suit their own interests and strategies/intentions (Rowe *et al.*, 1994: 136; Varvasovszky and Brugha, 2000: 338).

3.8.4. Legitimacy as a fixed attribute

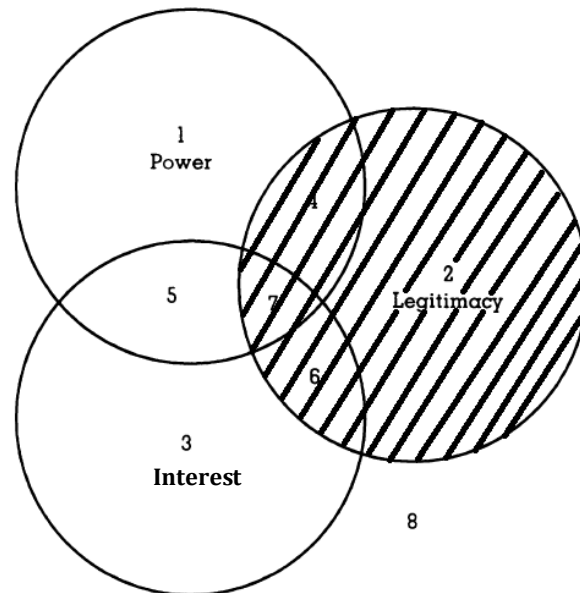
According to Mitchell *et al.* (1997: 862), legitimacy is said to be “*based upon contract, exchange, legal title, legal right, moral right, at-risk status, or moral interests in the harms and benefits generated by company actions*”. This definition outlines the 7 generic stakeholder groups – which will form the initial basis in generating a potential stakeholder pool within the research study (See Chapter 1, Section 1.1.5). Each of these stakeholder groups is commonly perceived within the business literature to possess some form of legitimacy to the establishment of the P.Ent – whether normative or derivative (see section 3.8.3.1).

In applying the 7 generic groups within the identification stage of stakeholder analysis, it may be assumed that the factor of legitimacy remains a fixed constant (Phillips, 2003). Consequently, it will be assumed that every stakeholder identified and consulted will possess some degree of legitimacy. The two remaining attributes of power and interest will thus determine the salience of the stakeholder to the enterprise.

In adjusting for the above interpretations of the three attributes of influence, namely power, legitimacy and urgency (where legitimacy is fixed/constant and interest represents urgency and attitude) the following diagram illustrates the categories to be used within the research study in gauging stakeholder influence:

Figure 3.4: Legitimacy as a fixed attribute

Source: Adapted from Mitchell et al. (1997: 872)



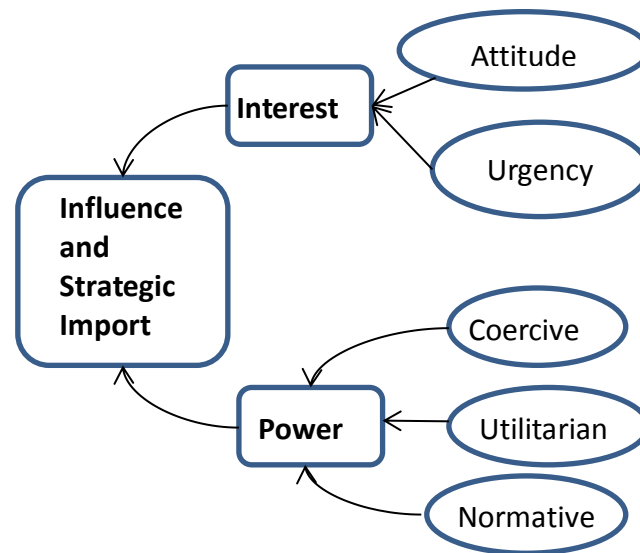
Taken from Mitchell *et al.* (1997), Figure 3.4 illustrates the relevant categories to be used within this study's analysis. The shaded area indicates that only those groups possessing a legitimate stake will be considered for evaluation. This narrows down the most influential stakeholders to those falling within either groups 2 (solely legitimate), 4 (legitimate and powerful), 6 (legitimate and interested) or 7 (legitimate, powerful and interested). Although Mitchell *et al.* (1997) would classify groups 2, 4 and 6 as Expectant stakeholders and 7 as Salient, these terms will not be used in the current study's analysis. Instead, those who do not possess both power and interest will be referred to as "passive" stakeholders and those who do, as "active" stakeholders (Ulrich, 1983 cited in Vos and Achterkamp, 2006: 167). Thus passive stakeholders are those within the categories: discretionary (2), dominant (4), and dependent (6). Active stakeholders are limited to those that are definitive (7) stakeholders and thus possess the most influence. These categories will be expanded on further in Chapter 4, Section 4.4.2.4.

3.8.5. The Conceptual Framework

From the above discussion, it is now possible to construct a basic conceptual framework that will enable the researcher to differentiate between stakeholders through gauging their

relative influence to the P.Ent. Note that legitimacy is fixed within the initial stage of stakeholder identification.

Figure 3.5: Stakeholder influence conceptual framework



Source: Researcher's own construction, adapted from Mitchell et al.'s (1997) Saliency Model

3.8.6. Relational Indicators

The above conceptual framework illustrates how a stakeholder may only have complete influence and thus strategic impact if they possess both the power and interest to mobilise. In order to derive the information necessary to gauge both power and interest, a number of base components must be identified. These would be central to each attribute, serving as indicators to the relationship held between the P.Ent and stakeholder. Thus they may be termed “relational indicators” – providing a practical yet theoretically based link between the two steps of identification and differentiation within a stakeholder analysis.

As discussed within Section 3.6.1.1, power is assumed to be resource based and may come in three forms: coercive, utilitarian and normative. Thus the degree of power will depend on **resources** (Section 3.6.1.1 and Section 3.8.2) as well as **current and potential relationships** (Section 3.5.3.3) that the stakeholder possesses. Interest, on the other hand,

revolves around the **goals** and **intentions/strategies** (Section 3.8.3.2) of the stakeholder, but may also be affected by current relationships.

Thus the relational indicators identified are namely: goals, intentions, resources, and current and/or potential relationships. These will be utilised as predetermined themes in the construction of the interview guide for data collection and will act as a practical link between identification and differentiation in the stakeholder analysis framework.

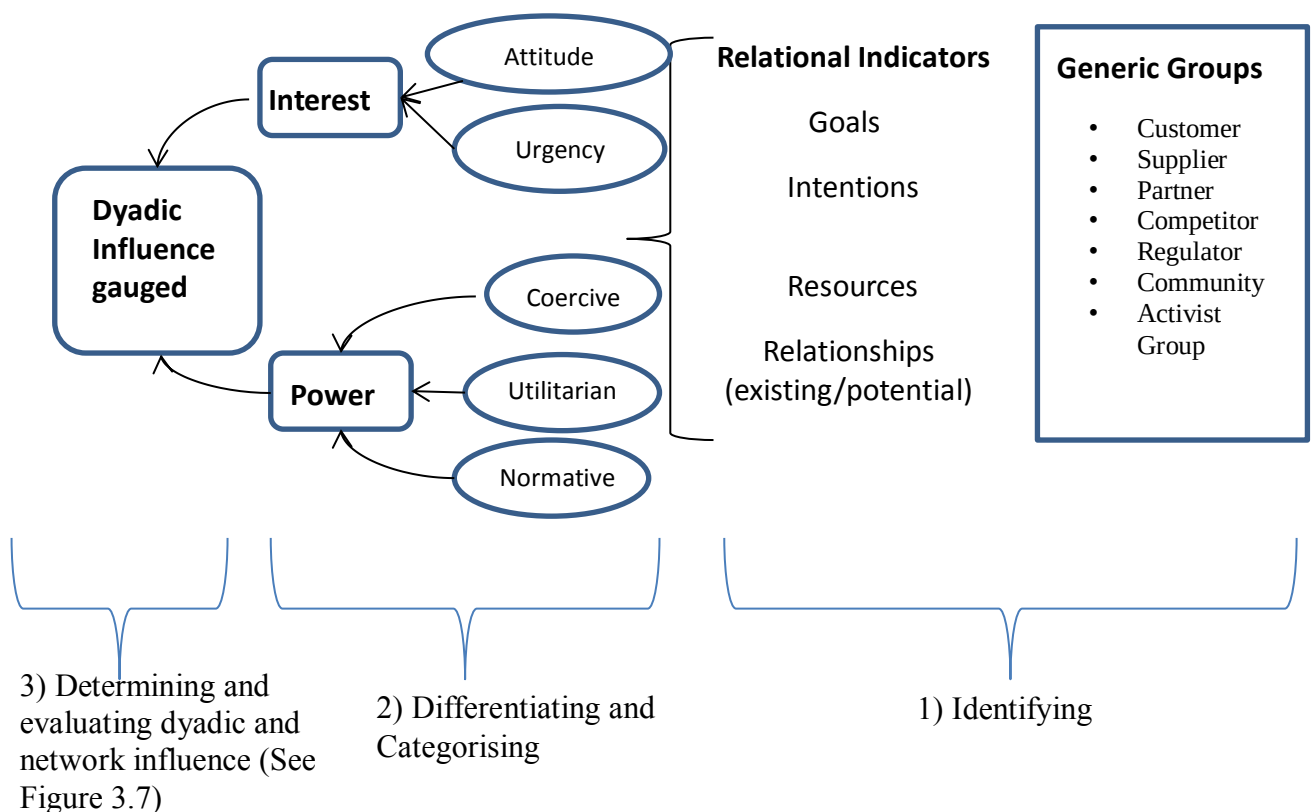
The stakeholder analysis framework will be presented below, derived from the systematic structure of the chose procedural framework (Section 3.3.3) and further informed by the 7 generic groups and adapted conceptual framework (displayed as Figure 3.5).

3.9. STAKEHOLDER ANALYSIS FRAMEWORK

Figure 3.6 below illustrates the complete stakeholder analysis framework - combining both the chosen procedural (Section 3.3.3) and adapted conceptual (Section 3.8.5) frameworks. Thus drawing from the information gathered throughout the course of this chapter. Each step of the procedural framework is further informed by the literature – where stakeholders are:

- Identified through the application of 7 generic groups, as either normative or derivative.
- Differentiated and Categorised along the parameters of power and interest, represented by resources, and attitude and urgency respectively. These are underpinned by the four relational indicators of goals, intentions, resources and relationships.
- Evaluated in terms of dyadic and network influence through further prioritisation and network analysis.

Figure 3.6: Stakeholder analysis framework – a micro perspective



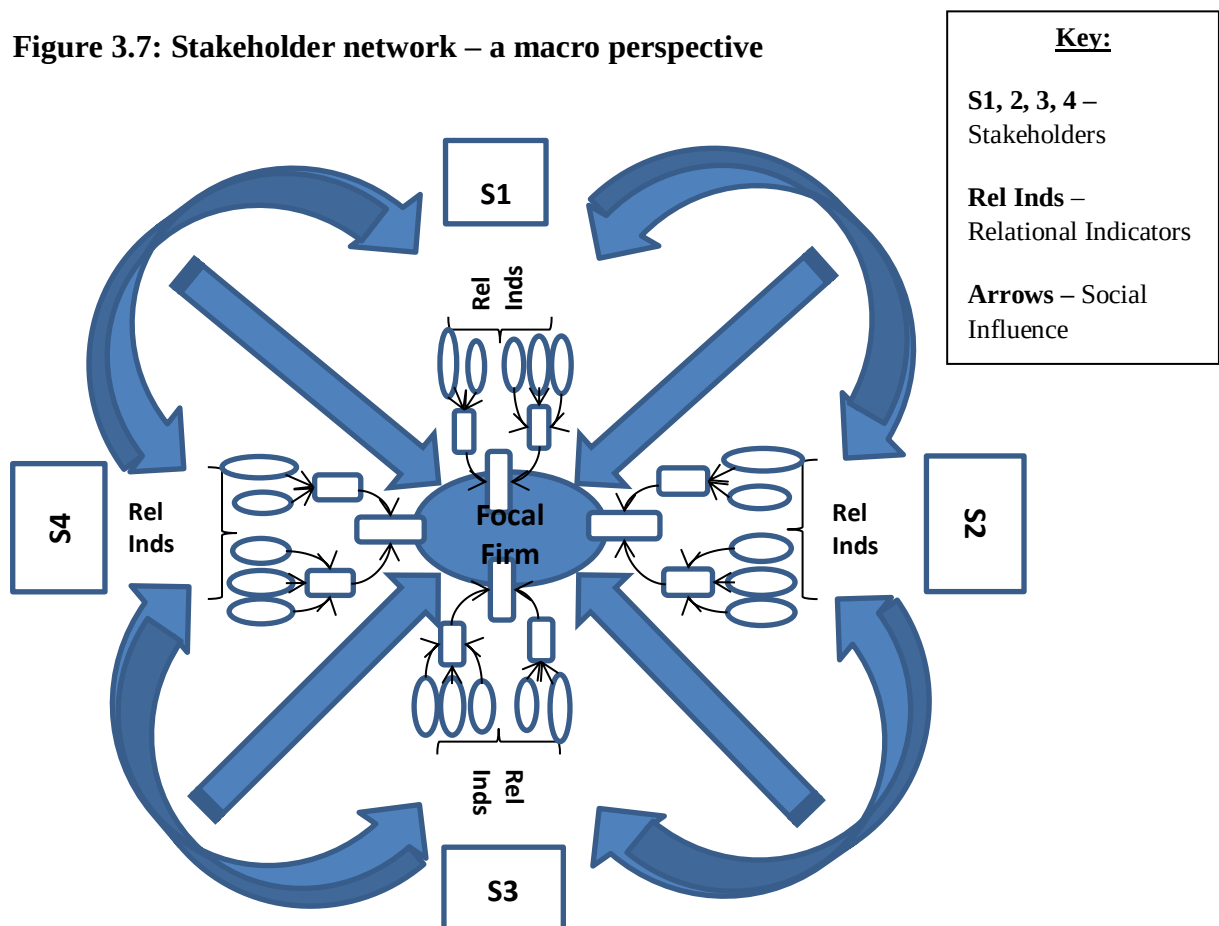
Source: Researcher's own construction, adapted from Mitchell et al., 1997; and Reed et al., 2009.

The stakeholder analysis framework above serves as a guide for the purpose of stakeholder analysis within an enterprise establishment context, thus contributing towards determining feasibility.

It must be noted that the final stage of the analysis does not lie solely in the dyadic influence of each stakeholder, as emphasised in Section 3.5.3, but also in the dynamic interplay between stakeholders within the network. This network influence must therefore be taken into account as a final concluding remark of the analysis in order to acknowledge the suspension of the P.Ent within a relational system.

Figure 3.8 serves as a further illustration of the interdependencies between stakeholders (S1, S2, S3 and S4) and how these relationships in themselves may impact on the P.Ent. This may be termed a macro perspective, as opposed to the more micro focus which dominates the majority of the stakeholder analysis framework and thus the research study.

Figure 3.7: Stakeholder network – a macro perspective



Source: Researcher's own construction, adapted from Rowe et al. (1994: 135)

Illustrations aiding social network analysis will be further explored as data analysis methods in Chapter 4, Section 4.4.2.5.

3.10. SUMMARY

This chapter has provided an overview of the theory behind stakeholder management, consulting both commercial and project management sources in order to develop a clear understanding of the nuances behind gauging stakeholder influence. Stakeholders can have either an empowering or detrimental effect on an enterprise. This is because forces of influence are often imposed by stakeholders on an enterprise so as to further their own interests. Thus it is imperative that the P.Ent consider the potential influence of these stakeholders in order to mitigate or account for any possible constraints or opportunities.

A stakeholder analysis is a tool of assessment commonly implemented within both commercial and project management. However, for the context of enterprise establishment, no one systematic stakeholder analysis framework was found that draws from the theory for the context of enterprise establishment. In order to take on a more holistic approach, such a framework would need to: identify key legitimate stakeholders, determine the individual influences imposed upon the enterprise by each external stakeholder, and lastly piece together the more complex web of interactions and relationships of a stakeholder network as a whole. Based on the dyadic influence (micro) of each key stakeholder, as well as the combination of network influence (macro), this tool should enable the researcher to more accurately predetermine the influence and reception of external stakeholders prior to establishment.

A stakeholder analysis framework was therefore constructed and adapted based on existing theory, drawing from both commercial and project management literature. In order to provide a framework that is both practical and theoretically based, the researcher combined two frameworks into one. First of all, an appropriate procedural framework was identified to provide the practical element necessary in guiding the implementation of a stakeholder analysis. This framework includes three systematic steps of analysis, namely to: identify stakeholders; categorise and differentiate stakeholders; and finally, investigate stakeholder relationships. As a means to achieving step two, “categorise and differentiate stakeholders”, a conceptual framework was outlined to provide the theoretical underpinnings/parameters necessary to guide the process. This conceptual framework was

based on an adaptation of Mitchell *et al.*'s (1997) Saliency Model. A set of assumptions were provided to adjust the Saliency Model to the context of enterprise establishment. In consulting the theory, two attributes were identified as constituting influence, namely power and interest. As final pragmatic link between theory and practice four relational indicators were put forward so as to gauge the two attributes of influence. These were: goals, intentions, relationships and resources.

Chapter 4 follows on from this in an exploration of the methodology behind stakeholder analysis. In so doing, it will provide the means to implementing the stakeholder analysis framework.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1. INTRODUCTION

This chapter serves to provide an outline of the philosophical approach and subsequent methods undertaken by the researcher in achieving the study's purpose – namely, to investigate stakeholder influence and reception of the proposed enterprise using a stakeholder analysis; and also to identify and advise on the opportunities and constraints relating to stakeholders, thus contributing towards determining the feasibility of the proposed enterprise. In order to maintain a clear linkage between the purpose and methodology practiced, the objectives in achieving this are restated below:

- identify the proposed enterprise's legitimate key external stakeholders, based on the three markets: water, carbon and tourism;
- describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest;
- determine the stakeholder network influence and probable reception of the proposed enterprise;
- advise the landowners on any identified opportunities or constraints stakeholders might pose, and thus contribute to determining feasibility.

This chapter will outline the current study's research paradigm, research methods, and research methodologies with regard to both data collection and analysis, as well as the evaluation of data integrity, limitations and ethical considerations of the research. Owing to the nature of the study, the research methodology was identified as a business network case study, where a stakeholder analysis is implemented to a specific context so as to analyse stakeholder influence on the P.Ent's feasibility. Thus all methodologies laid out stem from the procedural framework of stakeholder analysis, outlined in Chapter 3 Section 3.3.3. Techniques introduced in the data analysis phase are specific to the practice of stakeholder analysis – drawing from both commercial and project management.

The following section intends to provide a theoretical discourse leading up to the chosen paradigm of phenomenology, from which the consequent research methods and methodology are derived.

4.2. RESEARCH PARADIGM

A research paradigm is said to be “a philosophical framework that guides how scientific research should be conducted” (Collis and Hussey, 2009: 55). It is an overarching umbrella term that encompasses a number of conceptual levels that usually lie within two seemingly opposing philosophical approaches. Each paradigm consists of an “accepted set of theories, methods and ways of defining data” (Collis and Hussey, 2003: 47). The paradigm chosen will therefore ultimately frame the research study’s argument, line of thought and perception of reality. A paradigm can shape research conducted along a number of dimensions, including ontology (what is the form and nature of reality?), epistemology (what is the nature of the relationship between the knower/researcher and what can be known?), and methodology (how can the enquirer go about finding out whatever he or she believes can be known?) (Guba and Lincoln, 1994 cited in Denzin and Lincoln, 1994: 108; Creswell, 1994 cited in Collis and Hussey, 2003: 49; Gelo, Braakmann and Benetka, 2008: 269).

The two research paradigms adopted can be identified as positivistic and phenomenological (Collis and Hussey, 2009: 56; Remenyi, 1996: 8). Although there is consensus that there are two opposing paradigms, researchers may differ in the terms used to define and describe them. These terms are displayed below in Table 4.1 and should be recognised as similar but not interchangeable to the two preferred terms of positivism and phenomenology that will be considered in this study.

Table 4.1: Alternative terms for the main research paradigms	
Positivistic paradigm	Phenomenological paradigm
Quantitative	Qualitative
Objectivist	Subjectivist
Scientific	Humanistic
Experimentalist	Interpretivist
Traditionalist	

Source: Collis and Hussey, 2003: 47

It must be noted, however, that these two are the extremes on opposite ends of a continuum, as features and assumptions may change as one moves from one extreme to the other. Thus it can be said that there are a multitude of slightly varying approaches

based on a combination of the two predominant paradigms. It is highly unlikely that a study will ever be purely positivistic or purely phenomenological (Collis and Hussey, 2003: 51). These two extremes on the paradigm continuum will be described in further detail below.

4.2.1. Positivism

A positivistic paradigm closely follows the approach taken by natural scientists in making the assumption that “social reality is singular and objective, and is not affected by the act of investigating it” (Collis and Hussey, 2009: 56). This approach takes the position that “every rationally justifiable assertion can be scientifically verified or is capable of logical or mathematical proof” (Walliman, 2001: 15, cited in Collis and Hussey, 2009: 56). This is assuming that phenomena can be studied independently through empirical research alone (Collis and Hussey, 2009: 56). Positivists explore existing theories with the aim of disproving or supporting them – usually through correlating relationships (based on cause and effect) and statistical data (Gelo, Braakmann and Benetka, 2008: 268). Thus positivism usually assumes a deductive approach, where an existing theory is presented and tested with the aim of providing evidence to either support or reject it. In short, positivists value precision, objectivity and rigour within their research and disregard a subjective reality (Collis and Hussey, 2009: 56).

4.2.2. Phenomenology

Social sciences, as opposed to the natural sciences, study people – which consequently include studying their behaviour, actions, thoughts and overall frame of reference (Collis and Hussey, 2003: 53). These phenomena are not as easily quantified or simplified as other variables – thus the phenomenological approach was developed to better accommodate their complexity. Phenomenological studies tend to take on a subjective perspective, on the assumption that reality is constructed around a multitude of individual experiences and viewpoints. Social reality is therefore dependent on the individual, and therefore the researcher’s own values and biases cannot be separated from the research itself. As Collis and Hussey (2003: 53) state: “it is assumed that social reality is within us; therefore the act of investigating reality has an effect on that reality”.

Phenomenology and interpretivism are often used interchangeably, and for the most part are very similar in their approach. Some authors view interpretivism as the overarching

paradigm of qualitative research, describing it as having a focus “on exploring the complexity of social phenomena with a view to gaining interpretive understanding” (Collis and Hussey, 2009: 57). Phenomenology, however, is more specific in that it aims to study individual’s direct experience at face value, as it is experienced, and not external/objective reality, that drives behaviour (Cohen and Manion, 1987: 151, cited in Remenyi, 1996: 10). Thus the term phenomenology will be used for the sake of greater clarity and understanding. In both cases, however, an inductive logic prevails, as Creswell (1994: 7, cited in Motala, 2010: 55) states: “Categories providing rich, 'context-bound' information emerge from informants, rather than are identified a priori by the researcher”.

Most of this study calls for a predominantly phenomenological approach. This is because, as an external stakeholder analysis for the establishment of a new venture, the researcher will be dealing with attitudes, perceptions, behaviour and ultimately the complexity of relationships.

The researcher seeks “to describe, translate and otherwise come to terms with the meaning, not the frequency of” (Van Maanen, 1983: 9, cited in Collis and Hussey, 2009: 57) these various social phenomena towards the P.Ent. The nature of this study is therefore based on a complex social reality, which is broad and largely unpredictable. It is uncertainty that is the driving force behind conducting a feasibility study and stakeholder analysis (Currie *et al.*, 2009: 42), and the phenomena involved are not easily quantifiable, given the context of enterprise establishment. The more palpable factors of power, interest and influence will be gauged through the stakeholder analysis framework presented in Chapter 3, which may then involve a small amount of quantitative analysis as supporting evidence. This relates to the practice of triangulation, which will be briefly discussed in Section 4.5.5.

4.3. RESEARCH METHODOLOGY

The paradigm chosen ultimately determines the methodologies that follow in conducting the research, and therefore the two should complement one another. However, before delving further into the research design of the current study, it is important to outline the differences between research methodologies and research methods, and the consequent roles that they play. A research methodology is “an approach to the process of the research, encompassing a body of methods” (Collis and Hussey, 2009: 73) whereas a

research method is “a technique for collecting and/or analysing data”, which is determined by the chosen research methodology. Thus there should be a natural flow from paradigm to methodology, to methods applied in the research study. This particular section will be dealing with research methodologies, followed by the consequent research methods employed – described in Section 4.4.

Methodologies to be considered under each paradigm are given in Table 4.2 below.

Table 4.2: Methodologies associated with the main paradigms	
Positivism	Phenomenology
Experimental studies	Hermeneutics
Surveys	Ethnography
Cross-sectional studies	Participative enquiry
Longitudinal studies	Action research
	Case studies
	Grounded theory
	Feminist, gender and ethnicity studies

Source: Collis and Hussey, 2009: 74

The current study of the proposed enterprise in the Western Baviaanskloof network can be viewed as a business network case, falling under the overarching term of a "case study" (Halinen and Tornroos, 2005: 1286). More specifically, it can be identified as a network case study from a future-orientated dyad-network perspective (Halinen and Tornroos, 2005: 1288-1289), explained further in Section 4.3.1. The feasibility assessment, to which this study will contribute, can be identified as “a pre-start-up and strategic planning tool” (Currie *et al.*, 2009: 42). This places the current study at the very first stage of enterprise establishment, hence the future orientation. Stakeholder analysis is viewed as an important element of any feasibility study (Currie *et al.*, 2009: 45), being widely recognised as a guide to data analysis within the commercial and project management field (Varvasovszky and Brugha, 2000; Brugha and Varvasovszky, 2000; Newcombe, 2003; Bourne and Walker, 2005; Vos and Achterkamp, 2006). Following from this, it may be stated that the research methodology is a network case study, involving the use of methods derived from stakeholder analysis. Each of these concepts is explored in more detail below.

4.3.1. Network case study as a research methodology

The term "case study" is often misused in academic research, largely due to a number of misconceptions about the method. The most common of these is that if a study has multiple sources of data, it may constitute a case. Another misinterpretation, which conflicts with table 4.2 given above, is that a case study may only be qualitative, when in fact it is most often a mixed methods approach (Remenyi, 2012a: v). Therefore it is imperative that the term "case study" be clearly defined and understood.

Yin (1984: 23, cited in Zainal, 2007: 2 and Remenyi, 2012a: 2) describes a case study as *“an empirical enquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”*.

Meanwhile, Eisenhardt (1989: 543, cited in Collis and Hussey, 2003: 68) outlines a case study as *“a research study which focuses on understanding the dynamics present within a single setting”*

Thus a case study can be described as the comprehensive investigation of a dynamic, contextual, and complex phenomenon within its natural environment (Remenyi, 2012a: 3-4; Collis and Hussey, 2009: 82). The form of the current research pertains to the study of a particular business network and its impact on the proposed enterprise. Business networks are said to be extremely complex and dynamic, being unique and context-specific (Halinen and Tornroos, 2005: 1286). The appropriateness of case research when dealing with business networks is apparent through the depth and comprehensiveness provided in understanding the phenomenon (Easton, 1995: 475, cited in Halinen and Tornroos, 2005: 1286). This allows for much more complicated situations to be examined by avoiding a reductionist approach (Remenyi, 1996: 11). Halinen and Tornroos (2005: 1286) support this, in maintaining that case research is:

“a strong method in the study of change processes as it allows the study of contextual factors and process elements in the same real-life situation”.

There are a number of ways in which to categorise a case study, but it must be noted that none of these can be entirely delineated. The prevailing approach to demarcating a case study is based on function, and is presented below (Collis and Hussey, 2009: 82):

- Descriptive: restricted to describing current practice;
- Illustrative: attempts to illustrate new and possibly innovative practices adopted by particular companies;
- Experimental: examines the difficulties in implementing new procedures and techniques in an organisation, and evaluating the benefits;
- Explanatory: existing theory is used to understand and explain what is happening;
- Exploratory: background information is obtained about an intended research question (Remenyi, 2012a: 20).

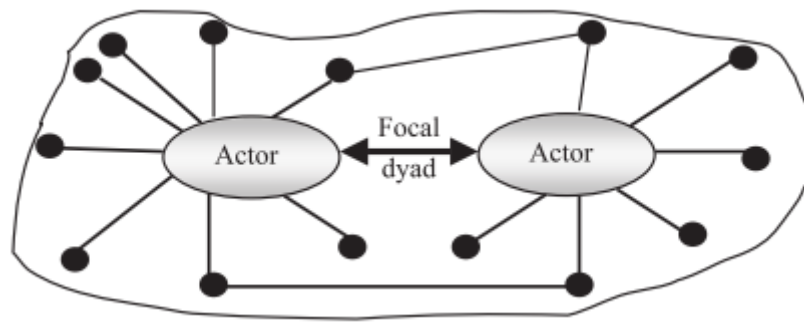
Based on the categories given, the overall research investigation, to which this study contributes, may be classified as a combination of “illustrative” and “explanatory”. It is illustrative in that a customised framework of stakeholder analysis is being applied to the context of enterprise establishment. Secondly, it is also explanatory in that this framework (based on existing theory) is being used to understand a particular business network. Therefore it may provide a more practical means to lower the common obstacle of risk faced by the proposed enterprise.

When it comes to case research in dealing with business networks, Halinen and Tornroos (1998, cited in Halinen and Tornroos, 2005: 1289) provide a number of different case network structures, based on network embeddedness. These include case boundaries through:

- an intranet perspective;
- a focal actor perspective;
- dyad-network perspective;
- micronet-macronet perspective.

The category which most accurately describes the current study is that of a dyad-network perspective. This is because the study focuses on both dyadic and network influence on a particular enterprise – as opposed to taking Freeman’s (1984, cited in Rowley, 1997: 890) simple “wheel and spoke” perspective. The dyad-network perspective is depicted in Figure 4.1 below, closely resembling stakeholder mapping (to be discussed further in Section 4.4.2.5 on the method of social network analysis).

Figure 4.1: Dyad-network perspective



Source: Halinen and Tornroos, 1998, cited in Halinen and Tornroos, 2005: 1289

It must be noted that this particular study consists of an external stakeholder analysis to contribute towards a final feasibility study. Therefore it is future-orientated, and presumes to investigate potential relationships, as well as the current network, based on stakeholder feedback. As Halinen and Tornroos (1998: 1288-1289) state:

“Sometimes, the interest of research may be more in the potential network than in the perceived or active one. In this case, the concept of ‘relationscape’ proposed by Strandvik and Tornroos (1997) could be useful. It portrays the relational landscape of a company’s business environment from both the present and the more strategic and future-oriented perspective”

The current study can therefore be described as a business network case study from a future-orientated dyad-network perspective.

4.3.2. Stakeholder Analysis

The means of data analysis applied is based on the concept of a stakeholder analysis, the theory to which has already been explored in detail in Chapter 3. It was found that a stakeholder analysis is “an approach, a tool or set of tools for generating knowledge about actors [i.e: stakeholders] so as to understand their behaviour, intentions, interrelations and interests; and for assessing the influence and resources they bring to bear” (Varvasovszky and Brugha, 2000: 338) on the enterprise in question. Under this overarching term are a number of different methods that can be employed in achieving the steps as set out by Reed *et al.* (2009: 1936) in Chapter 3 Section 3.3.3. These, in conjunction with content analysis, will be explored in Section 4.4.2 below.

4.4.RESEARCH METHODS

4.4.1. Data Collection

The methods of data collection chosen follow from the research paradigm of phenomenology and will be informed by the theoretical stakeholder analysis framework developed in Chapter 3, Figure 3.7. Once the sampling procedure has been outlined, the data collection method employed, namely semi-structured interviews accompanied by some secondary sources, will be explored in more detail.

4.4.1.1. Sample and Sampling Procedure

The population from which samples will be taken consists of all normative and derivative stakeholders who may impact on the establishment of the proposed enterprise. This would more specifically include any group or organisation that may take on one of the seven generic roles (see Chapter 1, Section 1.1.5) within the three markets of carbon, water and tourism, pertaining to the Baviaanskloof. The unit of analysis to be utilised was that of groups or organisations as a whole, each represented by a leader and/or top manager, selected amongst themselves. A combination of convenience and snowball sampling was used as a method of selecting/identifying relevant stakeholders and thus gaining access to the necessary data (Saunders, Lewis and Thornhill, 1997: 147; Varvasovszky and Brugha, 2000: 341).

In order to identify the P.Ent's key stakeholders, the researcher made use of an iterative two-fold approach from both top-down and bottom-up perspectives. This involved first consulting the available literature as a basis and then expanding the resulting stakeholder pool through snowball sampling. In identifying stakeholders, this was initially done with the use of the seven generic groupings (as discussed in Chapter 1, Section 1.1.5, and Chapter 3 Section 3.5.1) along the three markets of water, carbon and tourism (see Chapter 2 for more detail on these markets).

All stakeholders initially identified in the literature were asked to indicate any possible further stakeholders in completing a stakeholder grid (see Appendix D). This enabled the researcher to gain a much more comprehensive list of all external stakeholders before pinpointing the most pivotal role-players to the enterprise's successful establishment. The concluding sample size constituted of 14 individuals, 12 of whom were representatives of 10 separate stakeholders (discussed in Chapter 5, Section 5.2).

4.4.1.2. Interviews

Interviews form the predominant method of data collection in gaining the information required for this study. From an academic perspective, Remenyi (2012b: 1) defines an interview as “a formal technique whereby a researcher solicits verbal evidence or data from a knowledgeable informant”. Despite the fact that Reed *et al.* (2009) place "semi-structured interviews" underneath the initial step of identifying stakeholders, this will in fact inform both steps 1 and 2 – as the identification and differentiation of stakeholders are not easily separated, and are often iterative in nature (Venter and Bricknell, 2011; Reed *et al.*, 2009: 1937; Varvasovszky and Brugha, 2000).

Although interviews are frequently used as a data collection tool in a number of fields, because of their prominence and broad appeal, interviewing is frequently misconstrued to be straightforward and simplistic. This assumption often leads to ineffective data collection when applied in an academic study, as there are a number of procedures and techniques involved. These may include the construction of an interview guide/protocol/schedule, and the use of field notes as well as practicing “an empathic but formal image to the informant” (Remenyi, 2012b: 1).

With this said, interviews often provide the most appropriate platform when tackling a complex research question. From a purely phenomenological perspective, interviews can be used to generate “data on understandings, opinions, what people remember doing, attitudes, feelings and the like, that people have in common” (Arksey and Knight, 1999: 2, cited in Collis and Hussey, 2009: 144). An interview as a tool is highly congruent with the investigation of complex issues such as stakeholder relationships, intentions, perceptions and attitudes.

There are three primary forms of interviews used in the field, differentiated by their formality and structure, as well as the consequent depth of analysis: structured, semi-structured and in-depth/unstructured (Saunders, Lewis and Thornhill, 2009: 320). Semi-structured interviews form the basis of the current research, along with the support of field notes and the use of an audio recorder (given prior consent of participants) for ease of transcription and analysis.

In semi-structured interviews, the use of an interview guide is commonplace and consists of themes and questions to be covered (Welman, Kruger and Mitchell, 2005: 166 cited in

Motala, 2010: 62). The interview guide implemented (refer to Appendix C) consisted of three sections namely, the preliminary section, a stakeholder grid (see Appendix D) and the stakeholder analysis. The preliminary section included basic information on the market concerned, stakeholder name, name and official position of the participant, as well as the years worked with the group/organisation (documented purely for the researcher's own records). The stakeholder grid provided information on identifying stakeholders' generic roles and relationships held between stakeholders. In terms of the stakeholder analysis, questions were constructed around the three steps in the stakeholder analysis framework, namely to: identify stakeholders; categorise and differentiate; and lastly investigate stakeholder relationships. In the step "categorise and differentiate", four relational indicators namely: goals, intentions, relationships and resources, were used. These relational indicators acted as a means to extract information about power, interest, perceptions, and overall strategic impact regarding the proposed enterprise.

Questions posed to participants are initially derived from the interview guide, but some responses lead to the generation of more customised and open-ended questions, depending on participant responsiveness and emerging themes. This is possible because semi-structured interviews provide a certain amount of flexibility and versatility through an adaptation of questions to the context of the informant (Welman *et al.*, 2005: 167 cited in Motala, 2010: 62).

4.4.1.3. Secondary sources

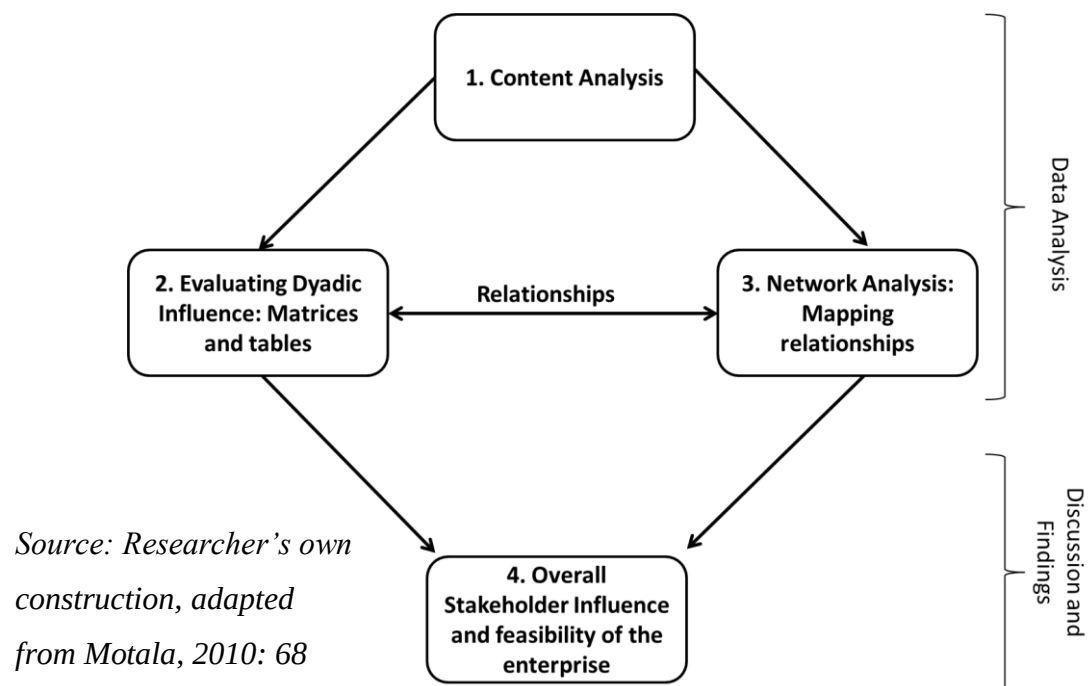
A number of different information sources may already exist on the data required in answering a research question. These sources may include the following (Kumar, 2011: 163): government or semi-government publications; earlier research; personal records; and mass media.

For the purposes of this study, the major source of secondary data will be earlier research, as well as documents provided by the interviewees (for example, the Tourism Development Plan). Information from these will aid in substantiating the findings of the interviews, and act as a benchmark from which to identify any incongruities between interviews with stakeholders.

4.4.2. Data Analysis

Data analysis from a qualitative perspective can be a lengthy process, involving a number of steps that must be followed in a systematic manner if the researcher wishes to provide substantial evidence in answering the research question. The following section will explain a particular sequence used to analyse the data collected from semi-structured interviews. Figure 4.2 below illustrates this sequence. Although this process will have some traditional elements such as content analysis, a number of the tools used are unique to stakeholder analysis. These methods relate back to the methodological level of Reed *et al.*'s (2009: 1936) procedural framework presented in Chapter 3 Section 3.3.3, and allow for the information collected to inform the purpose of the research: investigating overall stakeholder influence on and reception towards the proposed enterprise.

Figure 4.2: The data analysis process



Prior to any form of analysis, it is important that the data collected be presented in a readily accessible format for ease of interpretation. The process of transcription is thus an integral part of qualitative data analysis where interviews are concerned (Steinke, 2000: 327 cited in Motala, 2010: 69). The audio recordings of each interview were transcribed verbatim, and then later clarified, where necessary, with the relevant participant. Subsequently, the data collated was further refined from raw to reduced and edited forms, in terms of detecting errors and omissions in the initial transcription. This is deemed

necessary as a prerequisite in preparing the data for content analysis (Cooper and Schindler, 2006: 440, cited in Motala, 2010: 69).

As illustrated in Figure 4.2 above, content analysis is the first step of the data analysis process –coding and theming the data collected from both interview transcripts and documents. Once transcribed, coded and themed, this information will then be evaluated and discussed in Chapter 5 with the use of an evaluation table and matrix to determine the dyadic influence of each stakeholder. Information from the content analysis and the analysis of dyadic influence will also inform a social network analysis in providing a more holistic perspective of overall stakeholder impact. The link of “relationships” between dyadic and network influence is indicated in Figure 4.2 in that additional power can be derived from relationships by any given stakeholder within the network, thus increasing their normative power (see Chapter 3, Section 3.5.3.3).

4.4.2.1. Content Analysis

The predominant method used when analysing data collected through interviews is called “content analysis”. Mostyn (1985: 117 cited in Collis and Hussey, 2009: 164) describes it as “the diagnostic tool of qualitative researchers, which they use when faced with a mass of open-ended material to make sense of”. This is achieved through the identification of repetitive themes and patterns related to the research question. Despite the qualitative undertone, content analysis as a method is also widely used in quantifying qualitative data (Collis and Hussey, 2009: 164). This translation of data has been conducted to a lesser extent in the current research to provide for data triangulation (see Section 4.5.5).

Content analysis as a method, comprises a number of steps in order to extract the information needed in a systematic and reliable manner. Following this process within the current study, the transcriptions of each interview were coded and collated into themes through the detection of repetition and patterns. Some themes were predetermined through the literature (deductive), while others were emerging and thus developed from the data (inductive). This data was then further reduced along the stakeholder analysis framework. Data reduction is a “form of analysis that sharpens, sorts, focuses, discards and reorganises data in such a way that final conclusions can be drawn and verified” (Miles and Huberman, 1994: 11 cited in Collis and Hussey, 2009: 167). As such, it was

possible to restructure the data according to the given stakeholder analysis framework, providing categories into which the data was placed (Collis and Hussey, 2009: 167). Despite the fact that this method runs the risk of omitting new information, it is suitable for the purpose of applied research (discussed in Chapter 1, Section 1.1). Having said this, it is only when the researcher has reflected on the given data and is truly familiar with it, that data reduction may be possible (Collis and Hussey, 2009: 167).

"Coding" is described as "marking the segments of data with symbols, descriptive words or category names" (Gibbs and Taylor, 2005: 4). Theming and coding may be conducted with the help of a coding frame, listing the coding units identified into underlying and higher-order themes (Collis and Hussey, 2009: 165; Boyatzis, 1998: 34, cited in Limbada, 2006: 84-85). According to Strauss and Corbin (1990, cited in Gibbs and Taylor, 2005: 2-3), this type of coding may be called "hierarchical axial coding". This is where codes are identified and then grouped into higher-order categories based on a similar shared theme (Gibbs and Taylor, 2005: 2-3). Boyatzis (1998: 34, cited in Limbada, 2006: 84-85) suggests the use of a tree diagram as a visualising tool in this filtering process of what he terms "inductive thematic analysis". This makes for easy comparison, and allows for the identification of any new information or aspects overlooked by the researcher. The researcher made use of this technique in structuring the identified themes (see Figure 5.2). In aid of this theming and coding process, Nvivo 10 (QSR, 2012) was utilised.

4.4.2.2. Document Analysis

As a supporting source of data, documents can provide a wealth of information in order to contextualise, complement, supplement or corroborate the predominant method of data collection (Bowen, 2009: 29-30). Documents may come in a number of forms, including but not limited to, agendas, minutes of meetings, manuals, background papers, past research studies, newspapers, organisational or institutional reports, survey data, and various public records (Bowen, 2009: 27-28). The researcher made use of documents in order to better contextualise as well as supplement data gathered through the semi-structured interviews. The documents that were considered in this study included minutes of meetings, past research studies and organisational or institutional reports.

The next two sections explain the use of evaluation tables and stakeholder matrices as complementary techniques that, together, may allow the researcher to interpret the

translated data. Thus through a qualitative analysis, supported by some quantitative data, the researcher will be able to gauge each individual stakeholder's dyadic influence on the proposed enterprise.

4.4.2.3. Evaluating dyadic influence: Tables

Tables are often used as a succinct method of capturing and summarising data, especially if the data can be categorised into predetermined themes – as the conceptual framework discussed in Chapter 3 allowed the researcher to do. After consulting a number of studies, it was found that the evaluation of dyadic influence may be presented in a numerical format as a crude estimate of gauged power and interest (Hillson and Simon, 2007: 40; Abdrabo and Hassaan, (n.d); Crosby, 1991: 3; Zimmermann and Maennling, 2007: 13). Table 4.3 below serves as an example of such a technique, and will be used in the process of data analysis in aid of data triangulation.

Table 4.3: Evaluation table of dyadic influence

Stakeholder	Market	Role	Criteria for Evaluation					
			Primary Goals	Interest		Power		
				Attitude	Urgency	Coercive	Utilitarian	Normative

Source: Adapted from Abdrabo and Hassaan (n.d) and Hillson and Simon, 2007: 40

From Table 4.3, it can be noted that the "criteria for evaluation" have been drawn from the literature and resulting conceptual framework in determining dyadic influence. The role of the primary goals of the stakeholder are likely to be directly linked to their role in the market, and will allow the researcher to determine their relative interest through urgency as well as attitude (as discussed in Chapter 3). Power can then also be gauged from the data collected under the three forms, coercive, utilitarian, and normative. Once power and interest are determined, it is possible to gauge overall influence. This can be summarised in the following formula:

Interest [Urgency = degree of interest, Attitude = negative or positive orientation] x
Power [C + U + N, on a scale of 0 – 3] = Influence

Once each stakeholder's numerical influence has been calculated, their relative dyadic influence may be compared and ranked from most to least influential. This ranking can then be transferred onto a matrix as a means to categorising each stakeholder.

4.4.2.4. Evaluating dyadic influence: Power-Interest Matrices

Matrices are frequently used as a means to illustrate the differentiation and categorisation of stakeholders along the chosen parameters, in this instance power and interest (Newcombe, 2003: 844-846; Bryson, 2004: 30; Bourne and Walker, 2005: 649; Olander and Landin, 2005: 322; Venter and Bricknell, 2011: 256). The use of power-interest matrices will aid in the summarising of findings gained through content analysis, and can serve as a basis for individual strategy formulation for each stakeholder. This takes the evaluation of dyadic influence one step further, as results from the evaluation table will be interpreted based on the various categories of stakeholders.

Although most matrices differentiate only to the extent of "high or low", the researcher will be making use of a three-tiered continuum along each dimension. Due to the dynamic nature of interest, however, this will mean having three tiers for either a negative or positive attitude – so as to account for both urgency and attitude. The matrix below illustrates the layout of categories along the two dimensions of power and interest.

Figure 4.3: Matrix of stakeholder categories

Source: Adapted from Mitchell et al., 1997: 872; and Venter and Bricknell 2011: 261

		Power		
		Low	Medium	High
Interest	N3: Highly opposed	Dependent	Pivotal	Definitive
	N2: Moderately opposed	Interested	Pivotal	Pivotal
	N1: Mildly opposed	Marginal	Dormant	Dominant
	0: Mixed/Neutral	Discretionary	Dormant	Dormant
	P1: Mildly supportive	Marginal	Dormant	Dominant
	P2 - Moderately supportive	Interested	Pivotal	Pivotal
	P3 - Highly supportive	Dependent	Pivotal	Definitive

Due to the increase in scope and the additional dimensions of interest, the list of possible stakeholder categories (illustrated in Figure 4.3) has had to be expanded. In order to accommodate this expansion, the researcher made use of a combination of existing titles from both Mitchell *et al.* (1997), and Venter and Bricknell (2011) to further delineate each category. For every category, there is a corresponding strategy based on the given stakeholder's level of power and interest (Venter and Bricknell, 2011: 261). Therefore the following strategies in Figure 4.4 below are presented as broad guidelines when dealing with each of these categories, based on a combination of alternatives presented by Varvasovszky and Brugha (2000: 344), and Venter and Bricknell (2011: 261).

Figure 4.4: Matrix of stakeholder strategies

Source: Adapted from Mitchell et al., 1997: 872; and Venter and Bricknell, 2011: 261

		Power		
		Low	Medium	High
Interest	N3 - Highly opposed	Monitor	Defend	Defend
	N2 - Moderately opposed	Monitor	Defend	Defend
	N1 - Mildly opposed	Monitor	Keep Satisfied	Keep Satisfied
	0 – Mixed/Neutral	Monitor	Collaborate	Collaborate
	P1 - Mildly supportive	Monitor	Inform	Inform
	P2 - Moderately supportive	Inform	Involve	Involve
	P3 - Highly supportive	Inform	Involve	Involve

Table 4.3 will act as a guideline in determining the best strategic approach for each stakeholder. The proposed strategies will be explained in brief in Table 4.6 below.

Table 4.4: Stakeholder Strategies

Strategy	Description
<i>Involve</i> (Definitive and Pivotal-supportive)	This strategy should be implemented when a stakeholder is highly supportive of the proposed enterprise's establishment, and thus possesses a large amount of power to influence its success. In this case, it is best to involve the stakeholder in the process lest an opportunity to gain resources is lost. Through this involvement, the enterprise is put in good stead to ensure successful stakeholder reception.
<i>Collaborate</i> (Dormant-supportive)	Collaboration is slightly different from involvement, in that it creates a partnership or agreement with the stakeholder in question. This strategy is best implemented when a stakeholder is "sitting on the fence" – posing as a potential threat or ally. Varvasovszky and Brugha (2000: 344) term these "mixed blessing" stakeholders – because they have mixed opinions and thus mixed interest in the enterprise's activities. Involving them in the actual process of enterprise establishment is too risky. It is best to stabilise this unpredictability by providing them with the opportunity to work with, instead of against, the proposed enterprise. This strategy only applies where the stakeholder possesses a certain degree of power, therefore having the ability to pose potential opportunities and/or threats.
<i>Inform</i> (Dormant, Interested and Dependent-supportive)	Where a stakeholder is highly supportive, yet possesses little to no power, the most optimal strategy would be to keep communication channels open by regularly informing them of the enterprise's operations. This way, resources are not unnecessarily wasted, and interested/dormant stakeholders are kept as advocates in the event that they do gain power at a later stage.
<i>Keep Satisfied</i> (Dominant-opposed)	For those who are marginally opposed to the proposed enterprise, yet possess a large amount of power, it would be best to avoid confrontation. Appeasing them through compromise and taking their interests into account may go a long way towards neutralising any threat that they may otherwise pose.
<i>Monitor</i> (Dependent,	Stakeholders who possess little to no power, and are not particularly supportive, do not warrant the use of excess resources other than to

Interested, Marginal and Discretionary)	monitor their activities for any future changes. This avoids a waste of resources.
<i>Defend</i> (Definitive and Pivotal-opposed)	For those who are strongly opposed to the establishment of the enterprise, and possess the power to affect its operations, the only option left is to defend. This particular type of stakeholder poses a threat to the proposed enterprise's survival, and all efforts to thwart or constrain the enterprise's establishment must be fended off by any means possible. This is taking into account that the stakeholder cannot be easily persuaded otherwise, and thus has a low potential for cooperation.

Source: Adapted from Varvasovszky and Brugha (2000: 344), and Venter and Bricknell (2011: 261).

The above strategies serve merely as guidelines and should be implemented with caution only after careful consideration of all aspects of the stakeholder relationship. This not only includes the dyadic relationship, but also should be informed by the network relationships in which the proposed enterprise will be embedded. The relative interdependencies between stakeholders will also play a large role in the strategic approaches taken (Rowley, 1997: 887). As Rowley (1997: 890) states: "Firms do not simply respond to each stakeholder individually; they respond, rather, to the interaction of multiple influences from the entire stakeholder set". The methods in analysing and illustrating stakeholder networks are briefly discussed in the following section.

4.4.2.5. Network Analysis

Social Network Analysis (SNA) is a holistic method of data analysis that follows the last stage of Reed *et al.*'s (2009: 1936) procedural framework, "investigating relationships between stakeholders". SNA allows one to explore the impact of network characteristics, and its relative interdependencies, on the behaviour of individual network actors.

"Employing social network concepts will generate an explicit theory of stakeholder influences based on the structural characteristics of an organisation's network of relationships" (Rowley, 1997: 887).

It focuses on the number and nature of relationships, as well as the balance of power between these relationships, in realising the normative power of individual stakeholders (Wrong,

1968; Rowley, 1997). By studying the characteristics of a network structure, the researcher is better informed to predict the stakeholder responses to any given strategy (Rowley, 1997: 887).

As has already been discussed in Chapter 3, Section 3.5.3, these characteristics can be studied through determining the network density, and centrality of each individual stakeholder. In order to fully understand the network along these two dimensions, it is necessary to produce a visual illustration of existing relationships. This is where stakeholder mapping comes into play, as it plots each identified stakeholder according to the relationships held with the incumbent stakeholders. It is possible to demonstrate the relational ties held, the balance of power, and the most likely positioning of the proposed enterprise within the network. Even though the most practical approach to constructing a stakeholder map is to start from the proposed enterprise outwards, it should not be assumed that the enterprise is the centre of the stakeholder network. As Rowley (1997: 892) states:

“The organization is not necessarily at the center of the network; therefore, treating its position as a variable in its complex social system provides one with an opportunity to understand more fully how patterns of stakeholder interactions impact the organization”.

The resulting stakeholder map would be structured through a gradual branching effect, where each of the enterprise’s immediate stakeholders would then possess their own set of stakeholders. This is illustrated in Figure 4.5 below, where "F.O" is the Focal Organisation (ie: the P.Ent), and each letter represents a stakeholder:

Figure 4.5: Stakeholder mapping

Source: Adapted from Rowley, 1997: 891

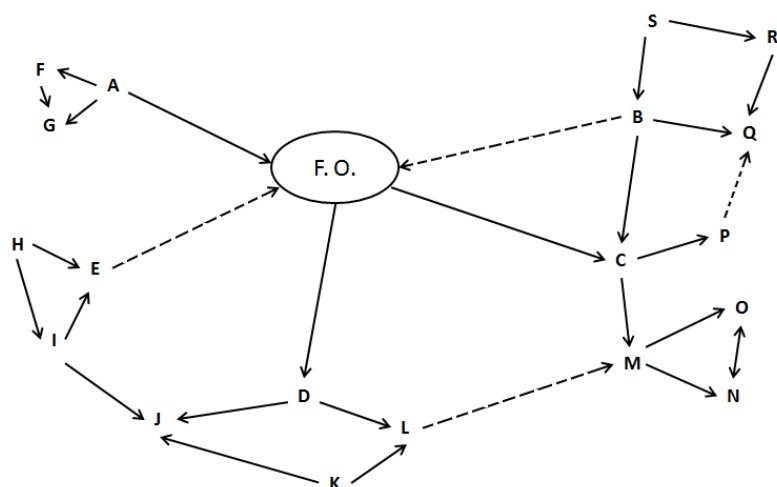


Figure 4.5 serves as an example of stakeholder mapping, where lines indicate an existing relationship. The arrows indicate the balance of power, and solid lines represent a positive or

supportive relationship, while broken lines represent a negative or opposing relationship. These are additions to Rowley's (1997: 891) original figure, made by the researcher as a means to illustrate all aspects of stakeholder relationships as per the conceptual framework.

4.5. EVALUATING DATA INTEGRITY

In considering the two paradigms, one must also note that the resulting outcomes of each approach cannot be tested along the same parameters. The integrity of the research study will be tested according to a number of criteria, depending on whether the study is predominantly positivistic or phenomenological:

Table 4.5: Testing research integrity	
Positivistic paradigm	Phenomenological paradigm
Validity	Credibility
Reliability	Dependability
Generalisability	Transferability
	Confirmability

Source: Researcher's own construction, adapted from Remenyi, 2012a: 21; and Lincoln and Guba, 1985, cited in Collis and Hussey 2003: 278

The above criteria of a phenomenological study will be explored in more detail below, with reference to the current study. This will be followed by a brief explanation of the concept of triangulation and how it was used in the study in support of these criteria.

4.5.1. Credibility

Research credibility refers to the accurate representation of a phenomenon, where the unit of analysis under scrutiny has been truthfully depicted (Collis and Hussey, 2003: 278). This means that the researcher should ensure that the findings are largely congruent with reality (Shenton, 2004: 64). The following are some of the ways in which the researcher has attempted to ensure credible research findings, based on some of Shenton's (2004: 64-69) suggested provisions:

- The conceptual framework adopted is largely based on a *well-established theoretical model*, namely Mitchell *et al.*'s (1997) Saliency model, as well as a *theoretically sound procedural framework* (Reed *et al.*'s Stakeholder analysis framework).

- A degree of *prolonged engagement* with the landowners and a number of stakeholders has been built up, enabling familiarity and understanding, through a number of preliminary visits to the study site.
- Although sampling was initially purposive or convenience sampling, this was merely to form a basis for further *snowball sampling*, which may at least partially mitigate researcher bias in the sampling technique.
- The use of *triangulation* in both the stages of data collection and analysis was practiced. This will be explored further in the last section of this chapter.
- *Peer scrutiny* was used as a means to reduce researcher bias, through discussions with the researcher's supervisors, colleagues and other lecturers in the department.
- A *thick description* of the phenomenon under investigation was gained through the use of semi-structured interviews, accompanied by field notes as well as supplementary documents.

4.5.2. Dependability

Dependability of the research refers to its systematic procedures, rigour and methodical documentation (Collis and Hussey, 2003: 278). Shenton (2004) adds that this concept is the equivalent of reliability in quantitative research. It measures the degree to which the research may be repeated within the same context with the same participants, and obtain the same or similar results (Shenton, 2004: 71). This may be addressed through the use of overlapping methods, as well as the provision of a clear procedural framework. The researcher has made use of two overlapping data collection methods, namely document analysis and semi-structured interviews. A stakeholder grid accompanied the interview guide in providing further insight into roles and relationships held (see Appendix D). This iterative process of data collection provides a relatively rigorous approach.

This is not to say, however, that if the study were to be conducted again in the same setting, that the exact same results would necessarily be obtained. This is due to the time sensitivity of information and the dynamics of relationships resulting in a constantly evolving stakeholder network. As Florio-Ruane (1991, cited in Shenton, 2004: 71) points out, the investigator's observations are tied to the study, because "published descriptions are static and frozen in the 'ethnographic present'". Therefore the study should not be required to produce exactly the same results, but at least to provide a "prototype model" which can be used in future, thus ensuring repeatability (Shenton, 2004: 71).

4.5.3. Transferability

Transferability is the qualitative equivalent of generalisability, in that it measures the extent to which the current study's findings can be generalised to other contexts and situations (Collis and Hussey, 2003: 278). However, Shenton (2004: 69) states that:

“Since the findings of a qualitative project are specific to a small number of particular environments and individuals, it is impossible to demonstrate that the findings and conclusions are applicable to other situations and populations”.

It is not possible for the current study to be truly transferable, as it is based on a specific context. The manner in which it is conducted as well as the use of the conceptual framework may, however, provide some insights for further research. These insights may include how to identify and address the constraints and opportunities posed by external stakeholders in the initial stages of enterprise establishment. This is supported when Bassey (1981, cited in Shenton, 2004: 69) proposes that: “if practitioners believe their situations to be similar to that described in the study, they may relate the findings to their own positions”.

4.5.4. Confirmability

The concept of confirmability is the qualitative researcher's “comparable concern to objectivity” (Shenton, 2004: 72). This refers to the idea that the entire research process should be described in depth, so that all findings can be traced back to the data collected (Collis and Hussey, 2003: 278). Thus it is imperative that (Shenton, 2004: 72):

“the work's findings are the result of the experiences and ideas of the informants, rather than the characteristics and preferences of the researcher”

This statement highlights the importance of clearly indicating all underpinning beliefs and assumptions made by the researcher in making decisions about methods chosen and the interpretation of data, so as to remain as transparent as possible throughout the research process. The researcher acknowledges that through the use of a phenomenological approach, there will be some elements of subjectivity. However, researcher bias will be reduced with the use of snowball sampling, peer scrutiny, and triangulation. The concept of triangulation is described in more detail below.

4.5.5. Triangulation

The practice of triangulation came about through the proposition that quantitative and qualitative data might complement one another (Collis and Hussey, 2003: 78). A study may consist of a blend of assumptions and methodologies from both extremes of phenomenological and positivist approaches (Collis and Hussey, 2003: 77). Triangulation is said to be “the use of different research approaches, methods and techniques in the same study” (Collis and Hussey, 2003: 78), thus overcoming the potential bias and sterility of any single approach and providing a more robust research study. Four types of triangulation may be identified depending on the stage of research in which they are implemented (Easterby-Smith, Thorpe and Lowe, 1991 cited in Collis and Hussey, 2003: 78):

- Data triangulation: data is collected from different times or from different sources.
- Investigator triangulation: different researchers independently collect data on the same phenomenon and compare results.
- Methodological triangulation: where a combination of quantitative and qualitative data is used.
- Triangulation of theories: a theory is taken from one discipline and applied to explain a phenomenon in another discipline.

The form of triangulation that will be employed by the researcher is data triangulation, where data will be collected through the use of documents and interviews. The data analysis approach also contains some aspect of methodological triangulation, as information is compared through some quantitative translations of the qualitative data (ie. methodological triangulation). This will aid in providing a more credible base for the study’s findings.

4.6. ETHICAL CONSIDERATIONS

Researchers have a responsibility to their participants, university, and society at large, to adhere to acceptable ethical guidelines in the conducting of any academic study. As Remenyi (1998: 110) points out, a large amount of trust is invested by both the university and participants in the researcher’s ethical behaviour, based on the assumption of widely accepted ethical standards and values. Therefore it is important to ensure that every effort is made to reinforce these values in the interest of protecting participants and society at large, from any physical, psychological or social harm that may occur as a direct result of the study. This is all the more important when dealing with commercial enterprises, where “information about

business is usually sensitive” (Remenyi, 1998: 110) and the confidence of the participants must be maintained at all times.

Ethical standards may be achieved through engaging with three core aspects of ethical conduct, said to be universally accepted within academic research, namely the collection of evidence, processing of evidence, and the use of findings (Remenyi, 1998: 111). These three areas will be briefly addressed below.

With regard to the collection of data, the researcher will observe a number of ethical guidelines, as per Rhodes University’s Ethical Guidelines for human subjects (2012), in ensuring that no harm comes to the participants involved. This will include ensuring that the participants are fully informed prior to consent, when it comes to the following (see Appendix B for Consent Form):

- the nature and purpose of the research study;
- a description of the procedures used to collect data and the extent of their participation;
- the possible benefits and/or risks that may arise through their participation in this study (which comprise mainly of potentially revealing relational tensions between stakeholders);
- the fact that their personal identity will be kept anonymous, and that they will purely be referred to as a representative of their organisation and/or group in the writing up of the research (with the exception of Maura Talbot, as a third party participant and fellow researcher);
- that they may withdraw from the research at any given point, even after informed consent has been given, at which time all data collected from that particular individual will not be considered in the research analysis and findings;
- that their participation will require their permission for an audio recording of the interview/s to be made, for ease of data capturing;
- all data collected will be stored with the researcher’s supervisor, within the Rhodes Management Department, for the duration of 5 years after the study’s completion, as supporting evidence for the researcher’s findings.

Source: Adapted from Rhodes University, 2012: 1

The researcher acknowledges that, considering that this is a qualitative study which inherently deals with subjective opinions and requires interpretation of the data, there is no infallible means to eliminate all subconscious biases from the research findings (Remenyi, 1998: 111). However, all efforts will be made to minimise the risk of researcher bias from affecting the research findings. Bias can be partially mitigated through the practice of data and methodological triangulation – as data collected was collected from different sources and analysed through a variety of stakeholder analysis methods (Remenyi, 1998: 111).

Research findings will be kept confidential and only used for academic and pragmatic purposes. Although the researcher will be advising the Western Baviaanskloof farmers in the form of a report, this does not mean that they will have access to the raw data collected. Each stakeholder participant will only be provided with a brief report back on the findings in relation to opportunities and constraints identified as well as perceptions on feasibility. In this respect, only some of the conclusion and recommendations will be readily available to the landowners.

4.7. LIMITATIONS OF THE RESEARCH METHODOLOGY

Taking into consideration the complexity of the current study, which expands over three markets and applies a multi-level analysis, various limitations regarding the methodology were discovered. Most of these related to the scope of the study as well as the limited access to participants. Limitations of the study included the following.

- Most academic studies conducted on stakeholder influence have focused on Corporate Social Responsibility or the prioritisation of stakeholders as per managerial salience. Due to the purpose and nature of the current study, contributing towards determining feasibility within the context of enterprise establishment, the research methods presented for data analysis were predominantly drawn from the project management literature – which in itself is rather simplistic for pragmatic purposes.
- Through the process of snowball sampling, the pool of stakeholders evolved as each participant was interviewed. This, however, meant that some participants were not able to comment on those stakeholders added later on in the data collection process. The researcher acknowledges that a second round of interviews would perhaps have been preferable so as to remove this limitation.

- Due to the variance in group/organisation size, it was not possible for the researcher to source participants from the same managerial level. The researcher is aware that the position of the participants may have affected the depth of information provided.

4.8. SUMMARY

This chapter has discussed and explored the research methodology and methods applied in conducting the current study. Due to the complex and dynamic nature of the study, the research paradigm chosen was a phenomenological one. The research methodology was described as a network case study from a future-orientated dyad-network perspective. Following from this, semi-structured interviews were chosen as the predominant method of data collection, along with the collection of any further supporting documents gathered.

Where data analysis is concerned, the researcher chose to use a three-pronged approach with an element of methodological triangulation. Data will at first be filtered and categorised through the use of content analysis. A number of data analysis techniques specific to stakeholder analysis will then be employed to further interpret the given data along a micro (dyadic) and macro (network) perspective. Using the conceptual framework developed in Chapter 3 as a basis, dyadic influence can then be determined and evaluated with the help of stakeholder evaluation tables and matrices. Lastly, a social network analysis allows the researcher to embed the enterprise in an intricate web of interconnecting relationships, which in turn affect one another and thus illustrate the P.Ent's probable network reception.

Following from this, the research findings will be discussed in Chapters 5 and 6. Chapter 5 presents the findings pertaining to the first three objectives of the study by means of a content analysis, followed by a stakeholder analysis guided by the framework constructed in Chapter 3 Section 3.9. Stakeholders are identified along the seven generic roles, differentiated and categorised based on the two attributes of power and interest, and ranked according to their perceived influence and thus salience. A holistic viewpoint is also gained through the construction of a stakeholder network map to illustrate stakeholder interdependencies. Chapter 6 addresses the final objective of this research study, discussing the opportunities and constraints identified in the three markets as well as the general Baviaanskloof, based on the content analysis provided in Chapter 5. It will also discuss the perceptions of stakeholders, drawn from participants, on the feasibility of the proposed enterprise.

CHAPTER FIVE

FINDINGS AND PRELIMINARY DISCUSSION ON STAKEHOLDER ANALYSIS

5.1. INTRODUCTION

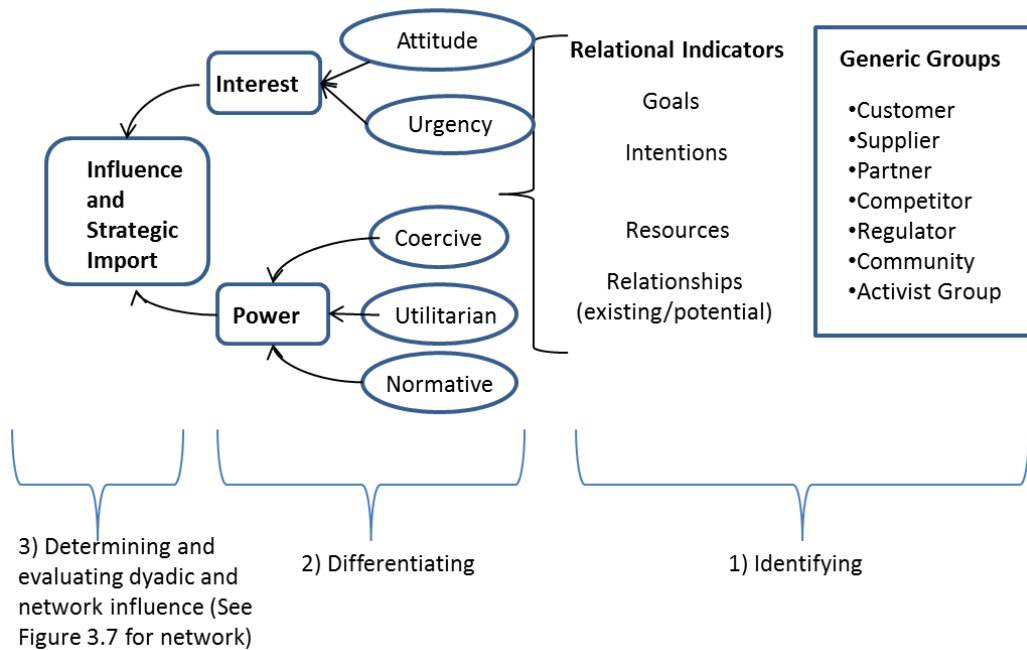
The following chapter presents the findings pertaining to the first three objectives of the study by means of a stakeholder analysis, guided by the framework constructed in Chapter 3. In the stakeholder analysis, key stakeholders are identified and classified according to the seven generic stakeholder roles by means of a stakeholder grid (Section 5.3). Data is further analysed according to the three-pronged approach, as outlined in Chapter 4, condensing and analysing findings by means of a content analysis (Section 5.4) for the purpose of categorising and differentiating (Section 5.5), as well as investigating the dynamic interplay of stakeholder relationships within the Baviaanskloof (Section 5.6).

Consequently, the data presented in this chapter will aid in answering the first three of the four primary objectives of this study, as set out in Chapter 1:

- identify the proposed enterprise's legitimate key external stakeholders, based on the three markets: water, carbon and tourism;
- describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest;
- determine the stakeholder network influence and probable reception of the proposed enterprise;

As a means to aligning the three steps of the stakeholder analysis framework with that of the methods of data analysis presented in this chapter, the framework first presented in Chapter 3 is restated below (Figure 5.1). Following from this, data analysis techniques applied are presented alongside the corresponding objective.

Figure 5.1: Stakeholder analysis framework restated



Objective 1:

- Identifying stakeholders according to their potential generic role through a combination of existing literature (top-down) and participant responses using a stakeholder grid (bottom-up). Through participant emphasis, key stakeholders are also identified.

Objective 2:

- Differentiating stakeholders around both predetermined and emerging themes drawn from content analysis, using Nvivo10,
- Evaluating and ranking stakeholders based on their dyadic influence, derived from the attributes of power and interest
- Categorising stakeholders along the matrix stakeholder categories, as illustrated in Table 4.4., Chapter 4
- Active stakeholders are identified based on the categories of “definitive” and “pivotal”.

Objective 3:

- Displaying existing and potential network relationships, post enterprise establishment, using a stakeholder relationship grid to inform a stakeholder network map.
- Analysing the centrality of each stakeholder as well as overall network density.

Note that the conceptual framework developed in Chapter 3 underpins the parameters used in differentiating stakeholders - objective 2, and step 2 of the framework. Thus dyadic stakeholder influence will be explored along the attributes of power and interest - using the four corresponding relational indicators as predetermined themes. These include goals, intentions, relationships and resources, as stated in Chapter 3, Section 3.8.6.

As a primarily applied and context-specific research study, some results displayed do not neatly fall into the framework derived from the theory in Chapter 3. However, these insights have nonetheless aided in further informing the practical outcome of feasibility, discussed in Chapter 6. Having stated this, in the presentation and discussion of the findings, it is not necessary to be exhaustive but rather selective in accordance with the research purpose (Ryan, 2006: 103, cited in Motala, 2010: 80). Thus the four predetermined themes (goals, intentions, relationships and resources) remain the primary focus of the current chapter.

Findings presented here in Chapter 5 will follow on into Chapter 6 in addressing the final objective of the study. The content analysis in particular, presented and discussed in Section 5.4, will directly inform insights into the opportunities and constraints posed, as well as the perceived feasibility of the P.Ent.

The following section serves to introduce the participants from whom data was obtained for the purpose of this study.

5.2. RESEARCH PARTICIPANTS

Fourteen interviews were conducted with various individuals, representing ten separate stakeholders as well as two additional third party participants, namely: Maura Talbot (a PhD researcher) and the Mayor of Baviaanskloof. Twelve of the fourteen interviews were semi-structured interviews, conducted along the predetermined interview guide (see Appendix C). The last two interviews, however, were third party accounts that did not represent any particular stakeholder and thus were largely open-ended and unstructured in nature. The account provided by Maura Talbot in particular was included due to her relevant experience through interviews and observations made within the Eastern Cape Water market towards her own research study. Thus the interview conducted with her allowed for an account or snapshot of the water market as a whole – consequently avoiding unnecessary duplication of data sets. The three stakeholders with whom she was primarily involved were that of the

DWA, NMBM, and GIB. These stakeholders were also identified by representatives of stakeholders (i.e: interviewees/participants) to be key role players in the water market, as indicated in Table 5.1 later on.

It must be acknowledged that the participants consulted do not account for all stakeholders relevant to the P.Ent. Owing to time and geographical constraints, communication lags and general unwillingness to participate - some of the stakeholders are not represented in the findings of this study. Despite this, the researcher was able to glean some important insights into the interactions and resulting perspectives on additional stakeholders through the interviews conducted. The third party interviews in particular provided a far more holistic and detailed insight into stakeholders and stakeholder relationships.

For the sake of simplicity and ease of read, a table was constructed (see Appendix E) detailing participants' basic information as well as assigning a suitable pseudonym for each. This is aligned with protecting the participants' confidentiality, as outlined in Chapter 4, Section 4.6 (with the exception of Maura Talbot). Following from this, these pseudonyms will be used for the remainder of this study so as to indicate the corresponding participants associated with the information disclosed. For Example (**P1, P2, P3...**) and so on.

The following section aims to further identify each stakeholder with reference to their potential generic roles in association with the proposed enterprise. Thus the information displayed will provide a basis from which to address the first objective of this study, namely to identify the P.Ent's legitimate key external stakeholders, based on the three markets of water, carbon and tourism.

5.3. STAKEHOLDER ROLE IDENTIFICATION

In an effort to minimise researcher bias, stakeholder role identification was done from both a top-down and bottom-up approach - through consulting both the literature and participant responses. Participants were asked to complete a stakeholder grid indicating the perceived role of each stakeholder in relation to the proposed enterprise (see Table 5.1 below).

The responses collected from each participant, with the exception of the two third party individuals, have been summarised in Table 5.1 below. Participants were permitted to select as many generic roles as they felt were applicable to the stakeholder in question. For the purpose of simplification as well as the fact that not all stakeholders fell neatly into a specific

market, stakeholders identified from all three markets as well as the geographic area were amalgamated into one table, namely Table 5.1. In aid of snow-ball sampling, participants were also asked to remove or add stakeholders at their own discretion - based on their perception of relevance to the enterprise. As a result, the list of stakeholders evolved as each respondent was consulted – eliminating Tourists, EASTCARE, Baviaans Mega Reserve, Indalo group, DNA, Sewefontein and Tchuganoo; while adding DAFF, DEDEAT, Koukamma Municipality, SANBI, Baviaans Tourism, and Cacadu Municipality.

In conjunction with this, participants were asked to specify any additional roles and/or stakeholders that may have been overlooked. This procedure revealed that most participants felt “activist group” to be too harsh a classification, and that it would be better replaced by “advisory/research group”. The researcher held to this, and changed the role from “activist group” to “advisory/research group” early on in the initial stages of data collection. Several participants also emphasised the differentiation between PRESENCE and LivingLands (**P2, P3, P7**), Rhodes Restoration Group and R3G (**P2, P3, P4, P5**), as well as the three “Working for” programmes (water, wetlands and woodlands) (**P2, P3, P6, P7**). Lastly, it was brought to light that although Baviaans Tourism is seen to be separate, it does in fact fall under the mandate/control of the Baviaans Municipality (**P5, P8, P9**), just as Working for Water and Woodlands are programmes underneath the mandate of DEDEAT (**P4, P6, P10**) and Working for Wetlands under SANBI (**P12**).

With respect to the definition of generic roles, there was some confusion amongst participants on the scope of definition for that of “partner” and “community” in particular. Partner was seen to be particularly ambiguous, as some were not sure whether it implied a formal partnership, or informal as well (**P2, P3, P5**), while others even understood the term as a description for those who would be deemed the owners of the P.Ent (the landowners themselves) (**P7**). Community, on the other hand, can also be ambiguous in that all stakeholders within the area can be seen as being part of the “community” (**P6, P8, P9**).

Despite the initial confusion, the researcher was able to provide clarification on each of the terms used when asked (based on the definitions provided in Chapter 1, Section 1.1.5), therefore ensuring a true account of perspectives.

5.3.1. The Stakeholder Grid

The following section revolves around a stakeholder grid presented to participants, structured around the seven generic roles of external stakeholders (Chapter 1, Section 1.1.5, and Chapter 3, Section 3.5.1) as well as the pool of identified stakeholders. These stakeholders and the findings presented in Table 5.1 will be discussed in more detail under each of the stakeholder roles as a means to further outline and classify the groups/organisations.

With reference to Table 5.1: working with the complexity of three markets as well as the general area of the Baviaanskloof, participants were asked to indicate which market they associate each stakeholder with, based on each role indicated. This is represented by the corresponding colour key shown in the top-left hand-side of the table. Since a stakeholder may fall into more than one market, this is also accounted for through additional colours. Those with no colour were either simply in the general area of the Baviaanskloof, or were not identified to fall into a particular market.

In interpreting the findings displayed, the researcher only considered a tally of 5 or above to be of significant import - as this is just under 50% of the total possible tally of 11 (12 grids were completed, but participants were not permitted to categorise their own stakeholder). This cut-off point narrowed down the number of stakeholders in each role considerably.

Table 5.1: Stakeholder grid

Key																						
 = Water																						
 = Carbon																						
 = Tourism																						
 = All three																						
 = C + T																						
 = W + C																						
	NMBM	GIB	Eastern Baviaans farmers	Kouga Municipality	DWA	Rhodes Restoration Group	R3G	ECPTA	DEDEAT	WfW	PRESENCE	LivingLands	UNFCCC/VCS	DAFF	Baviaans Municipality	Koukamma Municipality	Saaimanshoek	SANBI	Cacadu Municipality	Eskom	Baviaans Tourism	Indalo group
Customer	10	9	8	8	2	1	1	4	1	1	1	1	1	2	3	3	2	1	4	7	5	2
Supplier		1	2			1		3		3			2		1	1	4			2	2	1
Competitor		2	2				1	5		1		1	1			1	2				2	4
Regulator	3	1		3	9			4	9	1			7	7	7	3		4	7	1	3	
Community			2	1							1				2	1	6		1		2	
Advisory/research Group	1	3	1	2	4	9	9	5	5	5	3	9	3	2	4			8	2		3	
Partner	4	6	6	2	3	4	3	7	4	7	2	5	1	2	5	3	6	5	4		9	2
N/A				1															1	1	1	2
Other (specify)		1	1							1												1

5.3.2. Partner

As stated previously, the term “partner” can represent a formal or informal partnership held with the P.Ent (see Chapter 1, Section 1.1.5). A partnership in this sense may be defined as “A relationship where parties work closely together to achieve specific objectives – [with] a focus on long-term, mutually satisfying goals” (Frankel, Whipple and Frayer, 1996: 48). Unless otherwise specified, the term “partner” was maintained to represent the above definition throughout the course of this study.

Once this was clarified to participants, a number of stakeholders were identified as having the potential to take on this role. According to the responses received from participants, as shown in Table 5.1, potential partners include the likes of Gamtoos Irrigation Board (Water and Carbon), Eastern Baviaans farmers (Tourism and Carbon), ECPTA (Tourism, Carbon and Water), Working for programmes (Carbon and Water), LivingLands (General), Saaimanshoek (Tourism), SANBI (Carbon and Water), and Baviaans Tourism as part of Baviaans Municipality (Tourism).

Despite the data presented in Table 5.1, participants responded somewhat differently when asked to verbally identify key partners to the proposed enterprise. These usually resulted in the emphasis of those stakeholders considered to be influential within the three markets or area in general. This supports Harrison and St. John’s (1996: 51) statement that: “Stakeholders who are strategically important should be managed as partners”. Stakeholders that were frequently mentioned or emphasised as pivotal to the P.Ent’s success, and thus ideally would become partners, include: ECPTA (**P6, P7, P9**), DEDEAT (**P4, P7, P8**), DWA (**P2, P10, P14**), Baviaans Tourism (**P5, P6, P8, P9, P14**) and LivingLands (**P1, P2, P5**).

5.3.3. Advisory/Research Group

Advisory or research group as a role can be rather ambiguous in nature, as it may overlap with that of partners, suppliers and regulators. This is evident through the fact that most stakeholders were considered to be able to take an “Advisory Group” role in one form or another, as the majority have at least one tally for this role (see Table 5.1). This may be due to the stakes and expectations held by each stakeholder in the establishment of such an organisation. Thus those who have an urgent stake would consider themselves to take on an advisory role as a means to imposing their own interests and thus influence over the enterprise (Rowe *et al.*, 1994: 136; Varvasovszky and Brugha, 2000: 338). This will be discussed in more detail later on under “goals” and “intentions” of external stakeholders.

Those who were considered primarily research or advisory groups, as Table 5.1 reflects, included the groups R3G and Rhodes Restoration, LivingLands, SANBI, followed by ECPTA, WfW, and DEDEAT. The aforementioned stakeholders are all considered to have a vast amount of expertise in relation to their corresponding markets – carbon, water and tourism. A number of the same stakeholders can also be identified (top-down) as “suppliers” when it comes to consulting, as well as providing specialised equipment and expertise.

5.3.4. Supplier

When it came to suppliers, not many of the participants perceived the enterprise to have a supplier in any of the three markets. This could be because the enterprise was put forward as offering predominantly ecosystem based services as well as experiences through tourism – meaning that it is at the very top of each of the three supply chains. Those that were identified as suppliers from a top-down perspective, such as R3G, Rhodes Restoration group, and UNFCCC/VCS, were not strongly identified as such by participants. These were rather classified as either partners or advisory groups instead. According to Table 5.1, there is no prominent consensus displayed by participants on potential suppliers - despite a few tallies allotted to Saaimanshoek, UNFCCC/VCS and Eskom. In some cases this may be attributed to the confusion of participants, evident through their observed behaviour, when referring to the relevance of these stakeholders (particularly with regards to UNFCCC/VCS and Eskom) (**P4, P7, P10**).

Despite the low tally, Saaimanshoek may be considered a supplier in that it could provide labour as well as small craft products through the tourism market (**P9**). Drawing from the definition of “supplier” (Chapter 1, Section 1.1.5), the researcher maintains that those that may provide expertise (R3G, Rhodes Restoration Group) or contracting services (GIB) may be identified as a potential supplier.

5.3.5. Competitor

The majority of stakeholders that were indicated to have the potential to become partners, were also identified as potential competitors. This relates back to a statement made by Harrison and St. John (1996: 51), referring to the management of stakeholders: “the priority of a stakeholder is determined by the contribution of the stakeholder to the environmental uncertainty facing the firm, [as well as] the ability of the stakeholder to reduce environmental uncertainty for the firm”. Competitors may be identified as derivative stakeholders (Phillips,

2003: 31), falling into the first half of Harrison and St. John's (1996: 51) observation on the prioritisation of stakeholders. Thus the potentially antagonistic nature of a stakeholder requires meaningful stakeholder engagement, usually through recruiting their resources as partners (see Chapter 4, Table 4.4). This is necessary in order to harness the full benefits of the opportunities they present while simultaneously mitigating any potential risks they might have potentially posed (Jeffrey, 2009: 8). ECPTA in particular matched this description, as various participants indicated its internally conflicting nature and interests (**P3, P6, P9**).

One particular participant so eloquently summarised the importance of stakeholder engagement, when faced by such unpredictable cases, in stating the following (**P4**):

“Some guys would be nervous about it [the P.Ent]. For example, those guys who have been in the game a fair amount of time. It's natural. So they are going to say “so who are these guys now? What's going on?”. It's like, people have their perception of their own turf. [...] If you are an investor in a particular area, you want to be the key investor. It's natural. When there is another investor who is coming in, you see him or her as a competitor. [...] I am not saying that is going to be happening, but that's what I think might happen”.

Thus management of the P.Ent will need to actively engage and build relationships with these “wild card” stakeholders.

Taking all of the above into account, those verbally identified to be potential competitors by participants included: ECPTA (**P3**), GIB (**P4, P14**), WfW (**P14**), Saaimanshoek (**P9, P11**) and Baviaans Tourism (**P9**). Although Indalo group was initially identified as a potential competitor, the majority of participants felt that it was irrelevant to this study and thus the proposed enterprise (**P3, P4, P5, P6, P9**). This was ascribed to the sheer distance of the group from the Baviaanskloof area, despite residing within the Eastern Cape.

5.3.6. Regulator

This particular role received the largest amount of consensus amongst participants, as regulatory bodies were easily identified and far outnumbered any other roles represented. Regulators identified largely constituted of governmental bodies, including: DWA, DEDEAT, DAFF, Cacadu Municipality, Baviaans Municipality, UNFCCC/VCS, Kouga Municipality and ECPTA (see Table 5.1).

“[T]he main government departments and their implementing agents all have regulatory authority and will impose rules and regulations” (P7).

Despite the obvious regulatory roles of government bodies, when consulted on the most influential regulators with regards to the P.Ent, the majority of participants identified ECPTA and Baviaans Municipality as having the greatest amount of coercive power through regulation (**P6, P7, P9, P10**). This will be discussed in more detail under Section 5.4.4.1.

5.3.7. Community

Initially, the only community group identified from a top-down perspective was that of Saaimanshoek. However, a number of stakeholders (**P6, P11, P14**) brought to light the fact that the Baviaanskloof community not only consists of Saaimanshoek, but rather incorporates a number of local residents scattered across the Baviaanskloof valley. Therefore, in addition to Saaimanshoek, “community” may also include: farm workers, residents of Coleskieplaas, and a number of smaller communities living on private land (**P11**).

Prior to data collection, community was viewed by the researcher as a last alternative category – which simply meant “a group of people with diverse characteristics who are linked by social ties, share common perspectives, and engage in joint action in geographical locations or settings [ie: residing in the Baviaanskloof]” (MacQueen, McLellan, and Trotter, 2001: 1936). However, after consulting the various participants, it would appear that the role of community holds far more influence in the Baviaanskloof - due to the priorities of governmental bodies and thus opportunities presented through social development. This will be discussed further in Section 5.4.2.4. under the subtheme of “social development”.

5.3.8. Customers

Customers identified by participants in Table 5.1 predominantly lie within the water market, largely consisting of downstream users, including GIB, the Eastern Farmers, and NMBM.

When considering customers in the local carbon market, a recurring theme or pattern in participants’ responses emerged. This theme was the need for a wealthy, as of yet, “unknown buyer” or investor - which was reiterated by participants as necessary for a landscape wide restoration and carbon trading initiative (**P2, P3, P5, P6, P14**). This concept of the “unknown buyer” derives from the perception that such a start-up enterprise would require a large amount of capital investment.

Carbon: *“Look, I think the one person that’s missing here is the ‘unknown buyer’. We need a big investor to say ‘look, we’ll buy all the carbon credits in Baviaanskloof, and we’ll finance it. But then they will become ours’. So, that’s the missing ingredient” (P3).*

Although participants identify this “unknown buyer” as a customer, in actuality potential investors are more likely to fall under “finance or equity partners” at the level of involvement proposed here (Bakker, 2013). It must be noted that a single outside buyer is not the only option available within the carbon market – as, with the help of a broker/agent, carbon credits may be traded individually on the international carbon market (P3).

With reference to tourists as customers in the tourism market, one particular participant outlined two primary tourist groups that are currently known to visit the area on a regular basis – namely the middle to upper class adventure tourists (domestic and international), and the “more educated” ecotourists (usually international) (P12). The main aspects of the area that were identified as attracting these segments of the market included: offroad 4x4 trails, the “wilderness experience”, and the unique biodiversity of the area (P12). Drawing from earlier research as a secondary source, Fousert (2009: 57) expands on this in stating that Baviaanskloof tourists are placing “more emphasis on natural landscapes, features and activities, the social environment, cultural and historical information, as well as conservation”. These interests are what the P.Ent should be focusing on if it intends to enter the tourism market.

In applying the seven generic groups from a bottom up approach, the researcher was not only able to identify stakeholders but also derive key stakeholders to the area from participant feedback. Those that were frequently emphasised by participants, and thus were identified as key to the current investigation, included the following: GIB, LivingLands, R3G, Rhodes Restoration Group, ECPTA, DWA, NMBM, Saaimanshoek (local community), SANBI, DEDEAT, Baviaans Tourism, and Baviaans Municipality. Each of these, with the exception of NMBM and Saaimanshoek, was directly represented by at least one of the 14 participants.

For more quotes on participants’ perceptions of each key stakeholder’s role in the area, please refer to Appendix F.

The following section presents and discusses predetermined and emerging themes as a means to providing order to the researcher’s findings.

5.4. CONTENT ANALYSIS

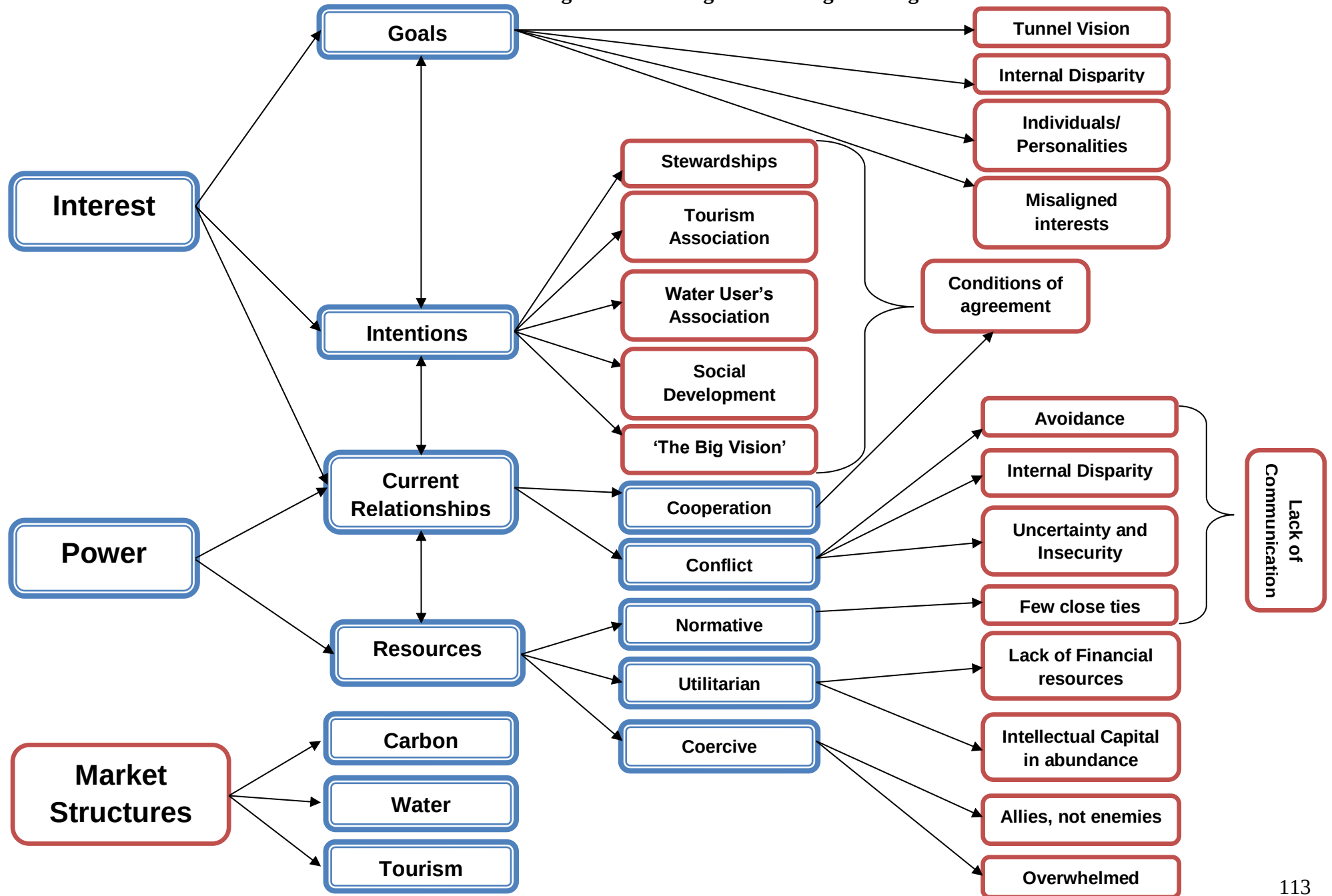
The four relational indicators (Chapter 3 Section 3.8.6) were used as predetermined themes in order to construct relevant questions for the semi-structured interview guide (Appendix C). These include the following: goals, intentions, relationships, and resources. In collecting information related to these themes, the researcher was able to focus on gauging the individual factors of power and interest in identifying dyadic (section 5.5) and network influence (section 5.6). Through the practice of content analysis, using Nvivo10 to code and theme the data, several subthemes emerged under these predetermined themes. In addition to the four relational indicators, an entirely new theme emerged from the data which was not initially perceived by the researcher to relate directly to stakeholder influence. However, it was emphasised by participants as a factor in stakeholder behaviour, reactions and interest. This theme was identified as “market structures” and will contribute towards the discussion on feasibility in Chapter 6.

Information provided through the following content analysis will feed into both the differentiating and categorising of stakeholders through their gauged dyadic and network influence (Chapter 5) as well as potential opportunities and constraints, and perceived feasibility of the P.Ent (Chapter 6).

For the purpose of illustration, all predetermined and emerging themes are displayed in the form of a tree diagram, Figure 5.2, as discussed in Chapter 4 Section 4.4.2.5. Those lying within the first two tiers/levels of Figure 5.2 will be outlined as individual subsections below. Further subthemes will be discussed under the corresponding subsection.

Note in interpreting Figure 5.2: predetermined themes are presented with a blue double outline while emerging themes are red.

Figure 5.2: Coding and theming tree diagram



5.4.1. Goals

Prior to conducting the interview, participants were requested to specify the top three or four goals of their group/organisation in relation to the Baviaanskloof. The stated goals can be found as part of the stakeholder profiles displayed in Table 5.3. However, through content analysis four primary emerging subthemes were identified as factors that may affect projected stakeholder interest even if goals appear to align. These included: tunnel visioning; internal disparity; individuals and personalities; as well as misaligned interests due to market structure (see section 5.4.5) and mind-sets. Each of these will be discussed in more detail below.

5.4.1.1. Tunnel Vision

One of the primary subthemes that emerged when addressing the topic of goals was the narrow view from which most stakeholders perceived the market, issues at hand and thus possibility of the proposed enterprise itself (**P3, P4, P5, P8, P10, P11, P12**). This was particularly true when it came to any governmental or regulatory body – where mandates and legislation determine and thus restrict the actions and decisions made by these organisations.

“[I]n the stakeholders that you’ve given here, a number of them are government agencies. So they have this very certain, functional role to play – that others may or may not like” (P7).

This results in a general lack of flexibility and a resistance to accepting new concepts or ideas that are perceived to fall outside of their stipulated goals (**P4, P12**). In some cases, even ideas that align directly with the goals of the said stakeholder may not be accepted due to such a narrow perspective (**P14**). As stated by one participant:

“Generally, people or organisations are focusing on their core deliverables. If you’re talking of municipalities, they are focusing on municipal mandates. And sometimes you are coming up with [a concept] that they do not perceive [as falling] within their key mandate. And then there would be difficulties in communication with such organisations. So what I’m trying to say is: you would find you could go and tick [off] all of the [boxes], but the communication between them [will] not [be] at sync. Because whoever will be communicating a particular message is communicating a different message to what they are trying to achieve” (P4).

The above quote summarises the problem of tunnel visioning rather succinctly, and is corroborated with through various responses received from participants (**P7, P9, P12, P14**), as well as the general reactions and behaviour of participants (observed by the researcher

during the data collection process) (**P5, P7, P8, P10, P11**). Lastly, it was also mentioned that some of this resistance may also be due to a certain amount of entitlement felt by government officials when it comes to control over ecosystem resources (**P14**) (discussed in further detail underneath “misaligned interests”, Section 5.4.1.4).

5.4.1.2. Internal Disparity

Some confusion and mixed signals observed from stakeholders may be attributed to the fact that there appear to be internal inconsistencies and conflicting interests between members of the various identified groups/organisations. One stakeholder in particular, ECPTA, is an ideal example of this. This is because it has two key functional areas, namely: biodiversity conservation; and tourism and reserve management (**P7**). Thus some goals of ECPTA are in competition with one another, as managers continue to struggle balancing the two divergent functions following a merger between the Eastern Cape Parks Board and the Eastern Cape Tourism Board in 2010 (**P5**).

“[Y]ou can’t have tourism acting as – [for example, a] ‘The tail wagging the dog. The dog wags the tail’ scenario. So, you need to find that balance between getting tourism and ensuring you get effective tourism on reserves, revenue generation for reserves, because that’s what we need to do, as well as generating tourism for the province in general. And you can’t compromise the conservation values of reserves, because we have to obtain certain objectives. If we don’t, we’re not meeting our national Mandates for conservation” (**P5**).

Diverging interests are evident through the responses of the individuals consulted - as those from reserve management and tourism appeared to be largely indifferent to the proposed enterprise (**P5**), while those from the biodiversity conservation function are very interested (**P6, P7**). This can be attributed to the fact that the P.Ent is perceived to line up with their stewardship initiative (**P5, P6, P7**), discussed in more detail under “intentions”, Section 5.4.2.

The phenomenon of “internal disparity” is not isolated to that of ECPTA, however, as the DWA and NMBM appear to share a number of the same characteristics. Due to the immense scope of these organisations, they are divided into directorates which often appear to work in silos (**P10, P14**). This results in numerous functions and diverging interests – as some individuals may indicate interest while others are either indifferent or resistant to some of the proposed products on which the P.Ent would be based (**P10, P12, P14**).

Internal disparity is further reinforced by the following statement made by Maura Talbot (2013), based on PES negotiations between NMBM and ECPTA as well as her own findings:

“What I said to you earlier was that they [ECPTA] have been dealing with the bio’s – speaking to the biodiversity people within the Municipality [NMBM]. And those people think it’s a nice idea, maybe it will fly. But someone like [undisclosed top management individual] isn’t at all interested. I did an interview with him, and he was just...no, his attitude was... Well, ja, he refused to admit that he had even heard about Payments for Ecosystem Services or there being any discussions at all between Parks [ECPTA] and so forth” (Talbot, 2013).

The top management individual referred to above is the same representative for NMBM that was invited to participate in the current study. After a number of attempts at contact, he failed to respond to the researcher’s invitation. The outcome of these interactions, or lack of, only further highlights the importance of not only identifying key stakeholders, but identifying those individuals that are both powerful and interested - thus of importance as gatekeepers in building a strong and effective relationship bond.

Some participants attributed the rejection of PES by NMBM as a result of a closed mind-set, rather than market circumstances (covered in Section 5.4.5). On the attitude of government bodies to the possibility of PES, one participant had the following to say:

“You need people to make a bit of a paradigm shift sometimes. And especially organisations – if you work with government organisations, you work with bureaucracies, and that’s never quick. It’s not a thing that you, it’s sort of like a big boat that you have to turn” (P12).

This links closely with the next section on individuals and personalities, which can be seen to emphasise the heterogeneous nature of stakeholder group interests.

5.4.1.3. Individuals and Personalities

As the most frequently reiterated subtheme when it came to goals, “individuals and personalities” were identified as one of the main causes for inter- and intra-group conflicts amongst the identified stakeholders. This could either be a symptom of the internal disparity, as discussed above, or due to various individual incompatibilities with certain job performance tasks. Individuals and strong personalities were associated with both those members of the identified external stakeholders (P3, P8, P10, P12, P14) as well as the Western landowners themselves (P3, P6, P7, P11). Individuals and personalities were also

observed through some of the participants' responses and behaviour when interviewed (**P3**, **P5**, **P8**). One of the greatest conflicts resulting from personality clashes was identified as that between the landowners and reserve management from ECPTA (**P3**, **P6**, **P7**, **P9**). It is imperative that the tension between these two groups be defused, in order to maintain and build a healthy partner/neighbour relationship between the two – as ECPTA is seen as a role player that could “make or break” the success of the P.Ent (**P3**). One particular participant indicated the role that the P.Ent may play in removing these personalities from future interactions by stating the following (**P3**):

“[The P.Ent] would take out a lot of the egos and the personalities, and it would be like a moderator. And that would be a lot easier to deal with. So, it would take out the volatility”.

The topic of conflict will be explored further in Section 5.4.3.

5.4.1.4. Misaligned interests

The last subtheme to stakeholder goals relates to misaligned or conflicting stakeholder interests with that of the P.Ent's products. This can be closely associated with three particular stakeholders, DWA, Baviaans Municipality and ECPTA.

Investigations into the feasibility of PES as a product in the water market have already been made by Maura Talbot (2013), consulted within this study. Talbot (2013) has indicated that there is a clear misalignment of interests when it comes to paying for restoration of the catchment in the Baviaanskloof, and had the following to say on the matter (Talbot, 2013):

“The conventional way of looking at PES is a reward scheme for farmers to do the right thing. [S]o a payment scheme for them to do restoration and be able to sell the water. [T]hat clashes hugely with DWA's objectives. Because for them, in these catchments that are overstressed, they need to reduce the water allocations of the existing water users. Because they've got too many, they've got more than is available. So they need to try and reduce the water allocations and then the PES proposal looks like it's going to increase the water allocations to those users. So it's completely the opposite. So unless PES can be designed in such a way that it actually helps Department of Water Affairs to achieve their water redistribution objectives – they're not going to be interested in supporting [PES]”.

The above statement must be taken into context with the changes of water rights from the Water Act of 1956 to the Water Act of 1998 (**P10**, **P14**). The biggest alteration between these

two pieces of legislation was the fact that landowners no longer have any right to the water that flows through their land, as it now belongs to the state/government, and they would therefore need to register their water allocations (Talbot, 2013). Thus argument against PES is that the government does not view any additional water security resulting from restoration to be something that can be sold to them, as they legally already own it. Therefore the only way that PES in the water market would be possible is by increasing the water allocations - which goes against DWA's primary objectives (Talbot, 2013).

One of ECPTA's primary goals is the expansion of the reserve – through either outright purchase or through their stewardship programme. This presents an opportunity, which will be discussed later under “intentions”, Section 5.4.2. However, it can also become a misalignment of interests if the landowners would prefer to maintain full control over their land or choose to take on any other land-uses such as sustainable agriculture. Not all landowners are completely comfortable with the concept of stewardship, as of yet (**P6, P7, P14**), and thus any agreements entered into must be treated with caution.

Lastly, Baviaans Municipality and the Baviaans Mayor have very strong interests in social development and the upliftment of the local people, not including the landowners/farmers (**P8, P11**). There appears to be some element of resentment towards landowners in that they are not seen to be collectively involved with the remainder of the community (**P11**). Various statements made have alluded to the perception that development of the landowners does not result in development of the community as a whole (**P8, P11**). However, a number of other participants have also ascribed this response to possible ulterior motives by individuals.

“Think of a Mayor, for example, or a Municipal Manager or whatever – the chances are that 9 out of 10, he doesn't care about biodiversity. What he cares about is votes at the end of the next political year. So, there will definitely [be] problems in that communication interface, because people are not targeting the same objectives”.

It must be noted that the above statement is merely speculation, despite the fact that this perception is held by a number of the participants consulted (**P3, P4, P6**).

5.4.2. Intentions

The following section is closely associated with the theme of “goals”, but provides a closer look at the intentions and thus agendas of particular stakeholders when it comes to the P.Ent and Baviaanskloof. Thus intentions presented below are often linked directly to particular

stakeholder objectives and interpretations of the P.Ent. One must be cognisant of these intentions as they may affect the urgency, attitude and thus interest of stakeholders.

The five predominant subthemes that arose from stakeholder intentions include the following: stewardship, Tourism Association, Water User's Association, social development, and the "big vision". These will be discussed further in the sections that follow.

5.4.2.1. Stewardship

An initiative introduced to the Baviaanskloof by the Biodiversity Conservation function of ECPTA, this particular concept drives forward one of ECPTA's primary objectives – future protected area expansion (see Table 5.3). The Biodiversity Stewardship Programme was described as: *"a mechanism we use to expand the conservation estate without actually purchasing the land"* (P6).

In the Baviaanskloof, this program is spearheaded by one of the three ECPTA participants consulted for this study - who has been negotiating and working with the Western landowners for the past three years (P6). The program itself involves engaging with private landowners with the objective of signing their land into a Protected Area Management Agreement (P7). All property rights remain that of the landowner's, however, the agreement stipulates certain conservation standards that must be maintained, depending on the specific option chosen. There are three primary options, either: Nature Reserve (>30 years), Protected Environment Agreement (3-5 years), or a Bio-diversity Conservation Area (P6, P7). Despite the obvious ulterior motives, the program appears to have some merits through the additional tax benefits and support provided by ECPTA through management of the proclaimed reserves.

Although there have been numerous landowners nationwide that have opted for this program (P7), the majority who have bought in *"are people who have 'lifestyle choices' over their land. So, they're independently wealthy of that. They don't rely on that land for their wealth necessarily"* (P7). Thus the transition from farm to nature reserve was relatively smooth in these cases. The majority of the Western landowners, however, rely on their land for their livelihood (P2, P3, P6, P7). As a result, the transition costs and risk are much higher for them, and the benefits alone are not enough to outweigh these. The risk may also vary depending on the location of specific landholdings, as is pointed out in the following statement:

“The risk is very different for, depending on where you are in the Kloof. If you’re a large land holding in a key part which is very scenic, you can probably transition quite comfortably. If you own one of the more open, sparse bits of land that’s reasonable, although marginal grazing. How do you stop doing your livestock farming and move to tourism, but still fund your life?”(P7).

Thus the risk and uncertainty faced by such an alternative land-use appear to be the biggest inhibitors that have resulted in very limited buy-in. This is only further compounded by the very shaky relationship held between landowners and ECPTA, where the beginnings of trust are only starting to re-emerge:

“[I]n terms of the Biodiversity Stewardship function we have a very solid, relatively open, beginnings of trust forming, relationship [with the landowners]” (P6).

To date, only two landowners are going through with the agreement, although some interest has been shown since by additional landowners (P5, P6, P7, P14).

“[T]hey were struggling to get everyone to agree to a stewardship agreement with the Park [EPTA]. So a collective thing, okay. And a whole load of the farmers said “No, we’re not interested in this”. So then a couple of the farmers [...] decided they were going to go for it anyway, they were going to do it themselves without everybody else. And they’ve started to do that. And now all of a sudden all of the others wanted to be a part of it”(P14).

An expectation is held by some members of ECPTA that the Stewardship Program will be better received and implemented if it is associated and works with the P.Ent (P6, P7). The benefits from which are said to be numerous on both sides - including access to resources through association with a state entity (refer to Appendix G).

5.4.2.2. Tourism Association

The possibility of a Tourism Association was first suggested by the representative of Baviaans Tourism (P9). This could be a potential form for the P.Ent to either take on, or work with, in its partnership with Baviaans Tourism and (by association) the Municipality. Tourism associations are representative branches of Baviaans Tourism, responsible for the management and promotion of a particular geographical sector. Baviaans Tourism oversees four primary sectors, each with their own established association. These include the three towns of Willowmore, Steytlerville and Rietbron, as well as the Baviaanskloof (P9).

Although it is mentioned that the Baviaanskloof Tourism Association exists, it was also indicated that it is currently neither efficient nor effective in the area.

“The Baviaanskloof needs a lot of work, tourism wise, and not just the Western part of the Kloof, but also the Eastern Cape Parks section of the Baviaanskloof. And I think at the moment that the Baviaanskloof, as a World Heritage Site, it’s not as on a standard that it can compare, or compete internationally”(P9).

Thus the P.Ent could either assist or take on this role as a means to building partnerships with both Baviaans Tourism as well as the ECPTA (P5, P9). This is possible due to the fact that ECPTA includes an aspect of close partnerships with the “Local Tourism Operator” (LTO) within the area as part of its “Tourism Development Plan” (KBP, 2012: 23): *“The interface between the development node and the appropriate community is critical to ensure that identified opportunities can be taken up by community members and community-based SMMEs. The responsibility for this interface lies with the operator of the Node (Concessionaire or ECPTA), and the Local Municipality (likely through their LTO)”*.

This plan includes the potential opportunity of concessions with outside parties, such as surrounding private landowners outside of the reserve (KBP, 2012: 266), as well as the importance of collaboration and partnership with surrounding landowners (KBP, 2012: 256). The support and cooperation of “concessionaires” appears to play a far more vital role in the overall development plan than initially indicated by reserve management (P5).

“Implementation of the overall Tourism Development Plan and the individual Tourism Development Nodes hinges on strategic decision-making by the ECPTA, and the availability of suitable and qualified bidders for possible concession opportunities”(KBP, 2012: 25).

Through taking on or supporting the Baviaans Tourism Association, this would align with both the interests of Baviaans Tourism (and Municipality) as well as ECPTA’s overall tourism strategy. In doing so, the enterprise may then be able to follow through with a number of opportunities, such as producing and managing a variety of tourism products, marketing the area as an overall destination (see section 5.4.2.5 on “The Big Vision”) and providing landowners with a means to work with the Parks Board instead of against it.

“If that organisation [the P.Ent] can somehow also place a bigger emphasis on the Baviaanskloof by either marketing it or assisting the Baviaans Tourism Association to [...]

uplift, to upgrade [the area]. [I]f that were to happen, through the assistance of this organisation - that would be fantastic”(P9).

Destination marketing, as a key tool to developing a successful tourism market in the Baviaanskloof, was reiterated by a number of participants - who felt that current efforts were duplicated and isolated (**P3, P5, P7, P10, P12**).

“So, in my mind, what this agency would be doing in terms of tourism would be developing a better destination. Where there’s greater facilitation of opportunities and activities and attractions, and that they’re not competing against each other but drawing people into the area and providing the opportunity to spend their money”(P7).

Some even went as far as to highlight tourism as the only truly sustainable market as a source of income for the P.Ent, as well as the community in general (**P3, P8, P9, P11, P12**). The order in which the P.Ent should focus on each of the markets, however, was highly contended amongst the participants consulted. This is due to what remains to be a clear divide between tourism and conservation interests. A “which comes first, the chicken or the egg?” scenario.

5.4.2.3. Water User’s Association

As form of organisation that GIB is already in the process of transitioning to (**P1**), several participants brought forward the possibility of establishing the P.Ent as a Water User’s Association (**P2, P3, P10, P14**). As one of DWA’s primary objectives, there is a dedicated directorate in place, the Institutional Establishment Directorate, that deals with the establishment of Catchment Management Agencies (CMAs) as well as Water Users Associations – seen as the CMA’s “building blocks”(P10). This initiative began as a means of gaining back control of water use as well as improving the efficiency of resource management. In decentralising the government department’s functions, the purpose of these institutions would be twofold.

Firstly, post the promulgation of the new Water Act in 1998, DWA was confronted by a number of issues which plagued the effective control and regulation of water use. This was mainly due to the fact that the current Irrigation Boards, established under the old Water Act of 1956, were not under DWA jurisdiction. Thus all irrigation boards were requested to transform to Water Users Associations under the new Water Act of 1998 (**P10**).

Secondly, the DWA is currently overwhelmed with the number of functions which it is expected to perform as a single unit. Thus the CMAs and their corresponding Water User's Associations are expected to take on the function of supplying water to their designated water users, leaving DWA to focus on regulation and legislation.

“[M]y directorate is [the] establishing [of] Catchment Management Agenc[ies], which we hope will be performing most of the functions that we are performing. So that, as Water Affairs, rather than to supply water, we regulate whoever will be supplying water. And you know, around supplying water – there is authorisations, things such as licenses that you will have to apply for. And that is what we will need to regulate and to also ensure that the water that goes to the people or goes back to our resources is of acceptable standards”(P10).

As the above statement clearly outlines, decentralising such functions are expected to better streamline the organisation in terms of delegating day to day operations to the assigned Water User's Associations.

Benefits derived from establishing such a Water User's Association are, however, vague and largely intangible in the short to medium term. These are also dependent on a number of requirements necessary in order for it to effectively operate:

“There are benefits in establishing a Water Users Association, provided there is infrastructure – such as if there's a dam, there are canals, and there are also users around that will be paying levies to the Water Users Association that will be managing the water. However, if there is no infrastructure, it wouldn't be advisable for a body or an institution to establish a Water Users Association”(P10).

The Baviaanskloof valley's water distribution does not currently rely on canals, but a river, and is upstream from the nearest dam (Kouga Dam) (P10). In addition to this, the establishment of the P.Ent is in an effort to further the landowner's interests by generating additional streams of income. Barring its pliable nature and improved relations with DWA, the option of establishing as a Water User's Association appears to be ill-suited for the P.Ent's objectives. That is, unless it is combined with another opportunity such as taking on the role of WfW implementer currently held by GIB (P14) (discussed later in Chapter 6, Section 6.2.1).

Whether or not a Water User's Association is established, the landowners are advised to address a very pressing matter regarding their registered water allocations, so as to rekindle

relations with DWA. This is in connection with the possibility for PES, as a lack of water monitoring and control in the catchment poses one of the primary constraints for organisations such as GIB, NMBM and DWA from even considering the possibility of PES (**P1, P10, P14**). DWA is currently in the process of verifying registered water allocations in the area (**P10, P14**), however, the landowners of the Baviaanskloof may be able to improve future relations by taking the initiative to cooperate upfront with the DWA:

*“So if the farmers in the Baviaanskloof can organise themselves, reduce their water allocations and show how exactly they are using water. [I]f they can provide those kind of assurances for the Department of Water Affairs, then they’re a hell of a lot closer to getting to a situation where they could maybe be paid for restoration” (**P14**).*

It must be noted that the above statement does not imply that a Water User’s Association is the only means to achieving this, as it could simply be one of the outcomes of the P.Ent in the short to medium term.

5.4.2.4. Social Development

Business practitioners often overlook the community as an influential group when it comes to prioritising stakeholders. This is due to the narrow approach taken where only “those groups or individuals without whose support the organisation would cease to exist” (Bowie, 1988: 112, cited in Reed *et al.*, 2009: 1934). However, this is fast becoming a thing of the past – as practitioners and researchers alike have begun to realise the benefits of the extended enterprise through social development (Post, Preston and Sachs, 2002: 7). Any stakeholder approach should not aim “to shift the focus of firms away from marketplace success toward human decency but to come up with understandings of business in which these objectives are linked and mutually reinforcing” (Kakabadse *et al.*, 2005: 291)

Through data collection, a number of participants emphasised social development and community involvement as key to the P.Ent’s success (**P6, P8, P10, P11, P14**). This was not only attributed to gaining community support as a passive stakeholder, but also due to the social objectives internalised by most governmental bodies which has in turn transformed such a group from passive to active (**P6, P14**).

“There needs to be social benefit, it needs to be aligned with government spend priorities. So, without that, you’re going to battle to secure Expanded Public Works funding etc. You need

to have that link to genuine social development, it can't be window-dressing, it's too much of a fishbowl for it to be window-dressing"(P6).

The above statement highlights the importance of addressing the community and internalising social development as one of its objectives. To date, social development and community upliftment in the Baviaanskloof have not appeared to be prioritised - leading to some feelings of resentment by community members due to past development disparities:

"I can show you now people living in the Baviaanskloof for years, and I can tell you over the years, the Baviaanskloof did develop, the farming areas did develop. But these people [local community] didn't develop. [...] And the broader community are seeing what is happening in the Baviaanskloof, and it's happening not 'with' them, it's happening 'alongside' them"(P11).

It was reiterated by participants that the P.Ent must be seen to provide mutual gain for both the private landowners and local community members if it intends to succeed and benefit from government funding.

"I think it would be remiss of this organisation not [to] give consideration to improving quality of life for the community. So, if there was no clear focus, or mandate or branch, or whatever you want to call it, department, within this institution focussed on social development, it would....fail"(P6).

One particular participant labels this as "political security", ensuring future goodwill with government organisations:

"I think the farmers, in order to be able to improve their own security, their own political security – they need to be seen to be making a difference in their communities"(P14).

A successful local example of private community involvement can be identified as GIB, which has taken the initiative to support various programs – such as the Extended Public Works Programme (EPWP), as well as providing support to emerging farmers (P1). This strategy has gained the attention and goodwill of DWA, who now consider GIB to be a reliable, well respected organisation which has managed to integrate itself as an accepted member of the Gamtoos community (P6, P10, P14).

5.4.2.5. “The Big Vision”

One common subtheme shared amongst the majority of participants’ responses, when consulted about the Baviaanskloof, was the importance of a shared vision. Although each organisation/group appears to have vastly divergent interests when it comes to their intentions and markets, the vision portrayed by each is strikingly similar in nature. All value the sustainability of the area, in terms of social, economic and ecological interests. There is a clear emphasis on the need for a synergistic collaboration between stakeholders in the area in pursuit of overall prosperity (P3, P7, P8, P11, P12).

“[I]n my vision, the Baviaanskloof should be one giant entity, managed collectively, with a common vision”(P3).

This concept of a collective vision is closely linked with the idea of creating the Baviaanskloof as a complete destination package (see Section 5.4.2.2 above), which would then benefit all stakeholders concerned (P3, P11, P12). Most participants chose to look beyond the establishment of the P.Ent, and simply saw it as a mechanism in achieving this overarching vision (P2, P3, P7, P9, P11).

“As much as an enterprise would be a useful initiative, I think possibly even more so, a common visioning and an exercise of exploration of what would be a really good place to be in 30 years’ time. I think that would be probably more useful. Who does it, and how do you do it? Well I don’t know, I think the enterprise would be a very good mechanism for achieving that. But for me, the enterprise is not the end point. The end point is the vision and the planning and the social entrepreneurship, if you like, that would come from it”(P7).

In some cases, a big part of attaining this vision for the Baviaanskloof was identified as the involvement of an external party - the “unknown buyer” (Section 5.3.8). The following quote is taken from one of the participants, discussing the possibility of just such an investor:

“To say ‘Okay, in the meantime, we’re paying you now to take down the fences, and the centre pivots, and rip open all the fields, and get it to this one pristine wonderland’. Connect it with the Nature reserve, get all the benefits of the Nature reserve, and market it as one destination. So, I really really think that if the Baviaans is going to get fixed, they need a big partner to come in. And these guys can’t do it [gesturing to identified stakeholders]”(P3).

Although the above quote may be to an extreme, this concept of an unknown buyer is something that has been alluded to by several participants in all three of the focal markets (**P2, P3, P6, P14**). This could be due to the general lack of readily available financial resources indicated by stakeholder representatives (see Section 5.4.4). Participants thus communicated the need for external funding.

5.4.3. Current relationships

In addition to the generic roles, the stakeholder grid (see Appendix D) provided to each participant also contained a row set aside for the relationship held between the stakeholder represented and each of the other stakeholders identified. Participants were asked to indicate the nature of their group/organisation's relationship with each corresponding stakeholder through either a + or – sign (attitude), as well as the strength of relationship (urgency) on a scale of 1 to 3. Where there is no known relationship held, they were asked to use “0” to indicate as such. It must be noted that most participants, when requested to complete the grid, were apprehensive of indicating any negative relationships and would thus resort to using a +1 instead (**P2, P9, P10**). In one particular case, the participant avoided indicating some relationships due to the a-symmetry of information within her organisation, and so relationships presented may not be entirely representative for the overall organisation (**P10**).

The findings on stakeholder relationships, as provided in Table 5.2, will contribute towards the development of the stakeholder network map, to be presented and discussed in detail in section 5.6.1 below.

However, the following sections will first explore the subthemes of cooperation and conflict amongst stakeholders - relaying the primary corresponding observations as highlighted by participants. These observations relate to both current relationships between stakeholders as well as potential relationships held with the P.Ent. Table 5.2 will serve as an illustrative aid in identifying prominent areas of cooperation and conflict throughout this discussion.

Key	
	= Strong bond
	= Conflict
	= No response

Table 5.2: Stakeholder relationships

	NMBM	GIB	Eastern Baviaans farmers	Kouga Municipality	DWA	Rhodes Resto Group	R3G	ECPTA	DEDEAT	WfW	PRESENCE	LivingLands	UNFCCC/VCS	DAFF	Baviaans Municipality	Koukamma Municipality	Saaimanshoek	SANBI	Cacadu Municipality	Eskom	Baviaans Tourism	Indalo group
GIB	+2	N/A	+3	+2	+3	+1	+1	+3		+3	0	+2	0	+3	+1		+3			+1		0
LivingLands	+3	+3	+1	0	+1	+3	+3	+3	+2	+3	+3	N/A	0	+3	+1		0	+3	+1	0	+2	0
Rhodes Restoration Group	0	+2	+2	0	0	N/A	-3	+2	+1	+2	+1	+3	+1	+1	+1		+1	+1	0	0	+1	+1
R3G	+3	+1	+2	+3	+3	+1	N/A	+1	+1	+1	+1	+1	+1	+3	+2	+3	+3	+2	+3	+3	+3	+3
ECPTA (Reserve)	+2	+3	+2	+2	+2	+1	+2	N/A	+3		+1	+1		+2	+2	0	+2	+2	+3	0	+2	+2
ECPTA (Biodiversity)	+2	+1	+2	+1	0	+3	+3	N/A	+2	+3	+2	+2	0	-1	+1	0	+2	+3	-/+1	0	+2	+1
ECPTA (Top Management)	+2	+3	0	0	+3	+1	+1	N/A	+3	+3	+2	+2	+1	+3	+1		+1	+3	+1	0	+1	+1
Baviaans Municipality	+1	0	+2	+1	+3	0	0	+2	+2	+1	0	0	0	+3	N/A	+1	+3	0	+3	+3	+3	0
Baviaans Tourism	+1	0	+2	+1	+3	0	0	+2	+2	+1	0	0	0	+3	+3	+1	+3	0	+3	+3	N/A	0
DWA	+3	+3	0	+3	N/A	0	0	+1	+3	+3	0	0	0	+2	+2	+2	0	0	+3	+2	0	0
SANBI (Working for Wetlands)	+1	+2	0	0	+2	0	0	+1	+3	+1	+1	+1	0	+1	0	0	0	N/A	0	-1	0	0
DEDEAT	+2	+1	+3	-2	-1		+1	+3	N/A	+2	+2	+2	0	-1	+1	-2	+1			+1	+1	

5.4.3.1. Cooperation

When asked to indicate any prominent examples of cooperation between stakeholders, a number of participants placed emphasis on one particular relationship held between the Western Baviaans landowners and the NGO group, LivingLands (P1, P3, P6, P7, P14). LivingLands was said to have built notably strong ties with the landowners, enabling better communication and collaboration as well as acting as a liaison for a number of other stakeholders in the area.

“the kind of social learning, participatory stakeholder engagement process, social learning process - that LivingLands is proposing to take stakeholders through on a multi-stakeholder platform – is exactly what we need” (P14)

Although there are some partnerships apparent, participants could not identify any other pertinently strong ties in the Baviaanskloof area. This could be due to the disconnected nature of the network – where stakeholders largely continue to operate in silos (P6, P8, P9, P14) (refer to Figure 5.4 later on for an illustrative example).

“In terms of government departments, we all work in silos – there is no real relationship between ourselves and the municipalities” (P6).

Despite LivingLands’ efforts, interests remain disparate and potentially conflictual within the local stakeholder network. This is apparent in Table 5.2, as although several strong ties are indicated there is seldom any reciprocation from the same stakeholder.

This does not mean, however, that there is no interest to cooperate with the P.Ent – as a number of participants indicated their interest, based on their specific intents as outlined in Section 5.4.2 above. As with most cooperative relationships, however, various conditions of agreement emerged in cooperating with the P.Ent. This reflects a common aspect of stakeholder relationships, as highlighted by Pfeffer and Salancik (1978: 43, cited in Frooman, 1999: 195):

“Because organisations are not self-contained or self-sufficient, the environment must be relied upon to provide support. For continuing to provide what the organization needs, the external groups or organizations may demand certain actions from the organization in return”.

The corresponding conditions are displayed in Appendix G as part of the stakeholder intentions identified. The following section aims to explore prominent areas of relational difficulty, or in other words current or potential conflicts.

5.4.3.2. Conflict/relational difficulties

When questioned about current conflicts amongst stakeholders, the researcher found the majority of participants to be unnerved and hesitant to speak about specific groups/organisations and the issues at hand (**P2, P7, P9**). A certain degree of avoidance and political correctness was evident, as the aforementioned stakeholders stepped back, refusing to “get involved”:

*“I’m not one to talk about the relationship between other organisations – if it’s good or bad. I don’t feel comfortable doing that”(**P2**).*

*“To be honest in that sense,[..] we try not to get involved too much with, you know, politics within the Baviaanskloof. Or relationships that the Baviaanskloof stakeholders or landowners might have with different organisations. So, we try and stay out of their relationships. So I wouldn’t know”(**P9**).*

Despite this evasion, there were five stakeholder relationships that were clearly mentioned as “stumbling blocks” (**P6**) to the P.Ent, some of which are indicated in red in Table 5.2. It must be noted that two of these conflicts are with that of the Western landowners, and are thus not represented in table 5.2, while others were not openly admitted to by stakeholder representatives in their written responses. This may also be due to the fact that each relationship varies on the degree or intensity as well as frequency of the conflict. The aforementioned conflictual relationships include: ECPTA vs Western Landowners, Saaимanshoek/community vs Western Landowners, NMBM vs Eastern Farmers and GIB, Rhodes Restoration Group vs Landowners, and Rhodes Restoration Group vs R3G.

The first of these relates back to internal disparity created by individuals within ECPTA, as a number of participants referred directly to a heightened tension between the Reserve Management of ECPTA and the Western Baviaans landowners (**P7, P9, P11**).

*“[T]here have been lots of tension between East Cape Parks and farmers. Mainly around one or two dominant personalities and certain viewpoints which make it really difficult”(**P3**).*

The abovementioned conflict has resulted in a reverberating effect across the stakeholder network, as a number of stakeholders also appear to view ECPTA in a more negative light (**P2, P3, P8**). The divide between interests and functions within ECPTA has meant that landowners are faced with what can only be described as a bi-polar relationship. This is due to the abovementioned tensions with reserve management, combined with the biodiversity function's attempts to rekindle relationships through the stewardship programme (Section 5.4.2.1).

As previously mentioned underneath "social development", there appears to be some built up tension between that of the local communities (Saaimanshoek) and the Western landowners. This has predominantly revolved around isolated development of the landowners, without any formal sustainable development for the surrounding community.

"[I]t can look, from one perspective that there is no conflict. But I have meetings where only these people are with me, and I ask them 'Talk your heart out', and then they talk to me, and they mention these issues. You know, there's one situation that a person said 'Listen, me and that lady, we grow up together. And I live in a house that is really more a shack than a house, and the farmer's cooler is standing about 30 yards from my house. There's electricity, there's a neat place, I'm living in this with no electricity'. So, it's not really conflict, it's a situation.

So, they're not in a fighting spirit, they come along together very well. But deep inside, there's a very big difference between the people - the community, and the farming community"(**P11**).

Although it is stated that the two groups generally work well alongside each other, this underlying resentment and disparity must not go unresolved. It is something that must be proactively addressed if both the community and landowners are to move forward in working together and maintaining a positive relationship.

Another case of underlying resentment lies between GIB (representing Eastern Baviaans farmers) and that of NMBM. This is largely based on the perceptions of each organisation on current water use, as each feels that the other "uses more than their fair share" (**P14**). This conflict is heightened in the event of water restrictions, where the commercial farmers receive much stricter control over water use, while downstream users are affected to a lesser degree.

"[W]hen there is a shortage of water, the farmers are restricted severely. Much more than the Metro [NMBM]. For example, the last restrictions that we had, we had 60% restrictions.

And they had, only, I think about 20% restrictions and, with that 60% restrictions, there were 6000 jobs lost in this valley, because of that” (P1).

Despite this, NMBM maintain that the upstream users abuse their allotted allocations, causing a further lack of water supply further downstream:

“His [NMBM top management] attitude towards paying farmers for restoration at a meeting about water was – ‘They’ve got more than their fair share of water allocations, and they abuse those’.” (P14).

The final source of conflict revolves around the aspect of individuals and personality clashes, stemming from a particular group – the Rhodes Restoration Group. Some strong perceptions and beliefs held by particular individuals has led to a split between what was originally one research group known as the Rhodes Restoration Research Group, shortened to R3G, into two separate groups with unresolved differences i.e: Rhodes Restoration Group and R3G (P3). Thus this split must be taken into consideration when engaging with each group as well as the contracting of consultants in advising the P.Ent.

These strong individual beliefs have also lead to a rather unstable relationship between that of Rhodes Restoration Group and the Western landowners.

“We’ve been with them [Western landowners] for a long time now, and we have some critics who are fairly severe on researchers and who have told us before that we, we’re wasting their time and that we should just give the money to them and that they don’t need research. And we take that criticism, you know, quite seriously. But the point is that you can never make everybody happy”(P3).

Although this particular quote stems from a Rhodes Restoration Group representative, the attitude expressed towards researchers by farmers goes beyond this particular group. A number of participants have alluded to the same issue where there is a deep mistrust for researchers within the Baviaanskloof area (P1, P2, P3, P6). The only apparent exception to this issue of trust appears to be that of LivingLands (P1, P2).

The following section aims to unpack the last predetermined theme derived from the literature – resources and their resulting power. It must be noted that there is a strong link between relationships held, as discussed above, and the normative power of individual stakeholders.

5.4.4. Resources

The possession of resources tend to indicate a certain degree or level of power, from which the said stakeholder may choose to draw should the need arise (see Chapter 3, Sections 3.6.1.1 and 3.8.2). There are three primary types of resource-based power: coercive, utilitarian and normative. The following sections will relay the results and relevant stakeholders, as revealed by the interviews conducted.

5.4.4.1. Coercive

Each participant was given a description of coercive power, obtained from the literature, and asked to indicate those stakeholders that they felt possessed this form of power. The majority of participants immediately mentioned that all those who possess a regulatory role, as indicated on the stakeholder grid (Table 5.1) as well as in Section 5.3.6, would possess some degree of coercive power (**P2, P5, P7, P8, P9, P10, P12, P13**). However, a small number of stakeholders were identified as having a larger amount of coercive power when it came to the Western Baviaanskloof. These included: ECPTA, Baviaans Municipality, and DEDEAT (**P1, P2, P3, P4, P6, P7, P8, P9, P10, P12**).

Although the ECPTA is not predominantly a regulatory figure, the “operations” or “reserve management” function of the organisation would have some control over tourism permits in the area (**P5, P6**). Baviaans Municipality, despite its potential coercive power, does not appear to regularly act on this resource. Most stakeholders spoken to considered municipality management to be largely uninvolved or distant within the Western Baviaanskloof area (**P2, P4, P6, P9**). Note: this does not include Baviaans Tourism and the Mayor, as both have been shown to actively engage within the Baviaanskloof (**P5, P9, P11**). Lastly, DEDEAT has been reiterated as a highly active stakeholder in the Baviaanskloof, holding a number of strong relationships with other identified stakeholders (see Table 5.2). A number of participants consulted emphasised the influential role that this particular organisation plays, due to its vast amounts of coercive, utilitarian and normative resources (**P3, P4, P7, P8, P12**).

“Definitely Department of Environmental Affairs, because currently they are the main funder of the whole restoration program. So I think they would be your first prize”(**P4**).

DEDEAT’s influence will be discussed further in the Section 5.4.4.2.

On a final note, a common reaction from participants was observed when it came to discussing the topic of coercive power. Most participants found “coercive” to be too harsh a word to describe the form of power possessed by regulatory bodies (**P4, P7, P8**):

“I think coercive is maybe technically the right word, but it’s not necessarily the power that would be exerted. [...] I was a little bit hesitant about answering in the beginning around using that coercive force. Generally, these agencies that have that force have been using their powers differently” (P7).

“Sometimes power is viewed in a negative sense – which is not necessarily true. I may wield a lot of power in a very positive sense” (P4).

The above participants felt the need to express that although these organisations may have authority, in no way do they attempt to impose it with force upon any of the stakeholders identified. It was reiterated that such organisations are there to help and not to hinder the development of the area, as most would see the P.Ent as a welcomed opportunity in liaising with the private landowners (**P7, P4**). In most cases, regulatory bodies are largely overwhelmed, therefore most likely to be receptive to independent initiatives such as the P.Ent (**P10**).

5.4.4.2. Utilitarian

When questioned on the possession of utilitarian resources, participants were initially rather hesitant to indicate the availability of such resources, due to their pre-allocated purposes (**P2, P5, P6, P10**). A number of participants indicated the fact that there was a large amount of intellectual capital, in the form of expertise, available in each of the three markets (**P2, P3, P4, P6**). Some interpreted the largest utilitarian resource within the area to be the land itself, therefore highlighting ECPTA as having high utilitarian power:

“ECPTA – although they have not yet invested a lot of financial hard cash, they have land. They say what goes. So that’s their currency – land is their currency” (P4).

However, when it came to financial resources, very few participants were able to identify any stakeholders with a large amount of available funding at their disposal.

“No, I think that’s maybe the biggest problem. There’s nobody really with any money in the area” (P2).

The only two stakeholders viewed to be relatively wealthy were that of DEDEAT and ECPTA (P3, P4, P7, P9, P12).

“Definitely Department of Environmental Affairs, because currently they are the main funder of the whole restoration program. So I think they would be your first prize”(P4).

DEDEAT has been a primary funder and supporter of various projects within the Baviaanskloof, including the restoration done by WfW as well as providing contracts for Rhodes Restoration Group (P3, P7, P12).

When it comes to ECPTA, the majority of stakeholder representatives appear to view this organisation as possessing a large amount of financial and other resources (P1, P2, P3, P7, P8, P9):

“[Landowners] have a big challenge in terms of cash flow, to switch from what they’re doing to carbon farming. And East Cape Parks have the potential to be the solution for that cash flow problem: providing the stewardship program and other incentives around the protected area by giving the farmers additional income in the first couple of years until they can find their feet for the carbon farming”(P3).

In response to this, ECPTA participants have denied any substantial amounts of funding that would be readily available:

“Not very many state departments or government departments [have financial resources] – funding is critical, we have very limited budgets. I mean all agencies sit with budgetary constraints. Municipalities, districts, national – everybody sits with very specific budgetary constraints”(P5).

However, despite this statement, another ECPTA representative admitted to the organisation possessing sufficient financial resources when it comes to influencing surrounding stakeholders:

“Okay, so clearly us as an agency, we feel constantly under budgeted – but we have money. We manage the entire area around where this enterprise would be. So I do think that’s real”(P7).

5.4.4.3. Normative

Although not explicitly discussed in the interviews, this source of power is evident through the strong relationships held between stakeholders, indicated by participants as +2 or +3 in Table 5.2. From the interviews, the foremost stakeholder with normative power can be identified as LivingLands. This relates back to the strong bonds held with not only the landowners but a number of other stakeholders as well. It is apparent that LivingLands attempts to maintain a neutral interest in stakeholder activities, choosing to avoid any differences in opinion or potential conflicts (**P2**). Thus this particular organisation has provided something that one participant described as a “multi-stakeholder platform” (**P14**). In cultivating a learning and accepting environment, LivingLands has hoped to bring stakeholders together in working collectively for the good of the landscape and its people (**P2**). However, this has been limited to local stakeholders and has not enabled collaboration at a higher level - as is evident by the weak to non-existent relationships held with that of regulatory bodies shown in Table 5.2. The responses of other stakeholders on their relationship held with LivingLands is often in direct contrast with the responses from LivingLands’ representative - who reported to have strong ties with more stakeholders than were actually reciprocated (see table 5.2 for comparison).

Due to LivingLands’ lack of coercive power and low utilitarian resources, the normative or social resources gained with local stakeholders are not enough alone to deem the group highly influential. However, they remain an important gatekeeper and supportive advisory group to establishing the P.Ent.

Normative resources directly correspond with the amount of ties and thus centrality held by a stakeholder (Rowley, 1997: 898). Thus those with a high number of strong bonds (+3, by column and not by row, in Table 5.2) with identified stakeholders will indicate their degree of normative power within the network. Referring to Table 5.2, this would mean that Cacadu Municipality, DAFF, WfW, and DWA possess the greatest amount of normative power as gauged from the number of strong bonds indicated by each participant.

Centrality as a source of normative power will be further explored and discussed in the Social Network Analysis in Section 5.6.2.2 below.

5.4.5. Market Structures

The theme of market structures posed an entirely new aspect of stakeholder interests and perceived feasibility. Participants viewed the structure of the existing (or absent) market to be a further determinant of the P.Ent's feasibility. Since this theme does not necessarily fall under stakeholder influence, it will also be discussed in Chapter 6.

In investigating the impact of stakeholder influence on the establishment of the proposed enterprise, an entirely different theme emerged relating to the market structure of the three focal markets. A number of participants emphasised the fact that it was not only whether or not the stakeholder in question was willing to interact with the P.Ent, but rather, whether it was able to (**P10, P12, P14**). Thus a major inhibitor to stakeholder involvement was found to be the existing market structure, or lack thereof. Referring to both the carbon and water markets, one participant had the following to say:

“[T]hey're not well established markets – there're a lot of start-up issues that need to be dealt with” (**P7**).

As it stands currently, the legislation in the water market prevents implementation of the concept of PES on a more practical level (**P14**) (see Section 5.4.1.4). Lack of a compatible market structure has resulted in a misalignment of interests, leaving the idea of a private water service charge for restoration of the catchment as unfeasible.

When referring to carbon trading, participants indicated the fact that an active carbon market in South Africa does not currently exist (**P7, P12**). On further investigation, the researcher found this to be partly true – as there is a Designated National Authority (DNA) established within South Africa for the purpose of registering projects with the UNFCCC (DNA, 2013). However, it only appears to deal with registering CDM projects – the difficulties of which have already been discussed in Chapter 2, Sections 2.4.3.2 and 2.4.3.4. Despite the fact that there is no local voluntary market (VCS), DNA does not appear to provide for projects on the basis of afforestation or reforestation (A/R) either. The types of projects currently registered with the DNA include “bio-fuels, energy efficiency, waste management, cogeneration, fuel switching and hydro-power” (DNA, 2013).

The issues arising from market structures in both the water and carbon market are important aspects to consider. Since this falls outside the scope of the current study, it will not be

discussed in further detail. However, the researcher strongly suggests further investigation through a market analysis for future studies.

Considering the number of issues arising from market structure mentioned above, the researcher finds that further investigation through a full market analysis is warranted if the P.Ent is to succeed.

Lastly, although there is already a tourism base within the Baviaanskloof area, it was also emphasised that this particular market can only operate through a network of interdependent stakeholders.

“A tourism entity on its own cannot survive. There needs to be a network feeding into it” (P13).

Therefore, in order for the P.Ent to be successful, it would need to ensure that strong relationships are built with existing tourism entities in and around the area (P4).

The following section aims to rank the findings on stakeholder influence along the attributes of power and interest, as gauged by the researcher - based on participant responses as well as the literature. This will be done through the use of both tables and matrices, as outlined in Chapter 4.

5.5. CATEGORISING AND DIFFERENTIATING ALONG DYADIC INFLUENCE

As the second stage of stakeholder analysis, this section aims to categorise and differentiate stakeholders, providing further insight into the potential dyadic influence and thus salience of each key stakeholder. Information gathered through content analysis (Section 5.4) provides the basis for determining the two attributes of influence – namely power and interest. Thus it will focus primarily on the four predetermined themes of goals, intents, relationships and resources to guide the researcher in gauging each attribute. Findings from this iterative process are displayed below through the use of an evaluation table and stakeholder matrix.

5.5.1. Stakeholder Salience

The following findings are presented in the form of an evaluation table (Table 5.3), intended to provide an overall profile of each key stakeholder along various evaluation criteria. These criteria include the goals of the group/organisation in question as well as their gauged interest (attitude and urgency) as well as power (coercive, utilitarian and normative). In analysing the

individual and combined effect of these criteria, the researcher was then able to provide an estimated level of dyadic influence (see Chapter 4, Section 4.4.2.3).

The majority of the stakeholders evaluated here were represented by the participants interviewed. However, findings on two of the stakeholders not formally represented in the study (NMBM and Saaimanshoek), but regarded as being important by participants, were included. Thus the NMBM's website and the Baviaans Mayor's responses were drawn from as additional sources of information.

The following is a ranking of stakeholder influence according to the dyadic stakeholder evaluation in Table 5.3, based on the power and interest of each stakeholder, as derived from the participant responses and literature. It must be noted that only those represented, with the exception of NMBM and Saaimanshoek (informed by third party accounts), could be considered for the purpose of determining salience.

- 1) ECPTA (Biodiversity function): (Influence score 18)
- 2) DEDEAT: (Influence score 16)
- 3) Baviaans Tourism: (Influence score 15)
- 4) Working for Wetlands (SANBI): (Influence score 12)
- 5) GIB: (influence score 10), and NMBM: (Influence score -10)
- 6) LivingLands: (Influence score 9), and Rhodes Restoration Group (Influence score 9)
- 7) ECPTA (Reserve Management): (Influence score 7)
- 8) R3G: (Influence score 6), Working for Water: (Influence score 6), Baviaans Municipality and DWA: (Influence score 6)
- 9) Saaimanshoek: (Influence score -4)

Table 5.3: Dyadic stakeholder influence evaluation

Stakeholder	Market	Role	Criteria for Evaluation						
			Primary Goals	Interest		Power			Influence
				Attitude	Urgency	C	U	N	
ECPTA	Tourism	Regulator/ Partner	- To serve as a catalyst for all dimensions of tourism in the province. - Ensure the effective implementation of its biodiversity management and tourism and powers and duties granted in terms of the Act and any other law - To establish an efficient and effective institution	Indifferent	1	3	3	1	7
	Carbon/ Biodiversity	Partner or Competitor	To secure key biodiversity within the province (managing existing areas, looking to expansion of protected areas to meet national targets)	Positive	3	2	2	2	18
LivingLands	Carbon and Water	Partner and Advisory	- Promoting living landscapes: Conserving and restoring the Western Baviaanskloof as a living landscape. - Mobilising civil society for sustainability - Enabling and facilitating social learning processes; - Fostering mutually beneficial	Positive	3	0	1	2	9

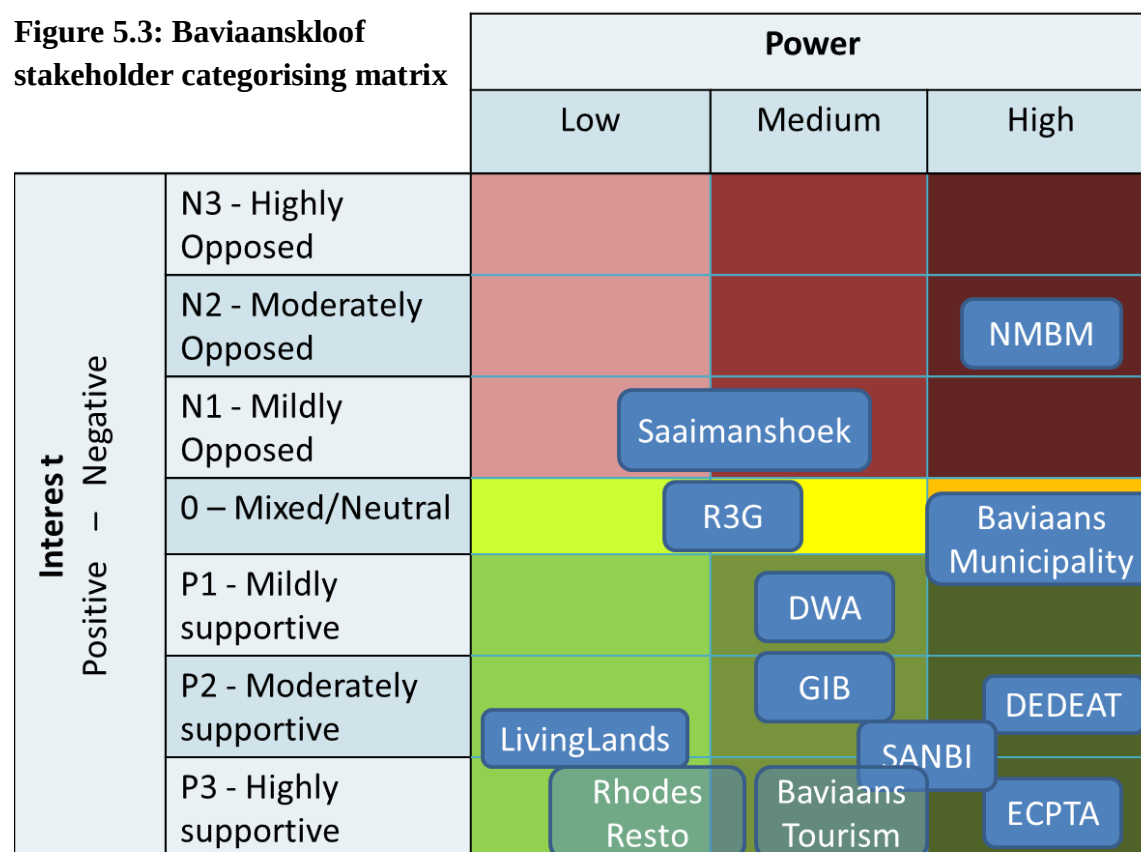
			partnerships and participatory networks.						
GIB	Water	Customer	- To provide water to all legal water users that are entitled to receive water from the Kouga Dam - To minimise water losses - The empowerment of resource poor farmers - Implementing social responsibility: EPWP programmes - To maintain and operate the scheme effectively	Positive	2	0	3	2	10
Baviaans Municipality	General Baviaans	Regulator	- To provide basic services to the Baviaans area - To promote local economic development - To promote stability, good governance and public participation	Indifferent	1	3	2	1	6
Baviaans Tourism	Tourism	Partner or Competitor	- To effectively market the area as a tourism destination - To increase the level of SMME involvement in tourism - To develop cultural tourism, ecotourism and agri-tourism products in the area. - Encourage greater cooperation and joint effort in the area.	Positive	3	1	2	2	15
Rhodes	Carbon	Partner or	Building capacity in young	Positive	3	0	2	1	9

Restoration Group		Supplier	- researchers - Conducting research and monitoring - Supporting restoration and environmental programmes						
R3G	Carbon and Water	Future Partner/ Advisory	- Conducting action research on restoration ecology - Being a platform for scientific collaboration - Publishing Scientific papers	Currently Indifferent	1	0	2	3	6
Saaimanshoek	General Baviaans	Community /Supplier	- To be provided with opportunities for employment and economic development - Improve their own quality of life - To be provided with the basic services and amenities	Negative/ apprehensive	-1	0	1	3	-4
NMBM (Water and Sanitation Directorate)	Water	Customer	- Ensuring access to basic services (Water and Sanitation) for all resident communities in Nelson Mandela Bay. Includes the following functions: - Water distribution - Water storage - Waste water treatment - Waste water conveyance - Planning and Research – identifying and designing projects to better meet water demand (NMBM, 2013)	Negative/ against concept	-2	0	3	2	-10
DWA	Water	Regulator/	To ensure that all registered	Mixed	1	3	2	1	6

		Customer	water users have access to water - To protect and maintain sustainable water resources for future use - To establish Water management institutions, such as Catchment Management Associations and Water User Associations.	/apprehensive					
WfW	Water	Partner/ Competitor	Rehabilitating water resources through the removal of Alien Invasive Plants	Positive	+2	0	+2	+1	6
	Wetlands (SANBI)	Partner	Rehabilitating of Wetlands, for both ecological and social outcomes	Positive	+3	+1	+2	+1	12
	Woodlands/ STRP (Carbon)	Partner/ Competitor	To restore degraded Subtropical Thicket through the use of payments for ecosystem services (e.g. carbon sequestration credits) (RNC Alliance, 2013).	Unknown					
DEDEAT	Carbon and Water	Regulator and Partner	- Ensuring that economic growth and sound environmental management underpin sustainable development (DEDEAT, 2013) through: - Economic development - Social Development - Biodiversity	Positive	+2	+3	+3	+2	16

5.5.2. Categorising Stakeholders

From the findings shown in Table 5.3 it is possible to transfer this information into the stakeholder matrix, as outlined in Chapter 4 Section 4.4.2.4 and summarised in Figure 5.3, in order to categorise and differentiate each stakeholder. The matrix in Figure 5.3 illustrates the estimated placement of each stakeholder along the attributes of power and interest as per Table 5.3. The corresponding categories under which they fall are also listed below, along with the prescribed strategies, based on the literature (refer to Chapter 4, Section 4.4.2.4).



Source: Researcher's own construction, 2013

Table 5.4: Stakeholder categories and strategies		
Category	Stakeholders	Strategy
Definitive	ECPTA	✓ Involve
Pivotal	- DEDEAT - SANBI (Working for Wetlands) - Baviaans Tourism - GIB - NMBM (negative)	✓ Involve ✓ Involve ✓ Involve ✓ Involve ✓ Defend

Dominant	• Baviaans Municipality	✓ Collaborate
Dependent	• Rhodes Restoration Group	✓ Inform/involve
Dormant	• DWA • Saaimanshoek (negative) • R3G	✓ Inform ✓ Keep Satisfied ✓ Monitor/collaborate
Interested	• LivingLands	✓ Inform

From the categories above, the divide between active and passive stakeholders can be easily distinguished. Based on the literature (see Chapter 3, Sections 3.5.2 and 3.8.3.2), all those falling into the categories of either “Definitive” or “Pivotol” stakeholders are identified as active stakeholders (ECPTA, DEDEAT, SANBI, Baviaans Tourism, GIB, NMBM). Meanwhile, all other stakeholder categories will be deemed as passive (Baviaans Municipality, Rhodes Restoration Group, DWA, Saaimanshoek, R3G, LivingLands).

With regards to the corresponding strategies, these are merely guidelines as to what degree the P.Ent should engage with each stakeholder. Each of these is informed by a strategic description, provided in Chapter 4, Table 4.4. The researcher will not elaborate further on prescribed strategies to be taken on the basis of categorisation, as this will depend on the individual stakeholder and context at hand.

5.6. SOCIAL NETWORK ANALYSIS

As the final step of a stakeholder analysis, the dynamic interplay between stakeholders must be explored in order to gain a holistic understanding of network characteristics and the resulting influence possessed by stakeholders. It is acknowledged that the P.Ent will not be able to engage with each stakeholder on a dyadic basis, but must take into consideration the interdependent nature of the network. As section 5.4.2 on “intentions” has already demonstrated, there are a number of interests at play that suspend the P.Ent in a quasi-equilibrium which requires a continuous balancing of often opposing forces (Rowe *et al.*, 1994: 136). These relationships will be briefly illustrated and discussed in the following sections on Stakeholder Mapping and Network Analysis.

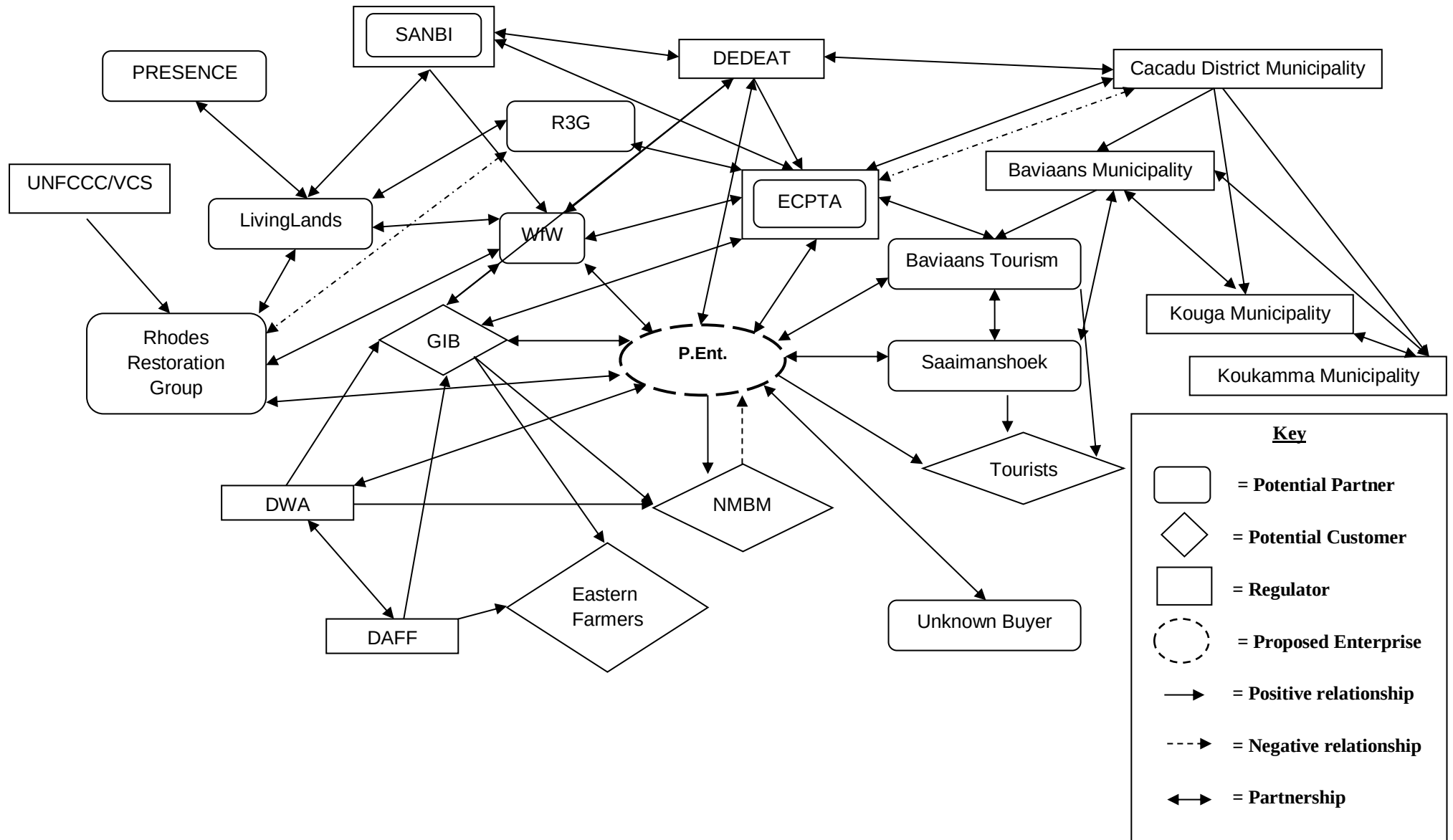
5.6.1. Stakeholder mapping

The mapping of stakeholder networks is seen as common practice in stakeholder analysis - used in order to visually illustrate a single snapshot of stakeholder relationships. As Granovetter (1985, cited in Rowley, 1997: 893) states: “social actors are embedded in a relational system, and one must conceive of this relational context to understand their behaviours”. This panoramic view thus allows the researcher to better explore the interdependencies between stakeholders, providing a more accurate prediction of stakeholder behaviour.

Figure 5.4 presents a map of the Baviaanskloof stakeholder network - detailing the relationships between various identified stakeholders within the three markets of water, carbon and tourism, as well as the general Baviaanskloof area. It should be noted that although not indicated here, relationships are presumed to exist between all relevant governmental bodies, including: DWA, DAFF, DEDEAT, and the municipalities. This is substantiated by the responses received from participants, as displayed in Table 5.2. Lastly, some relationships indicated by participants were inconsistent – where those indicated by one stakeholder were not reciprocated by the other. These were not shown in Figure 5.3. The majority of these inconsistencies lay with that of the research groups: R3G and LivingLands. This may be attributed to their neutral stance in that they aspire to maintain positive relationships with the majority of the indicated stakeholders.

Findings on Figure 5.4 will be briefly analysed and discussed in the subsequent section using Stakeholder Network Analysis.

Figure 5.4: Stakeholder network map



5.6.2. Network analysis

The following section aims to examine the network structure in order to better understand the role that interdependent relationships play in the reception of the P.Ent. According to Rowley (1997), there are two main aspects that must be taken into consideration when analysing a network. These are the density of the network, and the centrality of the P.Ent as well as each stakeholder within the network. These will be discussed in more detail below.

5.6.2.1. Density

The density of a network relates to the degree of interconnectedness between all of its stakeholders, which will then impact on the P.Ent's "degree of resistance to institutional pressures" (Oliver, 1991). It can be calculated "*as a ratio of the number of relationships that exist in the network, compared with the total number of possible ties if each network member were tied to every other member*" (Rowley, 1997:896). Thus it may be calculated by applying the formula below:

n = the number of stakeholders

Total possible relationships = $n(n-1)/2$

Given that the number of stakeholders displayed in the network (see Figure 5.4) is 21 - not including the "unknown buyer", P.Ent or tourists - the total number of possible relationships is 210. From figure 5.4, it can be observed that the total number of existing relationships - including governmental relationships (not shown) and excluding potential relationships with the P.Ent - is 51. The density can therefore be calculated as $51:210 = 24.3\%$. From this calculation it is evident that the density of the network is relatively low.

According to Oliver (1991, cited in Rowley, 1997: 898), lower density networks are less able to monitor the P.Ent's actions, leaving it to make decisions at its own discretion without having to be subjected to unified pressure. However, this also means that there is more likely to be a multitude of "conflicting stakeholder influences, since shared behavioural norms are less likely to form" (Oliver, 1991, cited in Rowley, 1997: 898). This statement is reflective of the current nature of the network. However, the researcher observes that a transformation may be pending, due to the general uncertainty facing each individual stakeholder. Each is grappling for a sustainable solution to obtain their objectives. As Harrison and St. John

(1996: 51) state: “*When environments are more complex and uncertain, webs of interdependencies are created among stakeholders*”.

Thus the introduction of the enterprise could provide a supportive link, acting as a liaison and thus increasing the density of the network. A denser network will allow for the more efficient diffusion of shared information, stakeholders would be held more accountable and interests would be better aligned (Rowley, 1997: 89). If interests are aligned, this is also seen to decrease the likelihood of conflict (Currie *et al.*, 2009: 45).

5.6.2.2. Centrality

The centrality of each stakeholder refers to their position within the network, relative to others. Being central to the network would provide a great amount of normative power. The centrality of each key stakeholder, based on Section 5.4.3, will be briefly outlined in Table 5.5 below. This will be based on the three types of centrality: degree, closeness, and betweenness, as described in Chapter 3, section 3.5.3.3.

Table 5.5: Evaluating Centrality			
Stakeholder	Degree	Closeness	Betweenness
ECPTA	8 direct ties	1 independent. Independent access to DEDEAT. However, a partnership may be formed directly through WfW to bypass this.	No direct control of actors is apparent, although there may be some form of regulation over local stakeholders – including Saaimanshoek and private landowners.
DEDEAT	6 direct ties (including governmental departments)	No true independent ties. Being a parastatal means that it has direct access to all other governmental departments. However, this does not mean that it would have independent access.	3 direct. Direct control over WfW, ECPTA, SANBI and all other organisations operating within the carbon or water markets.

Baviaans Tourism	4 direct ties	2 independent. Almost independent access to Saaimanshoek and Baviaans Municipality.	2 direct. Direct control over Tourists activities and Saaimanshoek/community.
GIB	7 direct ties	3 independent. Independent access to Eastern Farmers and the ‘middle man’ for water distribution to NMBM. Almost independent access to WfW in Baviaanskloof as an implementer. However, this is seen as temporary.	3 direct. Direct control over water distribution to Eastern Farmers and NMBM. Direct control over WfW operations in the Baviaanskloof.
NMBM	3 direct ties (including DEDEAT)	No true independent ties.	No direct control within the area.
Baviaans Municipality	5 direct ties	3 independent ties with Cacadu, Kouga and Koukamma Municipalities	2 direct. Direct control over Baviaans Tourism and Saaimanshoek.
Rhodes Restoration Group	5 direct ties (including DEDEAT)	1 independent tie. Access to UNFCCC/VCS.	No direct control.
DWA	5 direct ties (including DEDEAT and Cacadu)	No independent ties.	2 direct. Direct control over GIB and NMBM.
Saaimanshoek	3 direct ties	No independent ties.	No direct control
R3G	4 direct ties	No independent ties	No direct control
LivingLands	5 direct ties	1 semi-independent tie with PRESENCE	No direct control

Although there may be some slight differences in ranking based on centrality, a general trend of decreasing centrality may be observed as one progresses down the ranking of stakeholders. Those whose influence ranking (ie: salience) may increase slightly due to the normative power from centrality include GIB and Baviaans Municipality. Based on centrality, these two stakeholders may possess more influence than initially gauged, and thus might progress up the ranking. Thus the final ranking list of stakeholder influence, once centrality is considered, would consist of the following:

- 1) ECPTA (Biodiversity function)
- 2) DEDEAT
- 3) Working for Wetlands (SANBI) and GIB
- 4) Baviaans Tourism
- 5) NMBM
- 6) LivingLands and Rhodes Restoration Group
- 7) ECPTA (Reserve Management) and Baviaans Municipality
- 8) R3G, Working for Water, and DWA
- 9) Saaimanshoek

This ranking of stakeholder influence, along with the findings derived through content analysis, will inform the final objective discussed in Chapter 6, as well as the conclusion and recommendations to be made in Chapter 7.

5.7. SUMMARY

Using the three steps of stakeholder analysis, the researcher has been able to adapt a sequential process of data analysis that addresses the first three objectives of this study. Thus the stakeholders identified, drawing from the literature and participant responses, totalled that of 21 separate groups/organisations. Discussions around these stakeholders with that of the participants resulted in a number of emerging subthemes underneath the predetermined themes derived from the four relational indicators, as outlined in Chapter 3, Section 3.8.6: goals, intentions, current relationships, and resources. The one exception over and above these emerged as the theme of “market structure” - which surfaced as an additional factor relevant to the success of the enterprise.

Drawing from the results of the content analysis, as well as data captured in a stakeholder grid, findings were then presented through the use of a dyadic stakeholder evaluation table and stakeholder categorising matrix. Through the use of the evaluation table (Table 5.3), identified stakeholders were differentiated along the attributes of power and interest in determining their relative influence. Given the gauged degree of influence of each stakeholder, the researcher was then able to rank stakeholders accordingly – determining the salience of each to the P.Ent. This information was then transferred to a stakeholder matrix (Figure 5.3), based along power and interest, so as to categorise each key stakeholder into one of the eight categories outlined in Chapter 4, Section 4.4.2.4. The definitive stakeholder was identified as ECPTA, followed by the pivotal stakeholders DEDEAT, SANBI (Working for Wetlands), Baviaans Tourism, GIB and NMBM. As outlined in Chapter 3, Section 3.5.2, these may be classified as active stakeholders. Meanwhile, the following fall into passive stakeholder categories: Baviaans Municipality, Rhodes Restoration Group, DWA, Saaимanshoek, R3G and LivingLands. It must be noted that this should be taken into context with the intentions outlined in Section 5.4.2, which will further differentiate the importance of the above stakeholders.

As the final stage of the stakeholder analysis, a Social Network Analysis was conducted – constituting the construction of a stakeholder network map followed by an analysis of the network density and stakeholder centrality. The centrality of stakeholders allowed for a reconsideration of the stakeholder ranking, based on dyadic relationships, due to the additional normative power drawn from the stakeholder network. Thus the final ranking of stakeholders was altered, moving both GIB and Baviaans Municipality up in rank. Network density was calculated at 24.3%, thus interpreted as low.

The following Chapter 6 will discuss the implications of the findings provided thus far, where the first three objectives will feed into identified opportunities and constraints. Further from this, the content analysis will also be drawn from in presenting perceptions on the feasibility of the enterprise. Thus this chapter has provided a solid base for further interpretation in contributing towards determining the feasibility of the P.Ent.

CHAPTER SIX

FINDINGS AND PRELIMINARY DISCUSSION ON PERCEIVED FEASIBILITY

6.1. INTRODUCTION

The purpose of this chapter is to address the final objective of the current study – namely, to advise the Western landowners on any identified opportunities or constraints stakeholders might pose, and thus contribute to determining feasibility.

Opportunities and constraints are put forward in relation to each of the three focal markets (water, carbon and tourism) as well as those pertaining to the general Baviaanskloof area. These are drawn from the findings presented in Chapter 5, as a means to further condense information gathered in addressing the primary purpose of the research study, which is to investigate reception by an external stakeholder network to the proposed enterprise, thus contributing towards determining feasibility of the P.Ent.

In considering each market's opportunities and constraints, the researcher will also be able to present perceived feasibility of the proposed enterprise. Findings discussed in this chapter will feed later on into recommendations and concluding remarks in Chapter 7.

6.2. WATER MARKET

6.2.1. Opportunities

Referring to Chapter 2, Section 2.3.2, the water market appears to present a host of opportunities for the proposed enterprise, based on the fact that the Western landowners are at the pinnacle of the Baviaanskloof water catchment (Mander *et al.*, 2010: 1). Thus PES appeared to be a viable option to explore in gaining remuneration for restoring the water catchment. However, the initial concept of a water service charge to downstream water users has proven to be far more complex than expected, and therefore a less feasible option (Sections 5.4.1 and 5.4.5). This will be discussed below under constraints of the water market.

On the other hand, through further investigation the researcher has discovered that there may be a number of other options available in the water market. Although not seen to be directly beneficial, a Water User's Association was proposed as a potential form for the enterprise to

take on (see Chapter 5, Section 5.4.2.3). Partnering with DWA would provide a certain amount of political security and ensure greater transparency by the P.Ent (**P14**). One of the greatest merits to becoming a Water User's Association is its pliability. This is because, even though it would appear to focus on the water market, it would still be able (and is openly encouraged (**P10**)) to operate in other markets. Even if the enterprise does not become a Water User's Association, it is advised that the water allocations in the Western landholdings be openly verified and validated with DWA (**P14**) (Chapter 5 Section 5.4.2.3).

The issue of water allocations directly addresses one of the primary constraints of the water market, mentioned below, which is the lack of upstream monitoring and control (**P1**, **P10**, **P14**). As a result, PES may become a more feasible option in the medium to long term, as downstream users come to trust upstream users through maintaining open channels of communication.

In place of the water service charge, two other possibilities were identified by participants as potential options for funding the P.Ent. These include partnering with DEDEAT and SANBI by taking over the implementing role for WfWa (currently held by GIB), and/or attracting buy-in from local investors through PES. As stated by two participants:

“At the moment, GIB get the contracts to do the rehabilitation in the Baviaanskloof. If those farmers were organised and could tender for those jobs themselves, they could become an implementing agency in the same way that GIB is now” (**P14**).

“We would need industry involvement. Opportunities like – so the South African Breweries water neutral type programmes. Where they fund restoration of water stressed areas to offset their water usage in production and industry” (**P6**).

In 2008, a change in “ policy decision [was made by WfW] to phase out working directly on private land, and rather to use incentives and disincentives to get private land-owners to manage [restoration] on their property themselves” (WfW, 2008: 1). Drawing from this, the move to tender for the role of WfWa and WfWe implementer is further supported. In adopting either of these strategies, the P.Ent would be able to source some degree of financial stability – which is what is most needed in the advent of establishing an enterprise.

On a further note, the two potential partnerships with DEDEAT and SANBI were identified as being strongly advisable, given their influence and expertise within both the water and carbon markets (Chapter 2, Sections 2.3 and 2.4; Chapter 5, Section 5.4.4). Each of these

organisations is a primary driver behind the restoration programme under the banners of Working for Wetlands and Water (**P12**). The abundance of intellectual capital generated by these organisations, as well as LivingLands, should be harnessed as a readily available resource for the P.Ent. This will be discussed further in Section 6.2.2 on the carbon market.

6.2.2. Constraints

One of the biggest problems facing the P.Ent in the water market lies with the inhibitive and resistant nature of the market structure itself (**P14**) (see Chapter 5, Section 5.4.5). This has resulted in mixed signals and sometimes outright rejection from individuals in both DWA and NMBM regarding the concept of paying for improved water security (Talbot, 2013). As has already been outlined in Chapter 5, Section 5.4.2.3, due to changes in water legislation and thus water rights, PES through the use of a water service charge is not currently feasible (Talbot, 2013). Despite investigations conducted by Erlank (2010), the combination of a resistant market structure, a resulting misalignment of interests, and general internal disparity, has meant that individuals who are influential in DWA and NMBM do not view PES as a viable option. The negative attitude displayed by these two organisations may change in the mid- to long-term. However, in order to ensure this, the P.Ent must first build credibility by aligning itself with the interests of DWA and NMBM, as mentioned above in Section 6.2.1.

In relation to this negative reception, another constraint was identified as the lack of monitoring and control in the upper catchments of the Langkloof and Baviaanskloof (**P1, P10, P14**). In order for downstream users to even start considering PES, the issue of unaccounted for water allocations must be addressed (**P1, P14**). The DWA is currently in the process of verifying and validating registered water allocations in an effort to regulate water use in the area (**P11, P14**). However, in order for organisations such as GIB and NMBM to consider PES, it is advisable for the P.Ent to show initiative by speeding up the process and in helping to validate all of its members/owners water allocations (**P14**) (Chapter 5 Section 5.4.2.3). In so doing, this will lay the foundations for further interactions and negotiations.

Lastly, one must also be aware of the possibility that GIB may be competition if the P.Ent perhaps tenders for the contract to implement “Working for” (WfW) projects in the catchment. The potential strategies proposed in section 6.2.1 must be considered carefully, because of GIB’s influence in the area (see Chapter 5, Section 5.4.4). Similarly, ECPTA may also compete on the basis of PES if an agreement for a water service charge were to be

reached with the downstream users. In this case, it would be advisable to involve and partner with ECPTA throughout all three markets due to their definitive role in the P.Ent's activities.

6.3. CARBON MARKET

6.3.1. Opportunities

Given that most of the studies conducted to date in the Baviaanskloof have focused on investigating the carbon market, owing to the STRP and other initiatives (see Chapter 2, Section 2.4.3.4), the greatest resource available to the P.Ent comes from the resulting intellectual capital generated. It is important that the P.Ent is able to integrate within the existing network of stakeholders responsible for this knowledge base thus far. Those most influential in this market have already been clearly identified as DEDEAT and SANBI – as respectively the funder and consultant of current restoration efforts in the Baviaanskloof (P12). Partnering with these two organisations could ensure direct access to not only intellectual, but also potentially financial and material resources.

In addition to this, despite the fact that there is no local voluntary carbon market in South Africa (see Section 6.3.2), there are still a large number of local and international buyers who may be interested in offsetting their carbon emissions. As was mentioned in Chapter 5, Section 5.4.5, a third-party consultant who is familiar with the international market and formalities would be advisable. The two groups of R3G and Rhodes Restoration Group were initially identified as potential suppliers of baseline expertise in the carbon market. However, it is as yet unclear as to their capabilities in the international market. Through the researcher's investigations, it has been discovered that only the Rhodes Restoration Group is interested in taking on a brokerage role at present (see Chapter 5, Table 5.3). On the other hand, R3G clearly stated the following when questioned on their potential involvement with the P.Ent in the future:

“[W]e have our key area of operation, currently. We are basically, at the moment, generators of knowledge. That's what we are doing at this stage. [...] [In] 3 to 5 years' time [...] we'll change to be more of a facilitation or platform. So then there could be synergies”(P4).

The resulting misalignment of goals between the P.Ent and R3G thus excludes the group as a potential agent/consultant within the carbon market. As a potential consultant, the representative for Rhodes Restoration Group had the following to say:

“[Rhodes Restoration group] might also be involved in advising the farmers on how to get their carbon to the market. You know, almost being like that honest broker. Where we would help them make sure that they don’t get swindled by somebody down the line who’s a very good ‘wheeler and dealer’, and before they know it they’ve kind of been ‘hoodwinked’ about how to get the maximum value for their product” (P3).

Drawing from the above statement, it may be true that the P.Ent requires guidance in brokering deals with potential buyers, as well as ensuring that the Verified Carbon Standards are met (see Chapter 2, Section 2.4.3.2). However, further investigation would be necessary as to who is most capable/suitable for the role.

When it comes to finding potential buyers of carbon credits, however, there remain two possible options. The first of these makes use of the international market through VCS (Chapter 2, Section 2.4.3.2) where carbon credits are traded separately to numerous individual buyers. In contrast to this, the second option, proposed and supported by Rhodes Restoration Group (P3), is that the entire Baviaanskloof restoration operation be presented as a carbon sink project. This would mean attracting a single, large, and potentially local buyer.

“We need a big investor to say ‘look, we’ll buy all the carbon credits in Baviaanskloof, and we’ll finance it. But then they will become ours’. So, that’s the missing ingredient” (P3).

The "big buyer" suggested above may present a much larger and more reliable return. However, it also comes with the risk of being solely reliant on one key investor, who would ultimately demand more control and oversight of land-use in the area. This implies a trade-off of control for long-term sustainability. This would not be such a problem if it were not for the other markets that the P.Ent intends to enter. Tourism and agricultural activities may be seen to clash with the interests of the sole investor, leaving the landowners with few alternative land uses to rely on in the short to medium term. One must therefore always consider what is in the landowners' best interests. Some of the suggestions and comments from the Rhodes Restoration Group representative appear to stem from its more ecologically oriented goals (Chapter 5, Table 5.3), and thus this should be taken into consideration.

6.3.2. Constraints

The first and foremost of the carbon market constraints may be identified as the large initial capital outlay required to fund the large-scale planting of Spekboom (P12). This funding

could be sourced either by partnering with DEDEAT, or by sourcing a “big buyer” - as indicated in the previous section.

The second of the two is made even more difficult when one factors in that there is currently no local voluntary carbon market in existence within South Africa (see Chapter 5, Section 5.4.5). This makes the sourcing of a buyer much harder, in that potential buyer interest in carbon credits cannot be easily identified or attracted in order for an exchange to take place.

Lastly, there are a number of role players present in the Baviaanskloof where the carbon market is concerned (DEDEAT, SANBI, Rhodes Restoration group, R3G, LivingLands, ECPTA, GIB). These role players are responsible for the wealth of knowledge generated within the area, as indicated in section 6.2.1. However, they may also pose a threat to the P.Ent if not properly engaged. The potential for a territorial response is captured in the following participant’s statement with regard to the carbon market:

“If you are an investor in a particular area, you want to be the key investor. It’s natural. When there is another investor who is coming in, you see him or her as a competitor. That’s natural. I am not saying that is going to happen, but that’s what I think might happen” (P4).

In ranking stakeholders, the P.Ent should prioritise the need to partner with the above players in the carbon market. In so doing, the risk of competition may be neutralised – because those who have the potential to influence are engaged by the alignment of interests.

6.4. TOURISM MARKET

6.4.1. Opportunities

Several participants identified tourism as the market with the greatest potential –emphasising the variety of natural and social resources readily available within the Baviaanskloof area (**P3, P5, P6, P7, P9, P11, P12**). At the forefront of these, the Baviaans Mega Reserve was identified as the current drawcard to the area (**P6, P9, P12**), attracting both local and international tourists each year.

Despite the success of the reserve, tourists appear not to stay in the Western Baviaanskloof for more than two nights at a time (**P3, P9, P12**). This “drive-by” behaviour has been attributed by stakeholders to the lack of variety in activities and attractions in the area. Several participants corroborated the need for destination marketing – to sell the Western

Baviaanskloof as a complete tourism package. The means to achieving such an objective may be in establishing the P.Ent as a Tourism Association (see Chapter 5, Section 5.4.2.2). Should it become a Tourism Association, the P.Ent would then be able to partner with both Baviaans Tourism and ECPTA as an agent and concessionaire. Discussions held with participants on the tourism market repeatedly reverted to the fundamental need for a partnership between the two key landholder groups, namely ECPTA and the neighbouring private landowners. For the sake of the Baviaanskloof's holistic wellbeing, this collaboration is seen to go far beyond that of a business opportunity. Participants consulted viewed a partnership between ECPTA and the private landowners to be a fundamental component not only of the establishment of the P.Ent, but of any further development in the area (**P3, P6, P7, P9, P12, P14**). As the most influential and definitive stakeholder, partnering with ECPTA is seen as the most feasible option. Baviaans Tourism provides a viable platform from which to enable this partnership owing to the accessibility of resources, both utilitarian and normative. Through collaboration, the three entities would be far more able to collectively market and develop the Baviaanskloof as a must-see destination.

On a further note, the stewardship programme was presented to the researcher by participants as another viable means of partnering with ECPTA (**P6, P7**). Although viewed as an opportunity, the possibility of stewardship cannot stand alone as a source of income (**P6**, Chapter 5, Section 5.4.2.1). However, the resulting partnership may allow for closer synergies within the tourism market, as tourists would be more likely to spend time in the Western section of the Baviaanskloof through reserve expansion. It may be worth considering exploring options for landowners and/or the proposed enterprise to negotiate concessions from the ECPTA for generating tourism income in return for stewardship agreements.

Lastly, community involvement was mentioned as a means of mutual development in the Baviaanskloof tourism market. The Saaimanshoek community has already entered the tourism market by initiating a craft development programme, supported by Baviaans Tourism and DEDEAT (**P9**). It was emphasised by participants that tourists come to the area not only for the natural scenery but also for social aspects, such as experiencing the cultural activities of the local people (**P9, P12**, Fousert, 2009: 57) (Chapter 5 Section 5.3.8). In collaborating with the local community, the P.Ent could simultaneously gain their support while being able to offer the complete Baviaanskloof experience. Strengthening bonds between landowners and community members comes back to the need for social development as a key objective to the success of the P.Ent (Chapter 5, Section 5.4.2.4).

6.4.2. Constraints

When referring to the tourism market, two sources are clearly central to both current and future difficulties. These are the potentially opposing interests of stakeholders, and the physical restrictions of the geographical area.

Firstly, there appears to be an interdependent yet often divergent relationship between proponents of tourism and those of conservation in the Baviaanskloof area. This is most evident in the internal disparity within ECPTA (see Chapter 5, Section 5.4.1.2), in its attempts to maintain a multifaceted focus on biodiversity conservation as well as reserve management. Current and future inter- and intra-group tensions have arisen and could develop further from attempting to balance these two areas of focus. The P.Ent must be aware of the potential constraints that these opposing forces may pose when it comes to the prioritising and managing of its goals and objectives (Rowe *et al.*, 1994: 136). It must also be noted that further constraints of seemingly opposing interests could also be a result of individual personality clashes. It is important that the P.Ent is able to identify such clashes, and distinguish between personal and professional agendas. Wherever possible, the most direct channels should be taken to communicate with influential individuals so as to avoid heterogeneity through "symbolic predispositions" and ensure the building of strong relationships with key stakeholders (Wolfe and Putler, 2002: 66-68).

The P.Ent's management should maintain a focus on the interests of the landowners, whilst emphasising the interests of those most influential to the furthering of its success (Varvasovszky and Brugha, 2000: 344; Venter and Bricknell, 2011: 261). Success, in this context, would generate both profitability and sustainability. As was indicated by participants regarding the importance of the "Big Vision", only if the P.Ent is seen to embrace the holistic wellbeing of the Baviaanskloof will it be accepted by the stakeholder network.

Secondly, problems may arise, particularly within the tourism market, from the isolated location of the Western Baviaanskloof. It was mentioned by various participants that this may be the greatest obstacle to a tourism-based enterprise (**P3, P9, P12**). There are only two entry points into the Baviaanskloof – one from the East through the Baviaans Mega Reserve, and the other from the West through the town of Willowmore (see Chapter 1, Figure 1.1). One participant gave a detailed description of this difficulty in accessing the area:

“Usually the roads in the Western portion – they fix themselves, the farmers fix it. So, people can come in from the Willowmore side. But it’s a huge detour to come in from PE around

that way. So if the road through the Baviaanskloof through the Eastern section is not good, then you immediately lose a lot of tourists. People cancel – they just don't drive that road if there's not much of a road.”(P12).

All roads leading through the Baviaanskloof are gravel/dirt roads, providing the ideal setting for off-road 4x4 trails. However, this leaves the roads susceptible to erosion and sudden damage by seasonal flooding. Depending solely on the tourism market means that the landowners are vulnerable to these floods, and tourists will not physically be able to visit the area.

“That's one of the tricky things about tourism – a flood can quickly cut off your income for 3, 4, 5, 6 months. It took them 6 months to sort out that road – so, suddenly for 6 months you don't have income. So that's the unfortunate thing about tourism – it can be bad publicity or whatever and suddenly nobody comes”(P12).

In order to mitigate this risk, two suggestions were made by participants. Firstly, the P.Ent needs to establish strong ties with governmental bodies – as they are responsible for the maintenance of roads and general infrastructure (P7, P8).

“We share the same roads, when we [ECPTA] get the roads fixed they benefit from it, a lot of tourists come through the reserve and end up staying at tourism facilities on their properties. So it's facilitatory and mutually supportive”(P7).

Secondly, the P.Ent must diversify – across markets as well as products – so that it is not solely reliant on the tourism market for income. This is where the carbon, water and even small-scale agriculture markets come into play (see Section 6.5.1). Landowners can also become more inventive with activities provided, because tourists could access the area through hiking trails, on horseback or even by air. This will not only increase accessibility to the area, but will provide a wider variety of activities, enhancing the Baviaanskloof as an ultimate wilderness destination (P6, P7, P12).

“[The Baviaanskloof is] ideal for the wilderness type of experience as well. And for the elderly or people who can't hike into big mountains, you start making use of things like horse trails and things - to put people on horses. But people are still too much 4x4 orientated. They need to go more hiking, cycling [...] The more activities, the bigger the market”(P12).

6.5. GENERAL BAVIAANSKLOOF

A number of opportunities and constraints identified in the current investigation did not relate specifically to any of the three markets, but could be ascribed to the general Baviaanskloof area. These were found to be pertinent to the success of the P.Ent, and thus were included in the two following sections.

6.5.1. Opportunities

Two clearly defined opportunities were outlined by a number of participants, specific to the Western Baviaanskloof and not to any of the three focal markets. These were social development, and the potential for sustainable agriculture.

According to participants, if the P.Ent is to be successful and gain governmental support, it needs to take ownership of social development in the Western Baviaanskloof as one of its primary objectives (**P6, P8, P10, P11, P14**) (Chapter 5, Section 5.4.2.4). By internalising government interests, this will ensure political security and thus gain government support (**P14**). In turn, support from the government will potentially result in greater access to resources and a mitigation of coercive influence.

Despite the apparent incompatibility between conservation and agriculture (as perceived by some conservationists, eg: **P3**) participants felt that there remains an opportunity for small-scale, organic agricultural land-use that is compatible with an ecotourism approach (**P7, P12**).

*“I think it would be a complete mistake to do as some people do and think that the whole thing must go to conservation and tourism. I think agriculture is a critical element of that valley”(**P7**).*

Used as a complementary product to the ecotourism experience, small-scale agriculture can act as a supplementary means to earning income. This would partly overcome one of the primary constraints of geographical isolation, discussed in Section 6.4.2, because business inputs would become far more accessible and cost-effective.

*“[I]f you can promote the tourism side with organic vegetables and things like that, it’s just the sort of thing that sells nowadays. People like to come to a farming environment, or an environment where you eat healthy food, and there’s healthy air”(**P12**).*

Following from this, it was also suggested that sustainable agricultural products could complement ECPTA's conservation and tourism activities, as an aspect of partnering with the P.Ent:

"We run animal bomas in the reserve side of things. People could grow lucern to feed those bomas at different times of the year when animals are in capture"(P7).

The synergies created through mutually supportive activities, such as the one suggested above, are expected to ease tensions with stakeholders such as ECPTA in working towards the intended "Big Vision".

6.5.2. Constraints

During the course of this investigation, four primary problems common to all three markets have become apparent. These are: individuals and personalities; the potential for incompatible intents/interests; a lack of finance; and a lack of communication.

When questioned about the most likely constraints in the three markets as well as the Baviaanskloof, most participants identified individuals and personalities as the greatest obstacle to the establishment of the enterprise (**P3, P5, P6, P7, P10, P11, P14**). The participants associated this problem not only with external stakeholders, but also with the Western landowners. This relates back to the heterogeneous/disparate interests inherent in some groups and organisations, as discussed in Chapter 5, Section 5.4.1.3, and Chapter 6, Section 6.3.2.

In Chapter 5, Section 5.4.2, a number of "intentions" were identified by the researcher as the driving forces behind specific stakeholders' urgency regarding the P.Ent. These intents were: stewardships, a Tourism Association, a Water User's Association, social development, and The Big Vision. Each of these reveals particular expectations held by individual stakeholders in the P.Ent. With these expectations comes the potential for future resentment and conflict if they are not upheld or followed through with. It is not possible to fulfil all stakeholder interests or expectations, as some may be incompatible in nature. Thus the P.Ent will find itself suspended within a quasi-equilibrium of opposing forces, as described by Rowe *et al.* (1994: 136) in Chapter 3, Section 3.8.3.2. The salience of stakeholders must therefore be considered in weighing up the options presented. In so doing, the P.Ent may minimise barriers or constraints and optimise access to resources (Rowe *et al.*, 1994: 136). The intents

of definitive and pivotal stakeholders (namely ECPTA, DEDEAT, SANBI, Baviaans Tourism and GIB) should therefore be prioritised.

As was discussed in Chapter 5 Section 5.4.4.1, a common constraint found amongst the majority of stakeholders as well as the Baviaanskloof in general, was the lack of financial resources (**P2, P5, P6, P7, P9, P10**). Without the support of financial resources, there is no possibility of development in the Baviaanskloof. This is especially true when it comes to the establishment of an enterprise – which will likely require a large initial capital outlay. Two potential sources of funding were identified through the three markets of water, carbon and tourism. These included the possibility of government support through DEDEAT or the involvement of a large external investor (see Section 5.4.4.1). If either of these are attained, this will most likely bind the P.Ent to certain terms of agreement. Management of the P.Ent will need to be aware of this, as these terms may restrict the P.Ent's activities. Alternatively, further sources of finance may be explored in order to determine the feasibility of the P.Ent. However, this goes beyond the scope of the current study and will therefore not be discussed in further detail.

Lastly, but most importantly, throughout the investigation it has become apparent that there is a clear lack of communication – within and between stakeholder groups. This is evident through participant responses as well as observed reactions during the interviews. The avoidance or denial of conflict, internal disparity, uncertainty and insecurity of stakeholders are factors that indicate a lack of communication.

Poor communication was also evident through the low density of the stakeholder network (see Section 5.6.2.1). Network density directly correlates with “voluntary diffusion of shared information” (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Pfeffer and Salancik, 1978, cited in Oliver, 1991: 171). In other words, low network density implies a lack of communication. This may result in a multitude of “conflicting stakeholder influences, since shared behavioural norms are less likely to form” (Oliver, 1991, cited in Rowley, 1997: 898). This is especially evident between local stakeholders and government bodies, which do not often possess great amounts of centrality, with the exception of ECPTA (see Chapter 5, Figure 5.3). Moving forward, the P.Ent will need to be aware of this inherent constraint and prepare accordingly through encouraging and maintaining open channels of communication.

6.6. FEASIBILITY OF THE ENTERPRISE

"Feasibility" is described by Currie et al (2009: 42) as "a key juncture allowing for an informed go/no go decision on a proposed development before considerable investment is made". In the context of the current study, this decision becomes all the more difficult when the establishment of the P.Ent is considered across three markets. Therefore the researcher resolved to explore feasibility in each of the three markets separately. It must be noted that these markets are also enveloped by the influence of local stakeholders.

With regard to the water market, the researcher has found that the majority of potential downstream customers are currently opposed to the concept of PES (Talbot, 2013). This is due to a combination of an incompatible market and legal structure as well as a general mind-set of distrust (DWA, NMBM, GIB). In future, this may be alleviated by maintaining open communication channels. However, the fact that there is no potential form of remuneration available means that Kosoy *et al.*'s (2006: 3) first parameter to an effective PES scheme is not met: "the compensation of upstream landholders should be at least equal to the opportunity cost of the promoted land use (in other words, more profitable)"(Chapter 2, Section 2.3.3.1). Therefore the concept of gaining income through PES within the Baviaanskloof water market is, based on participant responses, currently unfeasible. On a further note, establishing as a water users association would not be advised by the researcher, due to the lack of existing infrastructure as well as minimal perceived benefits to the P.Ent (see Chapter 5, Section 5.4.2.3).

The carbon market is currently a hot topic amongst environmentalists and research groups in the Baviaanskloof, having recently been unveiled as a possible source of income through the planting of spekboom (see Chapter 2, Section 2.4). However, the hype and wide acceptance of such a land-use option does not in itself deem the concept feasible. Despite the urgency shown, most of the stakeholders do not view the selling of carbon credits as a short- or even medium-term possibility (**P7, P4, P12**). The absence of a local voluntary carbon market will make sourcing potential buyers/investors much more difficult. The ability to get the product to the market may become more of an inhibitor than the reception of stakeholders. This is why it is imperative that the P.Ent seek the expertise of an agent/broker who is knowledgeable in the field, in order to provide access to and guidance on the carbon market. Despite offers put forward (**P3**), the ideal candidate for such a role can only be decided by the P.Ent management. Overall, entry into the carbon market is perceived by the majority of participants as uncertain and difficult, owing to the absence of a local market structure.

Of the three markets, tourism was most frequently identified by participants as possessing the greatest immediate potential (**P3, P7, P8, P9, P11, P12**). “I definitely think that the strongest of those three is tourism”(P12). Stakeholders appear to be very receptive to the concept of a tourism association and see the tourism market as an opportunity for development. Most comments, regarding obstacles faced, tended to centre around the marketability of the area as a destination. Developing the area as a packaged ecotourism experience will require the diversification of activities provided by landowners in order to retain tourists for longer periods of time. The P.Ent is viewed by most stakeholders as a viable mechanism in achieving this collaborative goal. A key player in entering the tourism market would be ECPTA, who maintain control over the area’s greatest drawcard, the BMR, and have already put forward a Tourism Development Plan. If taking on the form of a Tourism Association, the P.Ent would be able to partner with both ECPTA and Bavianaans Tourism, as provision is made in the Development Plan for involvement of the LTO as well as concessions (Chapter 5 Section 5.4.2.2). Based on this opportunity as well as the overall positive reception of stakeholders, the researcher finds the tourism market to be a highly feasible option for the P.Ent to be established in.

Overall, stakeholder reception to the concept of the P.Ent appears positive (**P1, P3, P4, P6, P7, P9, P10, P12, P13, P14**), with the exception of NMBM and Saaimanshoek. This is taking into consideration the expectations and intents, as outlaid in Chapter 5, Section 5.4.2, of which the owners and managers of the P.Ent will have to be cognisant.

In support of the P.Ent, a number of issues brought up by participants appear to correlate directly with some of the key principles outlined in Chapter 1, Section 1.1.2. These include the need for:

- synergistic collaboration (the “Big Vision”) – supported by the P.Ent as a representative entity of the landowners and mediator for stakeholder concerns
- diversification of markets and income sources (see Section 6.4.2) – supported by the use of a suit of sustainable land-use opportunities
- mutual upliftment and social development – supported by a landscape-wide approach to the management of benefits arising from the underlying natural capital assets

6.7. SUMMARY

A number of opportunities and constraints were identified across the three focal markets of water, carbon and tourism, as well as within the general Baviaanskloof. Some of the primary opportunities focused on several potential partnerships (indicated through a number of proposed "intentions") with various stakeholders. These included the possibility of forming a Tourism Association, strengthening ties with ECPTA through a stewardship programme, or establishing a Water Users Association with DWA. Additional strategic opportunities included the possibility of bidding for the role of WfWa and WfWe implementer, appointing an agent to streamline the process of carbon trading, as well as government support through social development initiatives. In gaining the funding needed to establish such an enterprise, it was also suggested that the P.Ent partner with DEDEAT moving forward, or else attract an external investor to the area.

When it came to constraints, a number of these stemmed from the previously unaccounted for theme of market structure (see Chapter 5, section 5.4.5). Within the water market in particular, downstream users appear to be particularly resistant to the idea of PES through the implementation of a water service charge. This was attributed partly to the incompatibility of the current market, a lack of monitoring and control (leading to mistrust) and the rigid mind-sets of particular individuals. With regards to the carbon market, the predominant constraint was identified as the non-existence of a local voluntary carbon market on which to trade. Overall, there were four primary problems attributed to the general Baviaanskloof, namely: individuals and personalities; the potential for incompatible intentions or interests; a lack of finance; and a lack of communication.

In exploring perceptions on the feasibility of the enterprise, the water market was perceived by participants to be the least feasible with regard to the practice of PES. Meanwhile the carbon market was viewed as uncertain and potentially a medium- to long-term opportunity. Lastly, the majority of participants perceived tourism as the most feasible market through the P.Ent's potential establishment as a Tourism Association. Overall, stakeholder reception gauged from participants within all three markets appears to be supportive for the notion of a landowner enterprise, with the exceptions of Saaimanshoek and NMBM. That is, as long as the interests of definitive and pivotal stakeholders are taken into account.

CHAPTER SEVEN

SUMMARY, CONCLUSION AND RECOMMENDATIONS

7.1. INTRODUCTION

This chapter aims to summarise and conclude on the findings of the study. Consequently, the primary purpose of the research study will be addressed. This chapter comprises a summary of the findings presented in Chapters 5 and 6, a final conclusion of these findings, and recommendations put forward by the researcher to the Western landowners in establishing the proposed enterprise. In addition to this, the potential value of this research, both applied and theoretical, is presented. Prior to this the primary purpose and objectives will be restated for the sake of alignment.

As stated in Chapter 1, the twofold purpose of this study was to: investigate stakeholder influence and reception of the proposed enterprise using a stakeholder analysis; and also to identify and advise on the opportunities and constraints relating to stakeholders, thus contributing to determining the feasibility of the proposed enterprise.

In order to achieve the research purpose, the core objectives of this research were to:

- identify the proposed enterprise's legitimate key external stakeholders, based on the three markets: water, carbon and tourism;
- describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest;
- determine the stakeholder network influence and probable reception of the proposed enterprise;
- advise the landowners on any identified opportunities or constraints stakeholders might pose, and thus contribute to determining feasibility.

In concluding the current research study, the findings of each research objective are summarised below.

7.2. SUMMARY AND CONCLUSIONS OF THE MAIN FINDINGS

As an applied study, the purpose was to investigate stakeholder influence and their reception of the proposed enterprise using a stakeholder analysis; and also to identify and advise on the opportunities and constraints relating to stakeholders, thus contributing to determining the feasibility of the proposed enterprise. To date, there has been no formal theoretical framework to guide the process of a stakeholder analysis regarding a feasibility assessment for enterprise establishment (Currie *et al.*, 2009: 46; Researcher's Observation, 2012-2013). Taking this into account, a stakeholder analysis framework was constructed, based on existing commercial and project management stakeholder theory (Venter and Bricknell, 2011; Mitchell *et al.*, 1997; Reed *et al.*, 2009; Rowley, 1997). This framework consists of a simplified procedural framework to serve as a pragmatic guide (Reed *et al.*, 2009), in conjunction with a basic conceptual framework (Venter and Bricknell, 2011; Mitchell *et al.*, 1997), adapted from the theory behind stakeholder influence and networking.

Data was collected by conducting semi-structured interviews with 14 participants, comprising representatives from 10 individual stakeholders as well as two third-party individuals. Using the data collected, the stakeholder analysis framework provided the basis from which the researcher was able to identify, differentiate and categorise stakeholders according to their perceived dyadic influence on the enterprise. The Baviaanskloof stakeholder network was then analysed to incorporate a more holistic perspective of stakeholder reception. Based on these findings as well as the content analysis, opportunities and constraints regarding the enterprise and its perceived feasibility were discussed.

The following sections will provide the overall findings (derived from Chapters 5 and 6) in addressing the four objectives as stated in Chapter 1 (see section 7.1 above). The researcher will conclude the overall feasibility of the enterprise, from the perspective of projected stakeholder reception, and advise on any conditional factors moving forward.

7.2.1. Stakeholders identified

Objective 1: Identify the proposed enterprise's legitimate key external stakeholders, based on the three markets: water, carbon and tourism.

In order to identify potential stakeholders, the researcher made use of seven generic roles commonly assumed by external stakeholders in a commercial context. These were customers/clients, suppliers, competitors, government agencies/regulators, local

communities, activist groups (changed to advisory/research groups), and partners (French and Raven, 1959; Harrison and St. John, 1996: 51-53; Post, Preston and Sachs, 2002: 5; TrueSolutions, 2012: 70; Rowe et al., 1994: 137). These groupings allowed for the fixing of identified stakeholders' legitimacy from the outset, as they were found to correspond with the definition of a legitimate stakeholder (as stated in Chapter 3, Section 3.8.4).

The seven generic groups produced a pool of 21 stakeholders across the three markets of water, carbon and tourism, as well as the general Baviaanskloof area. The initial stakeholder pool was identified based on the literature, and was then adjusted through the use of snowball sampling and feedback from participants (Chapter 4, Section 4.4.1.1). Of these stakeholders, eight were identified as taking on a regulatory role, seven as advisory/research, nine as potential partners, one as a supplier, three customers, five potential competitors and one fragmented group as the local community (see Chapter 5, Section 5.3). An individual stakeholder may be perceived to simultaneously hold more than one generic role.

The high number of stakeholders identified as potential partners, advisory/research groups and regulators provided some initial insights into the reception by the stakeholder network. From this it may be concluded that there is a large amount of urgency and thus interest directed towards the P.Ent. Since the interest shown was predominantly from the three aforementioned groups, it may be assumed that this interest is positive (confirmed later by differentiation and network analysis, see Sections 7.2.2 and 7.2.3).

In addition, the generic role associated to the stakeholder in question (indicated by the participant) was used as a basis from which to ask more specific questions on intentions, relationships and resources (see Appendix C). The characteristics of the associated stakeholder group later informed the process of differentiation, summarised in the following section.

7.2.2. Stakeholders Categorised and Differentiated

Objective 2: Describe, categorise and assess relative dyadic influence of the above stakeholders by gauging their power and interest.

From the pool of stakeholders identified above, representatives from each of these organisations/groups were contacted and invited to participate in the current study through semi-structured interviews. Of the 26 individuals invited, 14 accepted and participated in the study. From these 14 individuals, stakeholder influence was gauged using the four relational

indicators of the conceptual framework (Chapter 3, Section 3.8.5). These indicators were goals, intents, relationships and resources, intended to determine the interest and perceived power of each stakeholder (Chapter 3, Section 3.8.6). Power and interest were identified as attributes of stakeholder influence, based on Venter and Bricknell's (2011) interpretation of Mitchell *et al.*'s (1997) Saliency model, and adapted for the pragmatic purpose of feasibility. Assuming that legitimacy was fixed, the researcher identified five stakeholder categories applicable to the current study: definitive, discretionary, dominant, and dependent (Chapter 3, Section 3.8.4). These categories were supplemented by additional groups due to the use of power and interest continuums as opposed to "high vs low" or "present vs absent" (see Section 4.4.2.4). The supplementary groups, derived from Venter and Bricknell (2011), were: pivotol, interested, and marginal. Thus a total of eight categories were used to categorise stakeholders.

In order to categorise stakeholders into one of the eight possibilities, stakeholder influence needed first to be gauged on the basis of its two primary attributes, namely power and interest. These attributes were analysed through the use of a numeric evaluation table (estimated by the researcher according to participant responses) in conjunction with a stakeholder matrix (Chapter 4, Sections 4.4.2.3 and 4.4.2.4). The following stakeholders were identified as corresponding with six of the eight categories:

- Definitive: ECPTA
- Pivotol: DEDEAT, SANBI, Baviaans Tourism, GIB, NMBM
- Dominant: Baviaans Municipality
- Dependent: Rhodes Restoration Group
- Dormant: DWA, Saaimanshoek, R3G
- Interested: LivingLands

The above stakeholders were perceived by participants to be the most active in the three markets as well as the overall Baviaanskloof area, and thus key to the current study. However, only those categorised as definitive or pivotol were classified as active, while all other identified stakeholders were found to be passive (see Chapter 3, Section 3.8.3.2).

In differentiating the stakeholders, the researcher made use of content analysis to better understand the underlying factors that affect stakeholder power and interest in the specific context of the Baviaanskloof. This yielded a combination of predetermined and emerging themes (see Chapter 5, Figure 5.1). Some of the emerging themes relating to goals were:

tunnel vision, internal disparity, individuals/personalities, and misaligned interests. These were all identified as factors that may affect stakeholder interest. They were largely attributed to a lack of intra- and inter-group communication (Chapter 6, Section 6.5.2). This lack of communication is only one of a number of pertinent aspects that may inhibit the feasibility of the enterprise.

Congruent with the initial observation of a positive reception, a number of intents were expressed through participant responses. The most predominant of these intents, including their respective stakeholders, are the following: stewardships (ECPTA), Tourism Association (Baviaans Tourism and ECPTA), Water Users Association (DWA), social development (Baviaans Tourism and all governmental bodies), and The Big Vision (Rhodes Restoration Group, LivingLands, ECPTA, Baviaans Municipality) (Chapter 5, Section 5.4.2). However, the implications of so many diverging expectations may result in a constraint to the enterprise if they are not properly managed and prioritised (Chapter 6, Section 6.5.2). Taking into consideration the categorisation and salience of stakeholders, this means that ECPTA's interests are first priority (Tourism Association, stewardships), with Baviaans Tourism (Tourism Association) and the governmental bodies (social development) coming second and third respectively.

7.2.3. Stakeholder Network influence

Objective 3: Determine the stakeholder network influence and probable reception of the proposed enterprise.

As a final step in the stakeholder analysis framework, a brief exploration of the Baviaanskloof stakeholder network provided the holistic insight necessary to understanding such a complex context (Rowley, 1997: 893). Based on the density of the network and centrality of each stakeholder, the researcher was then able to describe current and future characteristics of the network as it evolves. The current stakeholder network was found to be of low density (24.3%), with few strong ties binding individual stakeholders together (Chapter 5, Section 5.6.2.1). From the literature, this may be interpreted to have a lower voluntary diffusion of information, a lower degree of accountability, and a tendency for conflicting stakeholder influences (Oliver, 1991, cited in Rowley, 1997: 898). These findings are congruent with earlier indications that there are common issues of misaligned interests and a lack of communication amongst stakeholders. However, due to the general uncertainty facing each individual stakeholder, the nature of the network is likely to alter. As Harrison

and St. John (1996: 51) state: “When environments are more complex and uncertain, webs of interdependencies are created among stakeholders”. Though each stakeholder is grappling for a sustainable solution to obtain their own objectives, there is a common realisation that cooperation may be the only option for the future development of the area (see "The Big Vision", Section 5.4.2.5). This transformation corroborates Varvasovszky and Brugha's (2000) observation that stakeholder relationships are time-sensitive in nature.

In analysing the centrality of each of the most influential stakeholders (listed in Section 5.6.2.2), the researcher found that two of these stakeholders drew more normative power than initially gauged through their centrality within the network. These were GIB and Baviaans Municipality.

Overall, the probable reception of the stakeholder network was gauged to be a positive one, with the majority of participants supporting the concept (Chapter 5, Table 5.3). Few conflicts of interest were identified, as most felt that the enterprise would be a welcome initiative. The exceptions to this can be attributed to a number of constraints, including tunnel vision goals and an incompatible market structure (ECPTA reserve management, NMBM, DWA, Saaimanshoek).

These constraints, amongst others, were identified by the researcher across the three markets and general Baviaanskloof area. Section 7.2.4 below summarises the opportunities and constraints identified.

7.2.4. Opportunities vs Constraints

Objective 4a: Advise the landowners on any identified opportunities or constraints stakeholders might pose.....

Following from the primary focus of the study, the foremost opportunities presented by participants were identified as the potential for partnerships. This openness for collaboration was expressed through five intents put forward by the participants: stewardships, Tourism Association, Water Users Association, social development, and "The Big Vision". Two particular partnership opportunities stood out above those identified, based on stakeholder influence, access to resources, and network reception and integration.

The first of these is the possibility of the P.Ent taking on the role of the Baviaanskloof Tourism Association. Doing this will not only create a strong bond with both ECPTA and

Baviaans Tourism, but will also provide ready access to resources as well as firmly integrate the enterprise within the stakeholder network. Since ECPTA possesses the greatest amount of influence it is important to involve them through engagement and collaboration (through the association, concessions, and stewardship), thus mitigating any future risk of competition or retaliation.

Secondly, several participants mentioned the possibility of bidding for the role of Working for Water and Wetlands implementer (currently held by GIB) (see Chapter 6 Section 6.2.1). When considering GIB's centrality and influence in the network, most of this has been found to flow from the role of implementer. Therefore GIB's potential influence would be significantly reduced if the enterprise were to take over this role. If the P.Ent were to become the Working for Water and Wetlands implementer, it would most likely gain government support from DEDEAT as well as access to resources in collaborating with SANBI.

A number of secondary alternatives that would be compatible with the option of Tourism Association were also suggested by participants. The first of these was the practice of small-scale sustainable agriculture - augmenting the ecotourism experience for tourists through providing a cost-effective, organic means of supplying food. Secondly, actively participating in social development through community involvement will ensure greater government and community support for the P.Ent. It was suggested that the P.Ent could allow for the training of locals as well as the inclusion of local crafts in the tourism experience. Lastly, in maintaining transparency and ensuring future government cooperation, the P.Ent should show initiative by verifying and validating the registered water allocations of all Western landowners with the DWA. This would reduce the mistrust and uncertainty currently felt by downstream water users, such as GIB, the Eastern farmers, and NMBM.

Constraints likely to be faced by the enterprise in the three markets largely consist of three overarching areas – social, structural, and financial. From a social perspective, stakeholder relationships appear to be determined by far more than just the goals of individual groups or organisations. Based on participant feedback, the greatest obstacle within the Baviaanskloof context is that of individuals and personalities. This is closely followed by the perceived incompatibility of interests as well as the "tunnel visioning" of stakeholders due to fixed mandates (governmental bodies) and a general lack of communication.

In addition to this, the attitude and interest of some stakeholders (NMBM, DWA, R3G) was also found to have been greatly affected by the perceived incompatibility or even non-

existence of the market structure. Within the water market in particular, the possibility of PES is said to be unfeasible owing to the legislation on water rights. This is further exacerbated by the fixed mind-set of certain influential individuals, who refuse to accept it as a viable option (DWA, NMBM) (Talbot, 2013). Regarding the carbon market, stakeholders consider the fact that there is no official South African voluntary carbon market to be a significant inhibitor to the establishment of the enterprise on the basis of carbon offsetting. This is despite the fact that there are other means of selling carbon credits, including either marketing the area as a carbon sink to a once-off investor or trading on the international carbon market.

Lastly, the general lack of finance within the area was highlighted by several participants as one of the greatest inhibitors to the Baviaanskloof's development. Those who did have some form of funding stated that it was pre-allocated or conditionally accessible upon agreement. The majority of stakeholders falling into this more affluent group consisted of governmental bodies (ECPTA, DEDEAT, DWA, SANBI). In order to gain government support and access to these resources, the P.Ent would need to ensure an alignment of interests. Alternatively, a large external investor was suggested for both the markets of water and carbon.

7.2.5. Feasibility of the Enterprise

Objective 4b: [...], and thus contribute to determining feasibility

In an effort to contribute towards determining feasibility of the enterprise, participant responses on this matter were explored separately across the three markets, namely: water, carbon and tourism.

Of the three markets, water through PES was perceived to be the least feasible – owing to an incompatible market structure and currently opposed mind-sets by key individuals. However, another opportunity was put forward as the possibility to tender for the role of implementer in the “Working for Water” and “Working for Wetlands” programmes in the upper catchment. Due to the lack of existing infrastructure as well as minimal perceived benefits to the enterprise, the option of establishing as a water users association is unadvisable. Despite this, water allocations of the landowners should be verified and validated with the DWA as a step towards open communication channels and future cooperation.

Following from the hype placed around carbon sequestration through the planting of spekboom, a great amount of urgency was communicated by a number of participants towards the idea of entering the carbon market. However, this support for the notion was

dampened by the fact that there appears to be no local voluntary carbon market on which to trade. Thus perceptions on the feasibility of the enterprise within this market indicated it to be currently uncertain and difficult. In order to plant and trade on a large scale, participants felt it was necessary to either: attract external investment, partner with DEDEAT, or employ a third party agent/broker to trade on the international market. Either way, participants appear to perceive the carbon market as a medium to long-term possibility.

Of the three markets, tourism was perceived as the most feasible by participants with the greatest amount of immediate potential. The concept of the P.Ent was met with little opposition, as most participants communicated their full support for it to take on the role of tourism association in the area. In taking on this role, the P.Ent would be able to integrate itself within the stakeholder network by working with both Bavians Tourism and ECPTA. The Tourism Development Plan, as set out by ECPTA, already makes room for a local tourism operator (LTO) and concessions with private landowners. Thus, the reception by stakeholders in the tourism market was positive and therefore perceived most feasible.

Overall, the majority of stakeholders appear to be supportive of the notion of a landowner enterprise (with the exception of NMBM and Saaimanshoek). The researcher found several of the participant's responses to be directly compatible with the key principles of the enterprise, as set out in Chapter 1, Section 1.1.2.

7.3. LIMITATIONS OF THE CURRENT RESEARCH

Limitations of the current research are presented below.

- In maintaining a narrowed focus necessary for the scope of a Masters thesis, the researcher was unable to conduct a complete market analysis that might have provided a more detailed insight into stakeholder behaviour. The researcher acknowledges that some enterprise establishment decisions moving forward will require further investigation into the operations of each market.
- Owing to time and resource constraints, not all stakeholders identified were represented through interviews, although this was partly mitigated by consultation with a PhD researcher (Talbot, 2013) who focused on the water market. The researcher acknowledges that at least one representative from each identified stakeholder would have yielded more detailed data regarding stakeholder relations and reception.
- The possibility of multiple interviews, or even the addition of a focus group, was considered in investigating stakeholder relationships. However, the sheer geographical distance between representatives of stakeholders, as well as incompatible schedules, meant that this was not possible. Although the researcher thoroughly investigated the aspect of relationships in each interview, it is acknowledged that a focus group might have provided greater insight into current stakeholder relationships.

7.4. RECOMMENDATIONS

With regard to the establishment of the proposed enterprise within the Western Baviaanskloof, the following recommendations are made.

- A Tourism Association should be carefully considered as a viable form of business for the proposed enterprise to take on. This opportunity has already been shown to possess the greatest amount of potential, and is widely supported by the majority of stakeholders. In partnering with ECPTA and Baviaans Tourism, this would provide access to resources, and firmly integrate the P.Ent within the Baviaanskloof network. Concessions along with the coordination of a diverse ecotourism package would provide the landowners with a sustainable source of income.

- A bid should be put forward to DEDEAT for the role of implementer of Working for Water and Wetlands within the Baviaanskloof. In assuming the role of implementer, the P.Ent would be able to simultaneously defuse the influence of GIB, gain control over restoration of the land, and gain access to funds through government support.
- The contracting of an agent should be considered if the enterprise chooses to enter the carbon market. Such an agent would be able to provide expertise on the measurement and validation of carbon credits. Because of the absence of a local voluntary carbon market, an agent would also mediate and negotiate the trading of carbon credits on the international carbon market. Alternatively, the area of the Baviaanskloof could be marketed as a carbon sink, to attract a single outside investor or "Big Buyer".
- Acceptance of the stewardship programme should be carefully considered as a means of strengthening ties and building relations with ECPTA. This is compatible with the Tourism Association approach. However, if complementary agricultural practices were to take place, pre-allocated land would need to be stipulated ahead of time.
- Social development should become an integral part of the proposed enterprise's objectives. By internalising the interests of the community and encouraging mutual development, the P.Ent will be more likely to gain both government and community support. Examples of social development may include the provision of training/education for locals as well as the inclusion of cultural and craft products within the ecotourism experience offered. As a result, interests are aligned, reducing the likelihood of conflict and opening channels for future cooperation.
- All water allocations registered by the Western landowners should be collectively verified and validated through the P.Ent with the DWA. Taking the initiative allows for transparency, the removal of mistrust through open communication, the defusing of coercive influence over the enterprise, and ultimately the increased possibility of future mutually beneficial interactions.

With regard to future research, it is recommended that:

- a complete market analysis on the three markets is conducted to better understand market operations and protocol prior to entry;
- a financial analysis is conducted on the potential sources of finance for the enterprise through PES in both the water and carbon markets;
- the stakeholder analysis framework, constructed in Chapter 3 Figure 3.7, is applied to further enterprise establishment contexts so as to test its use as a pragmatic tool for the purpose of feasibility analysis.

7.5. THE VALUE OF THE CURRENT RESEARCH

The value of the current research is two-fold, in that it is primarily an applied research study, but in achieving the primary purpose of the investigation a stakeholder analysis framework has been constructed, based on existing theory, as a secondary outcome.

A process commonly practiced in the commercial arena, yet rarely conducted from a theoretical base, stakeholder analysis forms a critical part of any given feasibility study prior to enterprise establishment (Allen, 2012: 82; Varvasovszky and Brugha, 2000: 339). Despite the recognised importance of such a tool, no research studies to date have been recognised as exploring the practical application of a systematic external stakeholder analysis for the purpose of determining feasibility (Currie *et al.*, 2009: 46; Researcher's Observation, 2012-2013).

Taking this into account, the current research not only provides insight and recommendations for the Western landowners in establishing the proposed enterprise, but has also constructed a systematic stakeholder analysis framework for the context of enterprise establishment. All aspects regarding the framework were derived from existing theory. However, the relational indicators presented provide a much-needed link between theory and implementation in gauging stakeholder influence.

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APPENDIX A: BRIEFING DOCUMENT

Briefing Document: Western Baviaanskloof Landowner Enterprise

This document describes a new organization proposed for the Western Baviaanskloof.

The Organisation:

- The specific form of the organization will depend on the outcome of a feasibility study. It may be for profit or not for profit.
- The organization would adopt a landscape-wide approach to its operations.
- It would be collectively owned by the private landowners of the Western Baviaanskloof.
- It would be professionally managed.

The Goals:

- Derive various streams of income and other benefits for the landowners (its shareholders/members).
- To restore and sustain the natural capital base of the landscape.
- To provide a professionally managed capacity or capability for the benefit of the landscape and its people.

The Background:

- Over the past few decades, the landowners of the Western Baviaanskloof have had to face increasing financial pressures. This is due to a myriad of progressively degenerating environmental, economic and social issues within the area. Current agricultural practices have been found to be largely unsustainable, leaving landowners searching for alternative land-uses - as land has become degraded and infertile.
- The idea for such an organization was borne out of a belief that this kind of organization would offer the best chance of benefiting from the underlying natural capital asset through various restoration projects and other projects aimed at improving the lot of the landowners and the people living in the landscape.
- The concept was first proposed at a meeting attended by representatives of the landowners of the Western Baviaanskloof by Hans-Peter Bakker, Senior Lecturer in Management at Rhodes University. The landowners gave their support for an initial Feasibility Study, which forms the context of this external stakeholder analysis.
- For any further queries, please feel free to contact either Kira Wiles or Hans-Peter Bakker (contact details below).

Summary of Key Principles of the Landowner Enterprise

- It would be a **legal entity** that may be profit or non-profit, depending on the outcomes of the feasibility assessments.
- The **owners** (or members, depending on the form of the organization) would be the **substantive landowners** of the Western Baviaanskloof. Legally constituted collective land owners would also be encouraged to take up ownership and participate actively.
- The enterprise would be **professionally managed** according to principles of good management and governance, including the separation of executive and non-executive powers.
- The enterprise would rely on optimizing a **suit of opportunities for generating income** as well as environmental and social improvements. In this regard Landowner representatives have identified **water, carbon and tourism** as first opportunities to explore in the Western Baviaanskloof.
- The enterprise will take a **landscape-wide approach** to the management of benefits arising from the underlying natural capital assets.
- The enterprise would consider **landscape-wide sustainability** and where necessary **restoration** of degraded lands and water supplies.
- The enterprise would strive for **economic, environmental and social development** of the people and the landscape.
- The enterprise would strive to **build mutually-beneficial working relationships**, including partnerships, with organizations (governmental, non-governmental and commercial) operating in or impacting on the landscape and its people.

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**APPENDIX B:
CONSENT FORM**



RHODES UNIVERSITY

INFORMED CONSENT FORM

Department of Management

Research Project Title:	Towards determining the feasibility of a landowner enterprise in the Western Baviaanskloof: An external stakeholder analysis
Principal Investigator(s):	Kira Wiles

Participation Information	Initial
I understand the purpose of the research study and my involvement in it The research study aims to investigate the reception of external stakeholders to the establishment of a landowner enterprise in the Western Baviaanskloof. As such, data will be collected through the conducting of semi-structured interviews with representatives of each stakeholder group or organization concerned. Participants will be asked a number of questions that will take an estimated 45-60 minutes, subsequent to being informed of the purpose of the landowner enterprise and the study being investigated. All interviews will be recorded, given prior consent by the participant, for the purposes of referral and accuracy in data capturing.	
I understand the risks of participating in this research study The researcher does not foresee any extensive risks to participants or their group/organization. Although it must be stated that the information collected from this investigation will be presented to the Western Baviaanskloof landowners for advisory purposes in moving forward with the proposed enterprise.	
I understand the benefits of participating in this research study Benefits to you and your group/organization will include further insight into the stakeholder network within your market, as well as enabling landowners to better incorporate your group/organisation's interests in the establishment of the enterprise as much as possible.	

I understand that I may withdraw from the research study at any stage without any penalty The participant may withdraw from the study at any given point of the research. If you should choose to do so, the researcher will regard the data collected from the participant concerned prior to the point of withdrawal as null and void within the analysis.	
I understand that participation in this study is done on a voluntary basis Although you have been approached to participate in this study, in no way are you obligated to consent.	
I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential The participant's details will be kept anonymous, and will only be referred to as a representative of the group/organization concerned.	
I understand that I will receive no payment for participating in this study It must be acknowledge that there is no monetary or payment in lieu thereof for participating in this study.	

Information Explanation	Initial
The above information was explained to me by: Kira Wiles	
The above information was explained to me in: ☐English ☐Afrikaans ☐Xhosa ☐Zulu ☐Other: and I am in command of this language OR, it was comprehensibly translated to me by: [name of translator]	

Voluntary Consent		
I,, hereby voluntarily consent to participate in the above-mentioned research.		
Signature:	OR, right hand thumb print Witness signature:	Date: / /

Investigator Declaration

I, Kira Wiles, declare that I have explained all the participant information to the participant and have truthfully answered all questions ask me by the participant.

Signature:

Date: / /

Translator Declaration

I, [\[full name of translator\]](#), declare that I translated a factually correct version of:

1. all the contents of this document
2. all questions posed by the participant
3. all answers given by the investigator

In addition, I declare that all information acquired by me regarding this research will be kept confidential.

Signature

Date: / /

APPENDIX C:

INTERVIEW GUIDE FOR EXTERNAL STAKEHOLDERS

Research title: Towards the feasibility of a landowner enterprise in the Western Baviaanskloof: An external stakeholder analysis.

Research Purpose: To determine the external stakeholder influence and reception towards the proposed landowner enterprise in the Western Baviaanskloof through the application of a stakeholder analysis framework; and to identify and advise on the opportunities and constraints pertaining to stakeholders, thus contributing towards determining feasibility.

Research Question: What is the predicted overall reception of individual external stakeholders and the overall stakeholder network to the establishment of a landowner enterprise within the Western Baviaanskloof?

Sub-questions:

- Which stakeholder goals conflict with and/or compliment the establishment of a landowner enterprise? How important are these goals to the stakeholder?
- What would the attitude of individual stakeholders be towards the establishment of a landowner enterprise?
- What relationships exist between stakeholders? What potential relationship would exist between each stakeholder and the landowner enterprise? [Nature?]
- What resources does each stakeholder possess?
- How can each stakeholder mobilize the abovementioned resources if the need arose?
- How pertinent are these resources to the market and landowner enterprise?
- How involved is each stakeholder willing to be in the establishment of such an enterprise?
- How does each stakeholder view the overall reception of the stakeholder network to this proposed enterprise?

Target Participants

All identified potential external stakeholders within the water, carbon and tourism markets that may have an interest in the Western Baviaanskloof and/or the landowner enterprise itself.

Duration

It is expected that the required data may be collected within a period of 45 minutes to an hour for each participant interviewed.

Descriptive Questions

Market/s concerned:

Name of the group/organisation:

Predicted Generic Role:

Department or division:

Name of Participant:

Position held within the organisation:

Number of years' service with the organisation:

Research Questions:

A. IDENTIFY AND CATEGORISE

1. Please refer to the stakeholder grid to answer the following questions.

- a. In the tables given, please indicate the role that you feel that each stakeholder would be most likely to play in relation to the proposed enterprise, within each of the 3 markets.
- b. If there is no foreseeable role for a particular stakeholder mentioned, please indicate this by ticking the 'N/A' box provided for each of the markets that you feel it is irrelevant to.
- c. If at all possible, please indicate any further potential stakeholders (not already mentioned within the tables given) as well as their relevant role.
- d. If you feel that there are any further stakeholder categories/roles that have not been included, please indicate this by writing the category/ies in the space provided.

2. What is your business/group's current role within themarket? Do you see this changing at any point in the near future?

B. DIFFERENTIATE

➤ Interest

i. Goals

3. What would you identify as the primary goals of your group/organisation?
4. Based on the goals mentioned, what would be the prioritisation of these goals? (ranking from most to least important). Why have you prioritised these particular goals?
5. What effect, if any, would the introduction of the proposed enterprise have on the achievement of [insert stakeholder's name]'s goals? Which and in what way?

ii. Relationships

6. What is the current relationship between your group/organisation and the landowners/farmers?
7. What would be the most likely reception of your group/organisation to such a landowner enterprise?
8. In your opinion, would the introduction of the proposed enterprise affect your organisation/group's relationship with the landowners? If so, in what way?
9. Please indicate, within the space provided, the relationship held by your organisation/group with each of the stakeholders given, in terms of its nature (negative (-) or positive (+)) as well as intensity (on a scale of 0-3).

10. Are there any prominent relational difficulties or notable areas of cooperation amongst these stakeholders in general? If so, please elaborate further.

11. In your opinion, who of the abovementioned stakeholders may pose potential threats or opportunities for the proposed enterprise? Why?

e. Power

i. Coercive Resources

Coercive power is said to be “based on the physical resources of force, violence or restraint”, in other words it depends on an authoritative position which provides a legitimate stance from which to impose the interests of the said group/organisation.

12. Out of the abovementioned stakeholders, please indicate and rank those that are perceived to have coercive power within the market, or within the Western Baviaanskloof area in general.

13. Does your group play a regulating role in the market? If so, how? Could you provide examples?

14. What role would you see [insert stakeholder name] play, if any, in the establishment of the proposed landowner enterprise? [Select up to 2 options]

- Customer
- Supplier
- Partner
- Regulator
- Advisory/research Group
- Competitor
- Community

ii. Utilitarian Resources

Utilitarian power is said to be derived from “material or financial resources” possessed by the stakeholder in question.

15. From the stakeholders listed in the stakeholder grid, please indicate those that are perceived to have a great amount of utilitarian power within the market, and rank them as such from most to least powerful.

16. Based on your answer to question 14 above, concerning the most likely role played by your group or organisation, please answer the following questions that are applicable to your role:

Stakeholder Role	Question
Customer	• Which other groups/organisations may/do supply your organisation with the same products/services provided by the proposed enterprise? • As a customer, what resources can your organisation or group possibly contribute to the benefit of the proposed enterprise? (Resources being social, intellectual, material and/or financial) • How much would you be willing to set aside in the purchasing of products and/or services provided by the proposed enterprise? • Are there any other potential customers that may be interested in the products/services provided by the proposed enterprise?
Supplier	• Which other groups/organisations may/does your organisation supply with the same products/services within themarket, with specific reference to the Baviaanskloof and surrounds?

	• As a supplier, what resources can your organisation or group possibly contribute to the benefit of the proposed enterprise? (Resources being social, intellectual, material and/or financial) • How much would you expect to earn through the provision of these products and/or services to the proposed enterprise? • To your knowledge, are there any other potential suppliers that may be interested in providing these products/services to the proposed enterprise?
Partner	• Of the above organisations/groups mentioned, which is [insert stakeholder name] already in partnership with? • As a partner, what resources can your organisation or group possibly offer in benefitting the proposed enterprise? (Resources being social, intellectual, material and/or financial) • Which and how much of these resources would your group/organisation be willing to commit to the partnership? • What benefits would your group/organisation expect in return? • Are there any other particular organisations/groups that may be useful and possibly interested in partnering with the proposed enterprise?
Regulator	• What aspects of the proposed enterprise would your organisation have influence over? Please explain what these regulations would be and to what extent they would apply.

	• What resources does your organisation possess in terms of ensuring compliance with the regulations set out above? • Other than through your regulatory role, does your organisation possess any material or financial resources in influencing the proposed enterprise's decision making? Where ever possible, please elaborate further by providing examples. • To your knowledge, are there any other particular groups that may also possess a regulatory role when it comes to the proposed enterprise?
Advisory/Research Group	• What have been your current/past interactions with the landowners in terms of advice given? • If advice is not taken/followed through with, how does/would your group react? • How do you see your group supporting the proposed enterprise if it were to be established? (In terms of resources, which may include: material, intellectual, social and/or financial). • What would [Group name] expect in return for their support/guidance? • Which organisations does your group have strong ties with when it comes to social resources?
Community	• Does your group have a formal representation when it comes to ensuring that the community's interests are upheld? If so, who?

	• What material or financial resources does your group utilize in ensuring that these interests are heard? • Depending on the community's stance to the proposed enterprise – what benefits/costs are expected from the establishment of the firm? How does the community propose to capture/address these?
Competitor	• Why is your perceived role a competitor, as opposed to any other? Is there no possibility of collaboration? • What resources does [insert stakeholder name] possess that may pose as a threat to the proposed enterprise? (Resources being material, financial, intellectual and/or social) • In what instance would your organisation/group be compelled to retaliate against the proposed enterprise? How might the abovementioned resources be harnessed in order to influence the proposed enterprise?

C. PSYCHOGRAPHICS/RELATIONSHIPS

17. What do you see as the overall reception of external stakeholders being towards the concept of a landowner enterprise with the Western Baviaanskloof?

18. Would you personally support such a concept? Why or why not?

APPENDIX D: STAKEHOLDER GRID

	NMBM	GIB	Eastern Baviaans farmers	Kouga Municipality	DWA	Rhodes Restoration Group	R3G	ECPTA	DEA	WfW	PRESENCE/ LivingLands	VCS	DAFF	Baviaans Municipality	Koukamma Municipality	Saaimanshoek	SANBI	Cacadu Municipality	Eskom	Baviaans Tourism	Indalo group	Other (specify)
Customer																						
Supplier																						
Competitor																						
Regulator																						
Community																						
Advisory/research Group																						
Partner																						
N/A																						
Other (specify)																						
Relationship held																						

APPENDIX E:
PARTICIPANT DETAILS

Participant Pseudonym	Organisation/group	Market concerned	Department	Years' service
P1	GIB	Water	Top Management	-
P2	LivingLands	All three	Top Management	7
P3	Rhodes Restoration Group	Carbon	Consultant	5
P4	R3G	Carbon and Water	Researcher	6
P5	ECPTA	Tourism	Reserve management	10
P6	ECPTA	Carbon	Biodiversity/Stewardship	4
P7	ECPTA	Carbon	Top Management	7
P8	Baviaans Municipality	General	Top Management	6
P9	Baviaans Tourism	Tourism	N/A	7
P10	DWA	Water	Institutional Establishment	5
P11	Saaimanshoek/Community	General	Mayor	-
P12	SANBI (Working for	Water and Carbon	Eastern Cape Top	10

	Wetlands)		Management	
P13	DEDEAT	All three	Enviromental/ Biodiversity	37 (government environmental experience)
P14	Third party	Water	PhD Researcher	3

APPENDIX F:
PARTICIPANT RESPONSES ON GENERIC ROLES

Stakeholder	Potential Roles	Quote
ECPTA	Partner/ Competitor and Regulator	<i>“East Cape Parks would be an anchor partner in a project like this, they can almost be a gatekeeper” (P3).</i> <i>“East Cape Parks and the Baviaanskloof farmers could be competing for the same pot of carbon. If there was one buyer, and they only wanted a limited amount of carbon, and both of them were in the running, Parks Board could be a competitor” (P3).</i> <i>“I think there’s a very clear opportunity between our Mandate of biodiversity conservation and this enterprise’s goal, which should be financial security. So we need range expansion opportunities for high value conservation species – disease free buffalo, black rhino etc. So, for us to meet our Mandate to provide expanded range” (P6).</i> <i>“The bottom line is what is this enterprise going to do and how is it going to work? And it’s going to have to work off ideas and it’s going to have to work off promoting synergies that develop economic benefits all round. And as such a critical spatial partner, I think that that’s the role we would play – as in trying to identify those opportunities and to help them to fruition” (P7).</i> <i>“So, what we do from a regulating point of view is the grading and the registration of tourism products in the province. But that’s a relatively benign kind of coercion. [W]e regulate you through registering you or giving you a grade. [W]e don’t close down products, for example. Our primary role is to promote. The regulatory side is there, but it’s not something we seek to do – you know, rushing around closing down</i>

		people” (P7). “[Y]ou wouldn’t want to create the same tourism product in the reserve and on private land neighbouring the reserve. You would want complimentary products. So, to that extent you are working together to enhance the local economy” (P7). “I don’t know about ECParks, they also have an agenda, or they also have a Tourism Plan that they would like to implement” (P9). [T]he other [stakeholder] that needs to play a big partner role is ECPTA. Because those two [Baviaans Municipality and ECPTA], you know those two are the biggest, you know governmental organisations in this area” (P9). “East Cape Parks - is not a regulator per say in any of those industries, they still could make things really difficult for the farmers by hampering some of the other incentives which make it financially viable” (P3). “[W]e’d be regulatory in terms of rules and regulations for use of the protected area and activities on the protected area. Any products need to be in accordance with the Tourism Mandate that we have to enforce or regulate. But we also would be seen as a Partner in this process and to provide advice or guidance” (P5).
DEDEAT	Regulator and Investor/ Equity Partner	“DEA have been enormously supportive in terms of promoting the entry into garden markets and getting those sort of things happening” (P7). “DEA, actually all of this funding derives from DEA through the poverty relief programme. [A]nd Working for Wetlands and Working for Water fall under DEA from first of April next year anyway – all of these natural resource management type of programmes. So

		<i>I would say DEA is the supplier of job creation and working with the ecosystems” (P12).</i> <i>“Definitely Department of Environmental Affairs, because currently they are the main funder of the whole restoration program. So I think they would be your first prize” (P4).</i> <i>“So, if you get a contract with them – so that’s why I say they are your first prize, Department of Environmental Affairs”(P4). – (Relating to Working for Water implementation in the water catchment)</i>
DWA	Regulator and Partner	<i>“But I think Department of Water Affairs is going to be a very big role player in the very near future. And that’s basically also going to provide an opportunity. Because DWA needs to set up a Water User’s Association, and this enterprise can also maybe function as a Water Users Association” (P2).</i> <i>“From this enterprise’s point of view, and if you’re trying to look at the water market, regulating water use and any kind of water levies, and those kind of things – I think Water Affairs has got a very strong role” (P7).</i> <i>“Water Affairs is not too organised, that’s the problem. It is organised, in terms of the role Gamtoos Irrigation Board plays, but in terms of the way I view your project to be conceptualised – I don’t think they are involved. I don’t even think that they know what is happening in Baviaans” (P4).</i> <i>I think in Water Affairs – you’ve got the traditional Water Affairs that builds dams for water issues. This new story of looking after land to produce more water, and taking out alien plants to actually produce water, not pumping it into the air. That’s a new idea for them (P12).</i> <i>“But when I had a look at the legislation, the water</i>

		legislation and what it entailed, and started talking to the people in the Department of Water Affairs, and the PE Municipality - about the possibility of them paying for restoration in the upper catchment as a way to get extra water. It became clear that there were a whole load of other issues related to the management and use of water that were seen as a much greater priority by the water officials” (Talbot, 2013). “[A]t the moment, they’re [DWA] not convinced that restoration is a viable water augmentation strategy” (Talbot, 2013). “[A]t the moment, Department of Water Affairs want to ban trade in water” (Talbot, 2013).
Baviaans Tourism	Partner	“Baviaanskloof falls under Baviaans Tourism – you know, it’s also part of our area. If that organisation can somehow also place a bigger emphasis on the Baviaanskloof by either marketing it or assisting the Baviaans Tourism Association to, I almost want to say uplift, to upgrade [the area].[...] So, if that were to happen, through the assistance of this organisation - that would be fantastic for this area” (P9). “I think tourism is seen as a way to supplement farming as opposed to a land-use. Eco-tourism. So I think it’s an opportunity. I think Baviaans Tourism is seen as a bit of a life line – to maintain quality of life” (P6).
LivingLands	Advisory/ Research group	“[As] LivingLands, we don’t have a [specific] goal in the Baviaanskloof. We are there to facilitate a process. And it sounds all really vague, but that’s what we want to do. We want to listen to what the landowners want, or the land users, and see how we can help with that” (P2). “I think we can help with advice. [W]e can provide a lot of research and people from outside coming in to work in the area. That would be our role, a facilitator.

		<i>That's what we try to do, at least, on the landscape. And a knowledge broker. I would say a knowledge broker, a facilitator and a mobiliser – helping the people to mobilise themselves towards something” (P2).</i> <i>“[O]ne thing about these people from PRESENCE [LivingLands], is that they have a very good bond with those farmers. And, in the beginning, I said to them “You’re going to have problems”, because I knew that those farmers had a very negative perception of scientific work that’s been done in the past. [...]But the people from PRESENCE [LivingLands], they’ve changed that perception” (P1).</i>
NMBM	Customer/ equity Partner	<i>“[F]or a municipality [NMBM] now to start paying to manage the catchment, is a new concept for them. [T]he guys that are looking after the source that provides the water can either look after the resource quite well, or they can crash it. And you’re going to feel a difference at the bottom. So it’s trying to get that into the mindsets of officials that are far removed from where the water comes from” (P12).</i> <i>“[T]here’s no incentive for [NMBM] to invest in restoration in the upper catchment areas to get additional water. Unless DWA agreed to give [NMBM] additional water allocations as a result of their investments in restoration” (Talbot, 2013).</i> <i>“[An NMBM official’s] attitude towards paying farmers for restoration at a meeting about water was – ‘They’ve got more than their fair share of water allocations, and they abuse those. So we’re not going to pay for them. And, we must just enforce the law. They must do what they’re supposed to do’” (Talbot, 2013).</i> <i>“[NMBM has] a whole load of different water augmentation strategies, [and] they’re going to have</i>

		<i>to pursue all of them. So they've got desalination, they've got reusing water – industrial, water for industrial use – they've got ground water supply system. And then there's that inter-basin transfer scheme with the Fish river. And then there's also the possibility of increasing the height of the Kouga dam, and others. And all of those are very expensive options” (Talbot, 2013).</i> <i>“We're [ECPTA] starting to develop relationships with Nelson Mandela Metro in terms of Payments for Ecosystem Services, or more like watershed services” (P6).</i>
Baviaans Municipality	Regulator/ Partner	<i>“Baviaans Municipality is established in order to provide basic services to the community. And it is there to ensure that there is good governance within the institution or local government. And also to ensure that there [are] projects that are being implemented in order to create jobs and alleviate poverty and unemployment” (P8).</i> <i>“[T]he Municipality has been under administration for four years, almost, and they don't have the capacity to do things – they don't have any money. And they have to service all these townships all over the place, which most rural Municipalities. [L]ike Baviaans - they can't even cope with one outlying settlement, nevermind their own town” (P14).</i> <i>“[DWA] struggle[s] to get cooperation from the municipalities. In as much that we try to communicate with them properly. But the tendency is for them to prioritise other issues, and to me – this is an indication that the relations or relationship between Water Affairs and them, as far as certain aspects are concerned, they are not good” (P10).</i> <i>“The Municipality doesn't deliver any services, government department staff are [...] confrontational, a</i>

		lot of the interactions that those landowners have with government departments is around regulations” (P6). “[T]he municipality is the logical support partner in this. Particularly if you’re going to talk to [Baviaans] Tourism” (P5).
R3G and Rhodes Restoration Group	Advisory/research groups	“[Rhodes Restoration group’s] fundamental role is to assist the Department of Environmental Affairs in conducting baselines for the carbon and the biodiversity in the hope of obtaining carbon credits in the years to come. [...] [T]here’s a possibility they [DEA] might use us for other support programs in the future, particularly around building more capacity in young students and graduates” (P3). “Look, we might become advisors, or we’re already doing the baselines for the farmers – so we’re involved in collecting the data and providing it for the carbon baselines. So we’re already involved on a technical level, but down the line we might also be involved in advising the farmers on how to get their carbon to the market” (P3). “[R3G’s] current role is we are trying to get best restoration methodology. We’re trying to research: How do we restore thicket? Which species do we use? And what is the best methodology of planting that? That’s the primary objective, currently” (P4). “[I]t could evolve - specifically for thicket, because we’ve gone [at least] 6 years now. We assume by year 10, we would have done the majority of what we are doing now, and change our involvement in Thicket to something else. Like [...] facilitation in terms of carbon markets, in Payment for Ecosystem Services, and other activities” (P4).
GIB	Customer/Competitor	“[GIB is] a legal institution and we are instituted in accordance with the National Water Act. We are currently in the process to transform to a Water Users

		Association. It is a process that is required by the Water Act and we are in the final stages of transformation to a Water Users Association” (P1). “[F]rom the implementing side, I think GIB probably plays quite an important role” (P7). “Gamtoos Irrigation Board is [the Working for Wetlands] implementer, but they also implement Working for Water stuff” (P12). “GIB is either the really bad guy or the really good guy - depending on who you speak to. So GIB are the implementing agents for all the Working for programmes in the Eastern Cape. They only deal with the guys from Great Fish to Tsitsikamma, and they generally have good relationships with them. And a couple of people see them [GIB] as potential competition, as blocking their access to becoming registered as implementing agents” (P6). “Whereas, if we take the function of GIB, we remove their implementing agent function out of their identity, I would say these are positive influences. In terms of restoring natural capital, having a very function[al], viable business built off the water resource. They are a multi-million rand turnover organisation built on water. [A] massive player in the economy” (P6).
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APPENDIX G:
STAKEHOLDER INTENTS

Expressed Intent	Relevant Stakeholders	Benefits	Conditions of Agreement
Stewardships	ECPTA	➤ Dependent on the level of commitment ➤ Management opportunity costs are considered Section 18A donations to the State and are thus refundable on your VAT ➤ Exempt from paying municipal rates if proclaimed a Nature Reserve or a Protected Environment ➤ Potential funding from the ‘Working for the Natural Resources Management programmes’ called the ‘Landowner incentives Fund’ (Possible partnership with SANBI). Note: does not cover 100% of costs. ➤ Potential seasonal contracts for workers.	➤ A conservation commitment, based on a strategic management plan, means land-use restrictions. ➤ No form of agricultural activity on restored sites for an agreed upon period of time.
Tourism Association	Baviaans Tourism (Municipality), ECPTA	➤ Direct support from Baviaans tourism – include management and some state funding. ➤ Access to the tourism website ➤ A supportive network	➤ Provide an indication of strong commitment to working with Baviaans Tourism ➤ Develop an Action Plan for any funds provided. ➤ Gain endorsement by the

			current Tourism Association for Baviaanskloof.
Water User's Association	DWA	➤ Control and efficiency over water allocations ➤ Possible implementation for the Working for Water programme. ➤ Provides a flexible framework from which to branch out into other markets. ➤ Access to additional funding if aligned with social development objectives. ➤ Political security and a stronger relationship with DWA. ➤ Provide a more stable basis from which to propose PES.	➤ To become self-sufficient in the mid- to long-term (P10) ➤ To communicate frequently with DWA through report-backs. ➤ Benefits in establishing a Water Users Association are only fully available provided there is infrastructure – such as a dam and canals, as well as users that are willing to pay levies to the Water Users Association
Social Development	Baviaans Municipality, Saaimanshoek	➤ Increased government funding and support (P6, P14) ➤ The provision of local labour and working capital (P9) ➤ Support of the community, resulting in normative power.	➤ Development needs to be sustainable (P10) ➤ Funds provided must be accounted for in terms of money spent ➤ Ideally, there must be some form of job creation (P10). ➤ Cooperation with Baviaans Municipality is needed when dealing with dwellers on private land (non-workers)

			(P10).
‘Big Vision’	All Key Stakeholders	➤ Collective prosperity ➤ Cooperation allows for better support and more sustainable livelihoods ➤ Alignment of goals reduces conflict.	➤ Foregoing personal gain for collective gain ➤ Pooling of resources and being willing to cooperate on a synergistic level (P3, P7) ➤ Releasing control over individual assets.