Together, we make a difference

BUSINESS TRUST

Number 1

Learning Series

Doing Together What Can't Be Done Alone

A Case Study in Partnership Building

The Business Trust Learning Series was established to enable the Business Trust to reflect on the lessons learnt from its work. While its primary purpose is to enlighten the Business Trust, it is hoped that the lessons captured in the series will be useful to others.

The Gordon Institute of Business Science (GIBS) and the South African Management Development Institute (SAMDI) have agreed to help the Business Trust extract these lessons in a systematic way, and the Business Trust has agreed to make the material available for teaching purposes.

The case studies, written by Business Trust management and others close to the Business Trust, do not replace the formal external evaluations conducted as part of its extensive evaluation programme.

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Doing Together What Can't Be Done Alone

A Case Study in Partnership Building

Compiled by Brian Whittaker

September 2006

Acronyms

BAC	-	Business Against Crime
BBWG	-	Big Business Working Group
BT	-	Business Trust
CBM	-	Consultative Business Movement
CCF	-	Colleges Collaboration Fund
DEAT	-	Department of Environmental Affairs and Tourism
DoE	-	Department of Education
DoL	-	Department of Labour
FET	-	Further Education and Training
GIBS	-	Gordon Institute of Business Science
HITB	-	Hospitality Industry Training Board
IJS	-	Integrated Justice System
IT	-	Information Technology
JET	-	Joint Education Trust
NBI	-	National Business Initiative
Nedlac	-	National Economic Development and Labour Council
NGO	-	Non-governmental Organisation
PFMA	-	Public Finance Management Act
PPP	-	Public Private Partnership
PSD	-	Private Sector Development
QLP	-	Quality Learning Project
SAMDI	-	South African Management Development Institute
SAPS	-	South African Police Services
Satour	-	South African Tourism
SETA	-	Sectoral Education and Training Authority
SLA	-	Service Level Agreement
THETA	-	Tourism and Hospitality Education and Training Authority
TLP	-	Tourism Learnership Project
TRC	-	Truth and Reconciliation Commission
UF	-	Urban Foundation

Contents

> In Europe, they use the term "social partners" to describe the ways in which business, labour and government get together to try to advance their common interests. South Africa has the National Economic Development and Labour Council (Nedlac), workplace forums, sector bargaining councils and skills training boards. Still, the overall attitude is conflictual and confrontational. "Partnership" is about the last word one would think to use to characterise [the relationship between business, labour and government in] South Africa.
>
> Gary S Fields (Fields 2000)

Background

Early caution

The mood at The Court House in Sandhurst outside Johannesburg was tense. Much work had gone into preparing for this first meeting of Trustees elect of the Business Trust. And now the nominated participants in this new venture were being asked to digest it all in one sitting. Half of the two-dozen people there had been asked to attend by the President, but the meeting was nothing like the Cabinet meetings they were used to. The remainder had persuaded their companies to part with larger sums of money than had ever been allocated to such a venture. The stakes were high. Boards and cabinet colleagues would want to know that progress was being made. But it was not easy for this group of apparently un-likeminded people to get to grips with the issues. Far from knowing each other, they were struggling to pronounce one another's names.

It was December 1998, the Mandela years were drawing to a close and South Africa was preparing for its second democratic elections. The early years of democracy had produced opportunities unimagined five years before, but had also unmasked challenges that had been building for decades. The government participants sensed rising concern about the pace of "delivery". Those from the business sector had the outcome of the Truth and Reconciliation Commission hearings fresh in their minds. "Business" had been labelled as complicit in apartheid and reparation had been demanded.

South Africa was in the midst of a self-imposed structural adjustment programme. Unemployment had been rising since the 1970s and continued to increase. The material benefits of liberation were going to take time to reach poor South Africans. The early years of democracy had shown no shortage of ideas or policy proposals on how to address these challenges, but there had been too little practical progress.

The early years of democracy had produced opportunities unimagined five years before, but had also unmasked challenges that had been building for decades.

Companies faced both the risks and opportunities of the opening of the economy to global competition. Business confidence was low. South Africa's business leaders were worried: How would the new administration respond to these challenges and to business? Some of those around the table would remember a front cover of *Millennium* magazine with a picture of the President under the headline: "Thabo Mbeki declares – There are some partners who treat the national partnership as though it were entirely a vehicle for their own promotion without regard to reconciliation. These are our captains of industry" (Millennium Magazine 1996). What would this mean for business under a new administration, they wondered? What could business do to speed up the way the country was responding to unemployment and a lack of human capacity? Could business and government work together to accelerate the pace at which the country moved from ideas to action?

The obvious differences in the way issues were approached left some doubt about the possibility of finding common ground. At the time business participants got together at the December meeting under the auspices of the then South Africa Foundation and the National Business Initiative, many were questioning the wisdom of the process they had initiated almost a year before. They had realised that if the conversation was to be meaningful, it would need to go beyond established business. Black business leaders made it clear that the conversation would have to include government. And so, here they were in the midst of the year-end rush, trying to understand "the other side's" concerns. Couldn't we all just agree to take the most pragmatic route to get things moving? After all, the proposals on the table had been formulated by a preparatory committee, assembled by the office of the then Deputy President Thabo Mbeki, with some of South Africa's most prominent business leaders.

That preparatory committee had proposed the establishment of a new Trust which was to be forward-looking, cooperative and practical. It was intended to constitute an extraordinary effort to create jobs and build capacity, while improving relationships and enhancing trust between business and government. The Trust was structured as a partnership and it set out to build partnerships for the implementation of agreed projects. The name "Business Trust" was accepted as a logical description of what was intended.[1]

But at the first meeting the new government participants wanted a number of questions answered: How had the strategy been derived and what did it hope to achieve? What consultations had taken place with key government players? How would the Trust be aligned with national policy? Would companies commit the funding required? How would decision-making and procurement procedures work?

After a short supper break, during which the wooden introductions made in the formal meeting opened the way for would-be partners to begin to talk less formally, the bones of the strategy hammered out by the preparatory committee during the first half of 1998 were outlined:

- Jobs would be created by accelerating tourism development and capacity built by improving education performance.

[1] There was no great debate about the name, but the idea of Francis Fukuyama that trust is a requirement for sustained economic growth and prosperity had influenced some of the drafters of the original deeds and articles. Fukuyama's book *Trust – The Social Virtues and the Creation of Prosperity* was published in 1995.

- A limited number of relatively large-scale programmes would be developed and supported to promote improved marketing, training and enterprise development in the tourism sector. Education performance would be enhanced by improving primary school reading ability and secondary school organisation and management, and by helping to launch a new further education sector. Subsequently, programmes were also launched on crime reduction and malaria control.
- The establishment of a parallel consultative body would be proposed to the President to allow for high-level consultation between business and government leaders.
- A business model would be developed to keep administration costs at less than five per cent of funds managed.
- Partnerships would be built with key government departments to align the work of the Trust with national priorities and with operating agencies with the capacity to implement programmes.
- A funding model based on a formula that would allow large and small companies to give the same proportion of their wealth would be used.
- The Trust would be governed by a board to give formal structure to the partnership. Business would appoint 12 members nominated by the funders of the Trust; government would appoint 8 members nominated by the President.

Positive response

Consultations with the office of the Deputy President at the time had been positive. Cabinet wanted to see new relationships that would be in the national interest being built. A senior government official argued: "Government needs business as much as business needs government" and there was, he believed, the need to move beyond "traditional roles" to develop more effective communication and to build trust and confidence between government and the business community. It was easy to see why this should be the case. Having committed to a growth path that would require a period of economic austerity, the delivery of social services (spending on public services fell in real terms between

"Government needs business as much as business needs government" … there was the need to build trust and confidence between government and the business community.

1996 and 2000) and short-term programmes with the capacity to produce demonstrable improvement in ordinary people's lives would be important. In the longer term, business would be an important ally in a growth-driven poverty-reduction and transformation strategy. From a business point of view, the risk of isolation was real. Business organisations were in limbo. The process of transforming business organisations was starting, but roles, functions and relationships were in flux. Unlike the position held by labour with access to the government through the tri-partite alliance, engagement between business and government was sporadic at best.

In supporting this new initiative, it was made clear that while there would always be areas of disagreement and tension between business and government, it should be acknowledged that there are areas of common interest on which consensus would be possible. The business and government participants agreed that these areas should be identified and mechanisms developed through which business and government could work cooperatively. It was agreed that it would be important to build relationships around concrete programmes.

On the basis of this strategy and consultations with government, a prospectus had been prepared and the strategy taken to the business community at a meeting at Gallagher Estate, north of Johannesburg in September 1998. Five hundred people arrived. They were told that 1 000 people entered the job market every day (365 000 new job seekers per year). Not only were those people not being absorbed, the economy was shedding about 85 000 jobs a year. The attempt to develop the human capacity to tackle unemployment, it was said, was frustrated by a schooling system that was inefficient, ineffective and of poor quality. It was revealed that it took on average 15 years of investment to produce 10 years of schooling attainment. The heart of the efficiency problem, the preparatory committee had concluded, lay in the poor reading ability of primary school children. Without a foundation in reading, the rest of schooling was seriously compromised as learners repeated standards year after year. Quality could not be improved without improving school organisation and management, especially at the secondary level; and schooling could not provide an effective link to the world of work unless many more learners were provided with vocational training. They were told that

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South Africa provides about five per cent of its learners with some form of vocational education, whereas its trading partners in Europe provide such training to 50 per cent of learners.

A case was made for tourism as the fastest-growing sector in the world – an area where South Africa had great potential but little strategy. Tourism, it was argued, was the "tip of the iceberg" as it generated employment in many other sectors. Research done by the Stanford Institute of Technology showed that tourism had five times the job-creation potential of any other sector in South Africa. A government White Paper had recently been drafted which showed the need for improved marketing, training and enterprise development in the tourism sector.

At the end of the presentation, Leslie Boyd of Anglo American told the gathering of business people that they had a choice: To do nothing and complain about the situation, or to commit to making a difference. When he asked the question: "Are you for us or against us," five hundred hands shot into the air to show their solidarity. Business support for an extraordinary and cooperative effort looked promising.

Negotiated relationships

The preparatory committee concluded that this new venture would have to move quickly to prove its worth. Potential funders would want to see that agreements could be made and acted on. The preparatory committee had thus initiated a number of actions in preparation for the establishment of the Business Trust: The broad strategy was converted into a draft business plan; the preparatory committee invited agencies with the capacity to implement the programmes outlined in the business plan to develop proposals for consideration by the Business Trust, which it was hoped would be in operation by the start of 1999; an organisation built around three education trusts and a non-profit company was designed; the President was asked to nominate government trustees; and the business participants in the preparatory committee identified potential business trustees.

In what became a feature of Business Trust decision-making, compromises were struck and practical next steps agreed.

It was also acknowledged that the primary objectives of creating jobs, building capacity and enhancing trust could not be met by projects alone. A high-level consultative forum, chaired by the President, through which business and government could engage at the highest level, was thus proposed.

As the work of the preparatory committee was reported to the first meeting of trustees elect, it became clear that the substance of what had been proposed

Mission: The mission of the Business Trust is to accelerate the creation of jobs and the development of human capacity in South Africa, while building productive relationships between business and government and demonstrating the commitment of the business community to South Africa's success.

Beneficiaries: The targeted beneficiaries will be:

- The unemployed who find employment as a result of the work of the Business Trust and the disadvantaged who benefit from human capacity development programmes.
- The government who will benefit from the application of the Business Trust resources for public purposes of job creation and capacity development, and from improved communication with business.
- The business community who will benefit from improved relationships with government, and ultimately from a more stable and productive society.

Actors: Business and government will work in partnership in the Business Trust and the Business Trust will work in partnership with government and private sector agencies for the implementation programmes.

Functions: The mission gives rise to three core functions: To accelerate job creation and human capacity development; to build productive business-government relations; and to demonstrate business commitment.

Belief: The mission is founded on the belief that by working together business and government will have a positive impact on some of South Africa's central challenges and that improved relationships will enhance the capacity of the country to face its challenges.

(to focus on tourism, schooling and crime reduction) was not in question. The debate was about two issues: how should the Business Trust be constituted and how should implementing agencies be selected? The preparatory work had embraced the vision of government and corporate leaders working together and sharing responsibility for the actions of the Business Trust, but this idea was contested. Why not constitute the Business Trust around chambers of commerce and invite them to send representatives to serve on the Business Trust? The concerns were not limited to government participants. It was clear that some of the business participants thought of themselves as representing particular business interests. The counter-argument was that those who were putting up the money should have the right to nominate board members, and it eventually won the day. That decision would, over time, have a significant impact on the way the Business Trust and its programmes operated.

The second issue was equally important for the long-term operation of the Business Trust, although the way it was resolved caused tension throughout the life of the Business Trust. In an effort to accelerate decision-making, the preparatory committee had identified agencies with the potential to implement programmes. This raised concerns about short-cutting the process of project selection. The idea of inviting proposals from a limited number of organisations rankled with some members, who were also uncomfortable with the idea of limiting the Trust to a few large-scale ventures. They had in mind a Trust that would be open to all proposals and would spread its resources widely. Following a lengthy debate, it was agreed to spell out the criteria to guide project selection; to establish review panels to review proposals; and to empower the review panels to solicit proposals from a wider range of agencies if they believed that was required to achieve the objectives set by the Business Trust. But it was also agreed not to subject the Business Trust to a public call for proposals in cases where it was satisfied that competent implementing partners could be found.

All of the projects were described as partnerships, but they turned out to be partnerships of different kinds.

The first meeting of the Business Trust concluded on the basis of those practical compromises, but it was clear that substantial additional work would be needed to get the Business Trust to a position where it could take its first funding decisions. The business participants wanted reassurance that the leadership of the Business Trust could agree on how to work together, before they called for the funding that had been pledged and widened the net to attract further funders in pursuit of the R1-billion target. The government participants wanted the process issues resolved. Over the next six months, the constituting documents were agreed upon, criteria thrashed out, a range of agencies invited to make proposals in the agreed programme areas, review panels formed to assess potential projects, and funds assembled. By 1 July 1999, the Business Trust was ready to take its first funding decisions.

If the preparatory process had taken time, the implementation process moved rapidly from the first formal meeting in July 1999. Within the first 12 months an organisation had been created, funds raised and eight major projects with a combined value of just under R800-million approved. Within five years the lives of three million people had been affected (Business Trust 2004). These results have been reported elsewhere[2] and are summarised in Appendix 1.

All of the projects were described as partnerships, but they turned out to be partnerships of different kinds. This case study focuses on how those partnerships were developed. It cuts across a range of projects in various organisations in different sectors. The projects were undertaken in South Africa between 1999 and 2005 under the auspices of the Business Trust. All of the projects were broadly focused on creating jobs, building capacity and dealing with associated development issues. The partnerships were intended to bring new perspectives, mobilise new resources and produce rapid results. It was hoped that by bringing business and government leaders together to guide this work, a shared appreciation would be built of the challenges facing South

[2] The Business Trust issued quarterly reports between September 1999 and June 2004. Annual reports were issued each year, a mid-term review was published in 2001 and the results summarised in the five-year review *Working Together* in June 2004.

It was hoped that by bringing business and government leaders together to guide this work, a shared appreciation would be built of the challenges facing South Africa, new relationships developed, the value of partnership demonstrated, and better results produced than by each party working alone.

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The purpose of this case study is to explore the different approaches taken in the various programmes of the Business Trust, and to extract the lessons learnt in order to apply them to future work of the Business Trust. Four types of partnerships are considered:

- The Colleges Collaboration Fund (CCF) and the Integrated Justice System Support Programme (IJS) were concerned with large-scale system change. They worked at the level of the entire justice system and the entire Further Education and Training (FET) colleges system.
- The Tourism Marketing and Tourism Training programmes were partnerships for organisational development. They worked through and developed national public institutions for tourism marketing and training (SA Tourism and the new tourism SETA THETA).
- The primary school reading project (Learning for Living) and secondary school Quality Learning Project (QLP) were demonstration projects that set out to demonstrate the effectiveness of new ways of operating. The expectation was that, if successful, these lessons would be applied across the system[3].
- The Big Business Working Group was a partnership for social dialogue. It was the primary vehicle for building new understanding and new relationships between business and government.

[3] The QLP sought to bring about system change, but its essential mode of operation was that of a demonstration project.

Partnerships

Partnerships for large-scale system change

The Integrated Justice System (IJS) support programme and the Colleges Collaboration Fund (CCF) both set out to support the process of large-scale system change. In the case of the IJS, the objective was to change the way South Africa's criminal justice system operated. It was based on a simple insight that the management of criminals through the justice system is similar to the management of a production line, and that to be effective, a range of departments (Safety and Security, South African Police Service (SAPS), Justice, Correctional Services and Welfare) must play their roles in a coordinated fashion. In order to achieve that coordination, much higher levels of system alignment and information management were required than was available in South Africa in 1999. The task of the IJS was to bring that coordination about by integrating and automating the interactions between those departments.

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The Colleges Collaboration Fund set out to support the restructuring of the technical college system in South Africa. Its objective was to rationalise the 152 technical colleges in the country to create a modern technical college system that would be responsive to the needs of the economy and individuals.

Both the Integrated Justice System support programme and the Colleges Collaboration Fund were designed to implement new policy. In the case of the IJS, the National Crime Prevention strategy had been approved in 1996, with the integration of the justice system as one of the four legs of that strategy. In the case of the CCF, the 1998 Green Paper on further education and training (FET) had sketched out a new FET system that would require the restructuring of the colleges. In both cases, business-based organisations were asked to support the process (Business Against Crime [BAC] in the case of IJS, and the National Business Initiative [NBI] in the case of the CCF). Each brought critical resources to the table. Willie Scholtz of BAC was the former chief executive of IBM and Glen Fisher of the NBI was a co-author of the Green Paper on FET. Both support programmes were developed under the auspices of the Business Trust.

While the FET system fell within the ambit of a single department – the Department of Education – the IJS was designed to integrate the functions of four departments responsible for police, courts, correctional services and welfare.

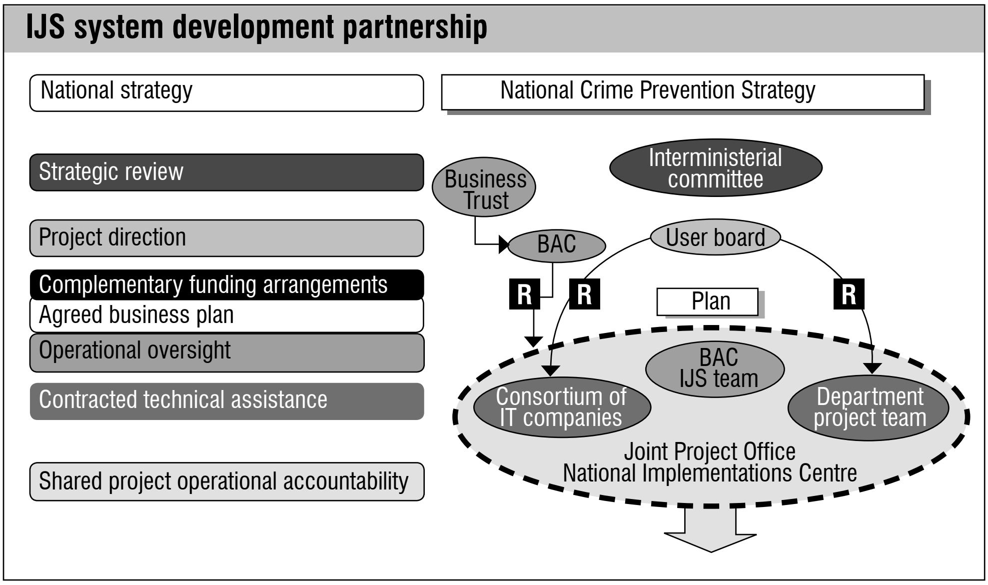
The most important difference was how the process of system change was approached. The IJS system change partnership seconded private sector technical leadership into a purpose-built project office under the control of the government – the National Implementations Centre. It comprised a departmental project team (consisting of information technology and content experts from each of the four departments – known as departmental IJS facilitators); a team of private sector consultants drawn from a consortium appointed by the government through normal government tender procedures; and the Business Against Crime project team.

The project office was led by the BAC/IJS team leader, but operated under the direction of a "user board" that was drawn from the four key departments whose functions would have to be integrated. In turn, the user board fell under an inter-ministerial committee appointed by Cabinet that drew together the key departments. The entire process was under government control from the beginning and the project office brought together a mix of government officials, private sector consultants and the BAC support team.

Funding for the project office was provided by the Business Trust. The cost of the government participants in the project office, however, was covered by the normal State budget, and a special budget allocation was agreed to by the Treasury for the appointment of the consortium of IT companies who were involved in the development and implementation of the agreed plan. The key elements of these partnership arrangements are shown in Figure 1.

By contrast, the original idea behind the Colleges Collaboration Fund was that the technical college landscape could be rationalised by incentivising colleges to merge, and to collaborate with one another and with industry. The fund would make available discretionary resources for colleges to merge and collaborate within a nationally agreed framework.

FIGURE 1



The relatively independent operation of the Colleges Collaboration Fund in the early stages was not problematic. The basic research agenda flowed from the Department of Education's (DoE) Green Paper for further education and training. However, when the research and analysis was done, the core task required the government declaration of a new FET landscape. This was a complex task requiring direct authority and careful political management. It needed systematic analysis to map out the landscape and develop proposals, which the CCF provided successfully. However, the CCF could not be a principal agent in the restructuring process – only the government could play that role. Neither could the result be procured by incentive. It required the exercise of authority.

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Once this became clear, a reconfiguration of the relationships between the Business Trust, the Department of Education and the National Business Initiative (NBI) Colleges Collaboration

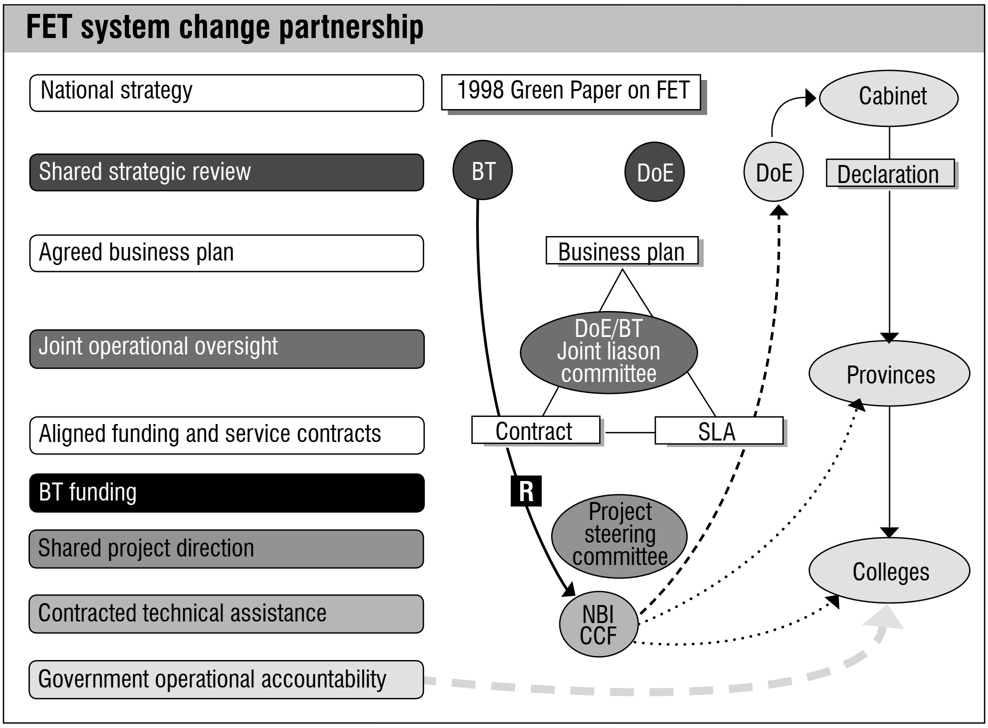
Fund was necessary. This eventually resulted in the adoption of an agreed protocol for the operation of the Department of Education/Business Trust joint liaison committee and the creation of a service level agreement for the NBI Colleges Collaboration Fund. This set out precisely the services that the NBI would provide to the Department of Education in order to enable the Department to carry out the functions only it could carry out.

The project had thus evolved within an evolving national strategy originally set out in the 1998 Green Paper, and subsequently in a White Paper and later the Further Education and Training Act. A basis was created for shared strategic review by the Business Trust and the Department of Education, supported by joint operational oversight in the Business Trust/DoE liaison committee. This work was guided by the business plan agreed to by the Business Trust, the Department of Education and the National Business Initiative. The business plan was implemented through aligned funding and service contracts, in terms of which the Business Trust provided funding to the NBI Colleges Collaboration Fund, in order for the NBI to provide services to the Department of Education. This enabled the Department of Education to carry out the necessary actions. Funding for the support work done by the Colleges Collaboration Fund was provided by the Business Trust, but there was shared project direction in the Project Steering Committee which drew together people from the private sector, the Business Trust, the NBI and the Department of Education. The key relationships are shown in Figure 2.

The Business Trust five-year review, *Working Together*, reported: "The primary objective of converting 152 disparate colleges into 50 new further education and training institutions was achieved. The Colleges Collaboration Fund provided substantial research and analytical input to the process. This included an assessment of the colleges in each province to support the merger process; guidelines on strategic management; and a comprehensive financial management review. Training and support was provided to colleges to enable them to prepare strategic plans. A partnership programme was piloted; and training was provided to governing bodies and senior managers."

"What we have achieved is to build confidence in the public [further education and training] institutions ..."

FIGURE 2



In the end, key officials and politicians acknowledged the value of the programme. Khetsi Lehoko, former deputy director-general for further education and training stated: "What we have achieved is to raise the consciousness of … our political office bearers, the private sector and the broader public … to build confidence … in the public [further education and training] institutions … The conceptual framework was what we need to make a difference, both as government and the private sector, in partnership …" According to Kader Asmal, Minister of Education at the time: "The contribution of the Business Trust made the implementation of the further education and training strategy a real possibility" (Business Trust 2004).

Institutional development partnerships

The second set of partnerships were operated in the tourism sector. They were concerned not with system change, but with developing national institutions for the achievement of national objectives. In the case of the Tourism Marketing Programme, the purpose was to improve the tourism marketing of South Africa through South Africa's tourism marketing agency, South African Tourism (originally Satour). The Tourism Learnership Project set out to train people in the tourism sector through the Tourism and Hospitality Education and Training Authority (THETA), originally known as the Hospitality Industry Training Board (HITB).

As was the case with the large-scale system-change programmes, these projects also fell under new policy regimes. In the case of the Tourism Marketing Programme, the 1998 White Paper on tourism had committed South Africa to an intensified tourism marketing effort (and had indicated the need for improved training in the sector). At the same time, there had been a major overhaul of the country's national training system, through the adoption of the National Skills Development Strategy, which had created a new training system linked to a national qualifications framework. This required an entirely new set of institutional arrangements to be created in Sectoral Education and Training Authorities (SETAs).

In both cases, the Business Trust projects were thus launched under new policy and within new and rapidly changing institutional arrangements. The primary focus of the Business Trust projects was on the achievement of the targeted results. In order to achieve that, a process of institutional development and change was required for both South African Tourism and THETA.

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Each project received co-funding by the Business Trust and the key government department (the Department of Environmental Affairs and Tourism [DEAT] in the case of the Tourism Marketing Programme, and the Department of Labour in the case of the Tourism Learnership Project). In addition, in the case of the Tourism Marketing Programme, the tourism marketing levy collected by the Tourism Business Council became an important contributor to the costs of the international marketing campaign. Both programmes were built around a business plan prepared for and developed by the Business Trust, and both programmes were subjected to strategic review by the board of the Business Trust.

In both cases, the implementing organisations went through substantial development and change. The Board of South African Tourism was restructured and its strategy and operations fundamentally reviewed. In the case of the training programme, the project was started with the Hospitality Industry Training Board which, in terms of the new national skills development strategy, had to be converted into a sectoral education and training authority. The organisational changes took a toll on management and leadership: There were four chief executives during the five-year term of the Business Trust project with South African Tourism, and the board and management of THETA also changed completely during the course of the project.

Despite the fact that both programmes operated within the tourism sector, the partnerships evolved in very different ways. Over time, the international tourism marketing partnership became central to the development of South African Tourism. The strategic support procured through that process helped to give the organisation direction and focus, which informed the restructuring of the organisation. The key relationships in the tourism marketing partnership are shown in Figure 3.

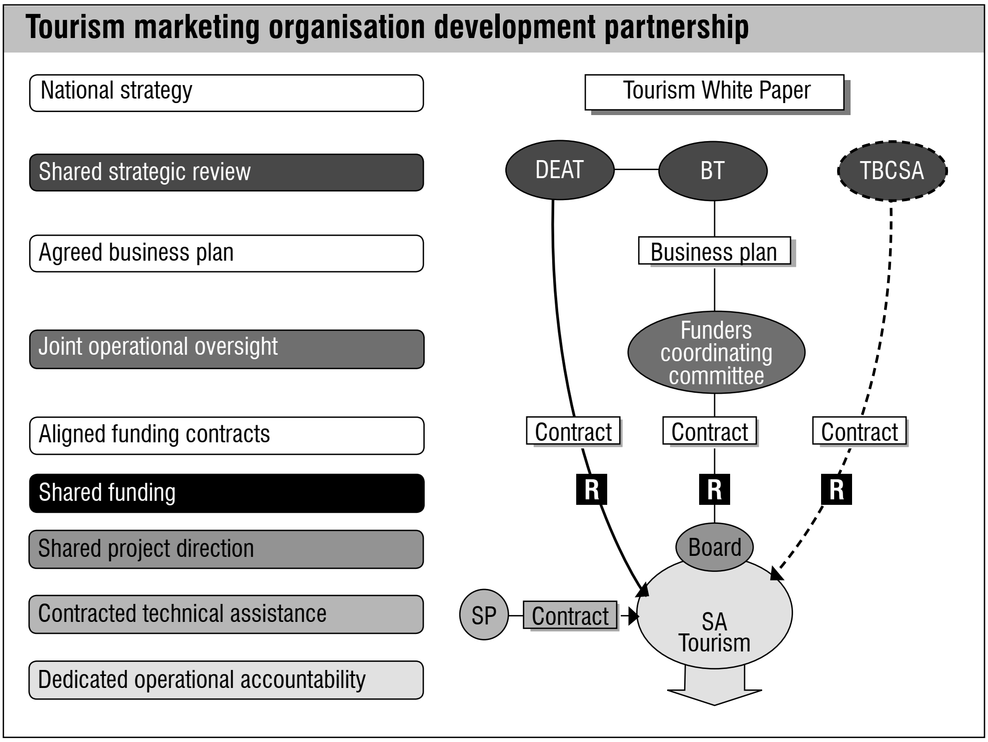
By contrast, the Tourism Learnership Project was gradually ring-fenced within the Tourism and Hospitality Education and Training Authority (THETA), with the Business Trust intervening to ensure the achievement of the projected results, as THETA (along with many other SETAs) had difficulty getting to grips with its new role, functions and structures.

The ring-fencing strategy produced the results the Business Trust set out to achieve, but the structural weaknesses remained.

By the conclusion of the five-year period, the Business Trust's objectives had been successfully achieved in both cases. South Africa had moved from being in the doldrums of international tourism marketing to being the fastest-growing tourism destination in the world with substantial growth in numbers[4]. The overall target of 100 000 new jobs in the sector was exceeded. In the training programme 5 000 unemployed people were trained, a new set of qualifications was agreed upon, and substantially increased training

[4] The total number of arrivals (from overseas and other parts of the continent) met expectations. The increase in the number of jobs by 129 000 (from 1 080 000 in 1998 to 1 209 000 by the end of 2004) exceeded the target (World Travel and Tourism Council 2004).

FIGURE 3



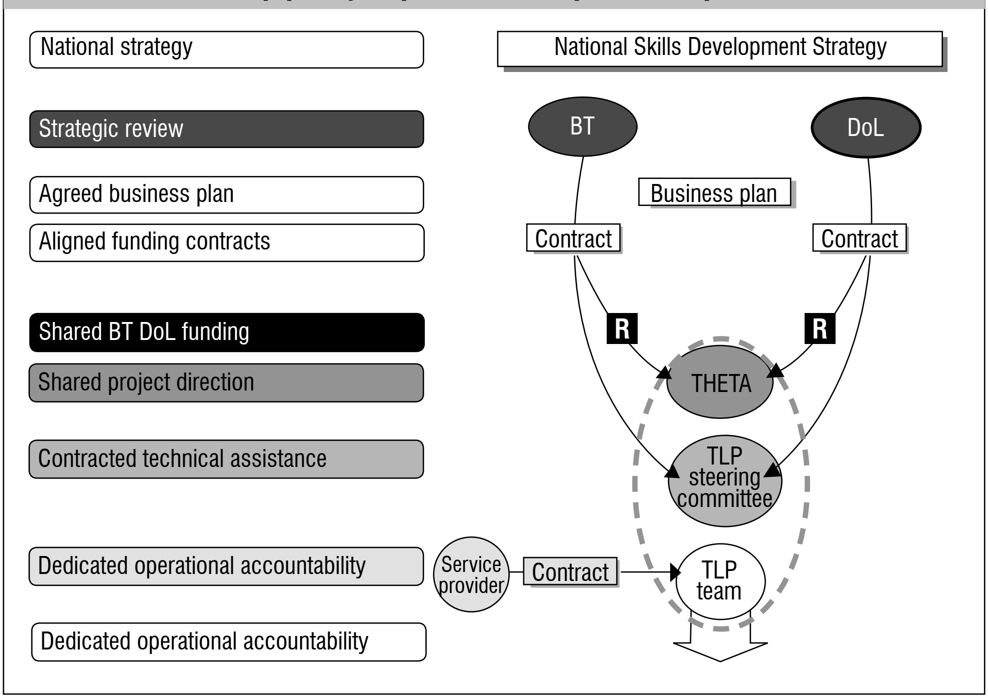
was undertaken. However, THETA remained weak at the end of the process, whereas South African Tourism was much stronger than when the Business Trust project was started.

Critical differences between the projects included the fact that in the case of the Tourism Marketing Programme, the Minister for Environmental Affairs and Tourism was on the board of the Business Trust throughout the course of the programme, which he championed both inside and outside government. He took a direct interest in the marketing programme and acted to bring about changes necessary for the success of the programme. This included a change in legislation to restructure the South African Tourism Board. Senior business leaders were introduced into the governing structures of South African Tourism. This included five Business Trust board members including one of the Business Trust co-chairmen, who also became chairman of South African Tourism.

By comparison, THETA struggled to attract high-level and consistent business leadership to its governing structures (which were designed along representational lines). Whereas South African Tourism had moved to be structured along the lines of individual accountability and leadership, THETA ultimately lacked a champion at ministerial level, fell prey to representational governance and failed to attract and retain senior business leadership. The ring-fencing strategy produced the results the Business Trust set out to achieve, but the structural weaknesses remained. The key relationships in the Tourism Learnership Project are shown in Figure 4.

FIGURE 4

Tourism learnership policy implementation partnership



Demonstration partnerships

If the first set of partnerships operated at the level of *system* change and the second set at the level of *institutional* change, then the primary school Learning for Living Project and the secondary school Quality Learning Project functioned at the *operational* level within established systems and institutional arrangements. Both projects sought to demonstrate changes that would bring about substantial operational improvements. In the case of the primary school reading project, the aim was to demonstrate that external agents could be used to improve the reading and writing ability of primary learners (on the basis of a methodology built on improved reading materials and teacher training). The aim was to demonstrate that this could be done on a scale that would be meaningful in the context of the need for large-scale change[5], and at a cost that was affordable within the education budget.

The idea of large-scale demonstration was intended to address the common criticism of demonstration projects, that they were too small to deal with the issues faced when applied to the system as a whole.

The secondary school project was designed to demonstrate that improved learner performance could be brought about by systematic organisation and management of districts, schools, teachers and the process of evaluation. The idea was that providing there was a sustained demand for improved performance, backed by effective support for the critical components of the system, sustained change could be secured in a manner that would not be possible by intervening at just one point in the system.

Unlike the other partnerships described, neither of these projects was backed by clear national policy and strategy. South Africa did not have a national reading strategy. While the South African Schools Act (No. 84 of 1996) provided the context for general quality improvement, the basis of the approach in the secondary school project of driving improvement through school and district organisation and management was not subject to specifically targeted national strategies. Indeed a serious difficulty in the implementation of the project turned out to be ambivalence about the role of districts within the national system.

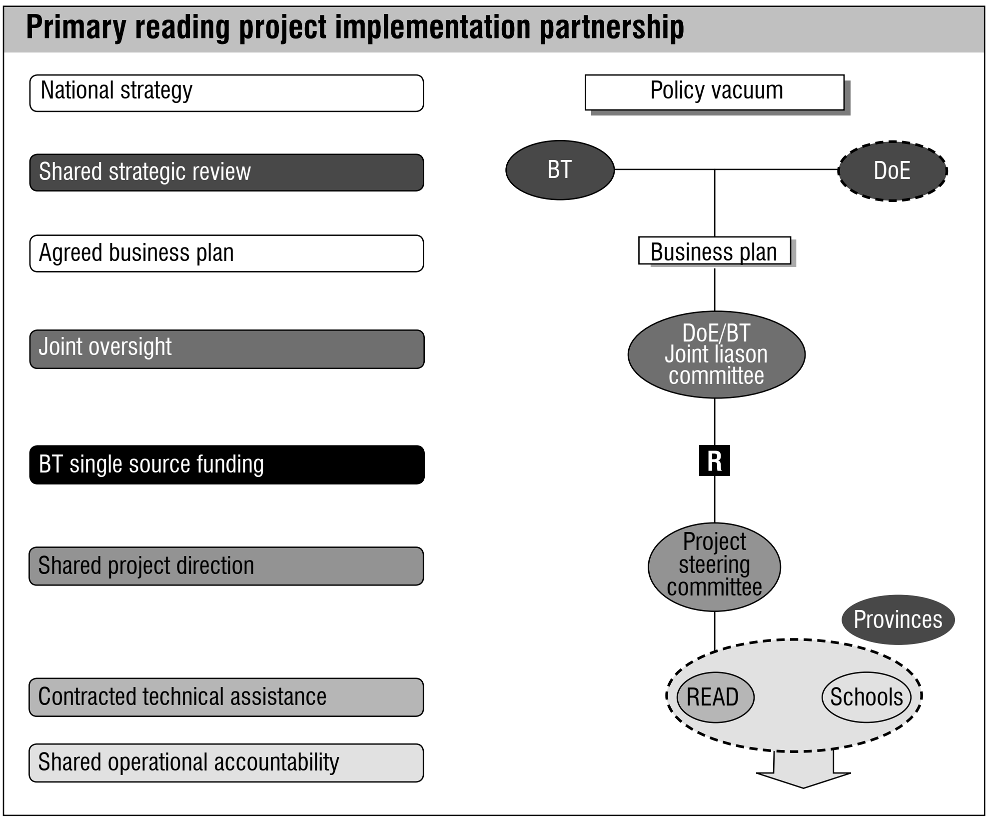
Both projects enjoyed strategic review in the Business Trust Board, on which the Minister of Education was a Trustee. Both had business plans agreed to by the Business Trust and the Department of Education, and both were subject to joint oversight by the Department of Education/Business Trust

[5] The idea of large-scale demonstration was intended to address the common criticism of demonstration projects, that they were too small to deal with the issues faced when applied to the system as a whole. The primary schools project operated in over 950 schools and the secondary schools project in over 500 schools.

Joint Liaison Committee. In both cases, the sole source of project funding was the Business Trust, while project steering committees (incorporating departmental, private sector and implementing agency participants) provided shared project direction. In both cases, the implementing agencies (the Joint Education Trust (JET) and the READ Organisation (READ)) provided technical assistance and shared operational accountability for results with the schools supported. In each case, practical partnerships were struck between the implementing agencies, schools and districts, rather than at national or provincial levels.

The key relationships in the primary reading project are shown in Figure 5. The secondary school relationships were similar, with the addition of direct relationships with education district offices.

FIGURE 5



In the case of the primary school Learning for Living Project, the Business Trust's five-year review, *Working Together,* concluded that the project showed directly measured learner reading and writing performance improvement at a cost of R63 per learner per year, of which R39 per learner per year was allocated to reading materials (well within the average school allocation for such reading materials).

The secondary school project showed overall pass rates significantly better than the national average (11.8 per cent better overall pass rate; 18.5 per cent better pass rate for standard grade mathematics; and 28 per cent better pass rate for higher grade mathematics).

... the partnerships established by the Business Trust sought to develop productive relationships and enhance trust between business, labour and government.

The projects were thus able to show independently evaluated results that indeed demonstrated what they had set out to demonstrate. But this did not have the anticipated result. As the primary school reading programme moved towards the end of the five years, it became clear that while the results were good, there was little indication that these results would be taken up and applied within the system. The Business Trust commissioned a review of the manner in which other countries had brought about large-scale reading improvement. In all the successful cases, high-profile national reading strategies had been adopted and led at the highest level (in some cases by the president of the country). The management of the Business Trust involved key department officials in this research and proposed the development of a national reading strategy for South Africa. In July 2004 a *Draft National Reading Strategy for the Foundation Phase* was prepared by the Department of Education with the support of the Business Trust.[6]

While over one million learners benefited from the programmes and their success was acknowledged, a strategy developed and the lessons applied by the Department of Education, these demonstration projects were not rolled out in the manner the promoters envisaged. The demonstration by external actors that superior results could be produced was not enough to persuade

[6] At the time of finalising this case study, Cabinet approved a national literacy campaign which will be implemented at a cost of R6.1-billion over five years (Cabinet meeting, 22 November 2006).

the Department of Education to roll out the programmes at a larger scale. The lessons drawn from this are taken up in the final section of this case study.

Partnerships for social dialogue

In addition to the substantive objectives of creating jobs and building capacity, the partnerships established by the Business Trust sought to develop productive relationships and enhance trust between business and government.

The idea was that, in addition to supporting the disadvantaged through the Trust's programmes, relationships could be improved, trust enhanced, and a platform created for business and government leaders to build a shared appreciation of South Africa's challenges. The President's Big Business Working Group (BBWG) was the primary vehicle in that process and was established by the President at the request of the preparatory committee for the Business Trust.

The purpose of these engagements was not to negotiate agreements, but rather to develop a shared appreciation of issues, to strengthen relationships, and to enhance mutual trust.

Business participants were drawn from the leaders of the major corporations associated with the Business Trust. The objective was to provide business and government leaders with an opportunity to exchange opinions on a range of national issues. These opinions did not seek to represent the mandated positions of business or any of its representative bodies; neither did they purport to be expert opinions. The Big Business Working Group sought expert advice when necessary and shared its opinions with other business organisations. While addressing issues from a business perspective, the Big Business Working Group aimed to present those views in what it believed to be the national interest.

The Big Business Working Group was chaired by President Mbeki. Many Cabinet ministers also participated in the group at one time or the other. It provided a vehicle for an informal exchange of opinions between business and government leaders, and from time to time with members of the

President's other working groups through joint working group meetings[7]. The range of issues discussed included investor confidence, investment, black economic empowerment (BEE), land reform, economic growth, Zimbabwe, trust, employment, skills, reparations and the currency. The purpose of these engagements was not to negotiate agreements, but rather to develop a shared appreciation of issues, to strengthen relationships, and to enhance mutual trust.

The Big Business Working Group was thus a forum for bilateral social dialogue. It complemented other forums in which social partners engage, such as Nedlac and the Millennium Labour Council. However, unlike Nedlac, which is the major institution for social dialogue in South Africa, the Big Business Working Group's operation is entirely informal and engagement is limited to senior business and government leaders. It exists outside the policy and legislative framework that governs formal social interaction, and avoids complex mandating and reporting structures.

This formulation is naturally susceptible to questions about representation and exclusiveness. In the absence of formalised constitutional arrangements, questions also arise about focus, measurement and results. But the informality of the process and stature of the participants has produced two features vital for effective dialogue: It has enabled the partners to leave social conflict outside the forum, and it has opened up the possibility for increasing social cohesion at the level of national leadership.

... the informality of the process and stature of the participants enabled the partners to leave social conflict outside the forum, and opened up the possibility for increasing social cohesion at the level of national leadership.

At the first meeting of the Big Business Working Group, the chairman of the Business Trust said that it should be a forum in which business and government show that they can add to the achievement of national objectives, rather than take away victories for their constituencies. A sub-theme of this engagement has been about language and concerns regarding "politeness", in which partners caution one another to break "the politeness barrier" in order to address the "real issues" constructively. Behind

[7] The President established a number of other working groups modelled on the Big Business Working Group. These focused on labour, agriculture, black business, etc.

this lies a struggle to discover a language of partnership that is clear and direct. The adversarial mode of social partners built on positional bargaining is so pervasive that the attempt to work outside that framework can leave participants wondering whether the engagement is real. However, gradually this process had an impact on its participants and they came to confront the challenge of trust. One of the participants put it like this:

> "… *In many respects, the early meetings were somewhat awkward in the sense that the private sector, with a century's tradition of doing business 'with colonial and apartheid governments', was now partnering with a new democratic government that has spent its entire history opposing racial domination. With most political leaders being black and the majority of business leaders being white, the potential for mistrust (the very premise on which apartheid was built) was significant. How do parties that have been suspicious of each other for generations become open with each other in a relatively short period of time, if at all? A secret of the Business Trust's success is that government and business found themselves in one 'foxhole' with clearly defined common deliverables and objectives. This created an esprit de corps and trust. Similarly, in the BBWG itself, we have created a vehicle where black and white business leaders feel equally at home*" (Business Trust 2004).

Lessons

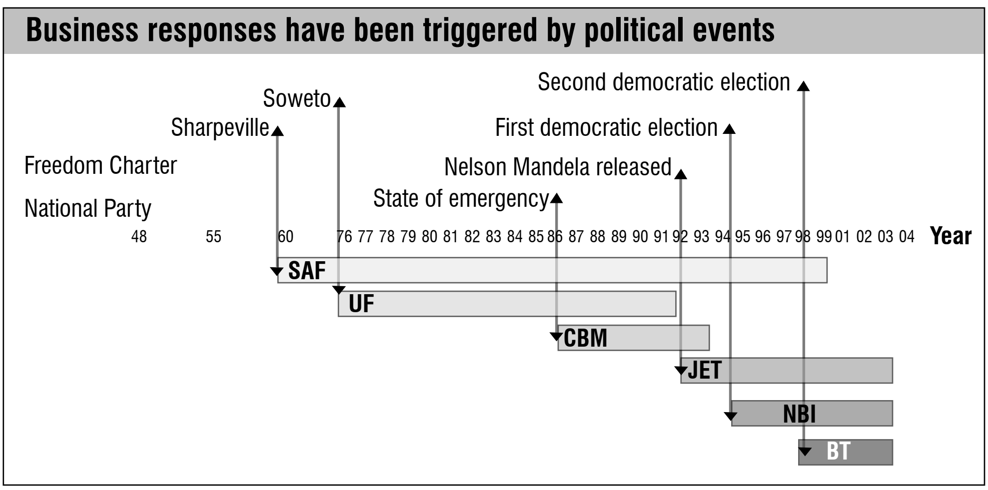
The Business Trust partnerships operated at a number of levels including system change, institutional development, operational reform and social dialogue. This section captures some of the lessons that have been learnt.

1 Understand the context of partnership building

Partnerships between business and government of the kind developed in and through the Business Trust are a post-1994 phenomenon. They were made possible by the democratisation of the state and the maintenance of a market economy. An important lesson was that the context determined what was possible.

The initiative taken by business leaders to establish the Business Trust followed a sequence of extraordinary actions by the business community which were triggered by political events as shown in Figure 6 below. The creation of the SA Foundation followed the Sharpeville massacre in 1960, while the Urban Foundation was established in 1976 following the Soweto riots. In 1986 the creation of the Consultative Business Movement coincided

FIGURE 6



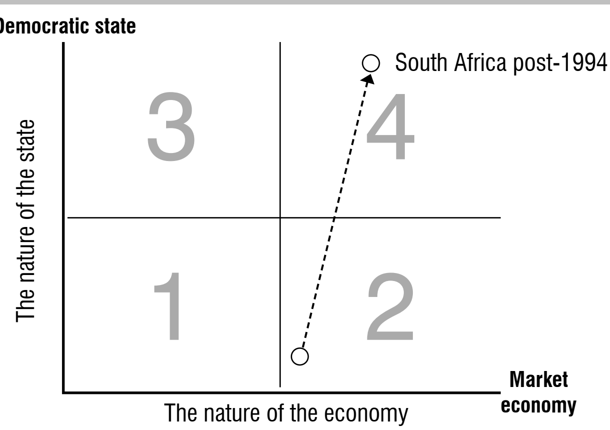
Source: Whittaker BD (2002) "Cooperative Corporate Action: Peace and the Economy: A Role for the Private Sector", Colombo Sri Lanka, 21 November.

with the declaration of a state of emergency. By 1990, following the release of Nelson Mandela from prison, a process of rapid transition was introduced and the business community created the Joint Education Trust as a cooperative venture among South Africa's largest corporations working in partnership with the main black political parties in the country. In 1995, after the first democratic elections, the National Business Initiative was established to enhance the business contribution to development. By 1999, the business community felt the need to strengthen business-government relations and to establish a partnership to create jobs and build capacity, which led to the Business Trust.

South Africa's shift to democracy in 1994 made the Business Trust possible. Prior to that, business had played various roles in the public arena, but none of them in a formally structured partnership of the kind found in the Business Trust. Much of the debate about partnerships seems to ignore the context, and partnership-building is sometimes conflated with private sector development. Many developing societies find themselves in Quadrant 1 as shown in Figure 7 below. The task is to build both the private sector and a democratic state (think of Eastern Europe). South Africa has had a well-established business sector within a relatively well-developed market economy for decades. The challenge has been how to use this asset to meet the country's needs.

FIGURE 7

The context of partnership building



2 Develop a framework for partnerships outside the commercial sphere

If partnerships of the type the Business Trust is involved in are to be extended to mobilise a wider range of public, private and non-governmental resources for the achievement of national objectives, then a clearer framework is required for how these partnerships can be constructed.

The Business Trust was not the only place in which "partnership" was an idea in good currency in the late 1990s. In addition to the partnerships we have described for system change, institution development and programme demonstration, partnerships were also being established for social dialogue, such as Nedlac and the Big Business Working Group at the one end of the spectrum, and partnerships for the procurement of private finance for public projects at the other.

The projects developed for the procurement of private finance developed the most elaborate procedures. For the rest, the procedures were generally ill-defined and constructed on a project-by-project basis (as is shown by the very different arrangements that developed in the various Business Trust projects).

Contrast this with the strict arrangements set out under the Public Finance Management Act (PFMA). The Treasury regulations[8] defined a public-private partnership (PPP) as:

> "... a commercial transaction between an institution (meaning a public body) and a private party in terms of which the private party –
> (a) performs an institutional function on behalf of the institution; and/or
> (b) acquires the use of state property for its own commercial purposes; and
> (c) assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and

[8] Treasury Regulation 16 issued in terms of the Public Finance Management Act No. 1 of 1999.

(d) receives a benefit for performing the institutional function or from utilising the state property; either by way of
   i. consideration to be paid by the institution which derives from a revenue fund or, where the institution is a national government business enterprise or a provincial government business enterprise, from the revenues of such institutions; or
   ii. charges or fees to be collected by the private party from the users or customers of a service provided to them; or
   iii. a combination of such consideration and such charges or fees."

These public-private partnerships, it was stressed, are **not**:

- a simple outsourcing of functions or a donation by a private party for a public good;
- a privatisation or divesture of state assets and/or liabilities;
- commercialisation of a public function by the creation of a state-owned enterprise;
- a borrowing by the state.

But the Business Trust partnerships were not commercially based and were not constructed within that framework. So where did they fit into the partnership landscape?

Rosenau (2000) suggests a framework that relates sources of revenue to the way in which public-private and voluntary sector partnerships are constructed. These are elaborated upon for this purpose in Figure 8.

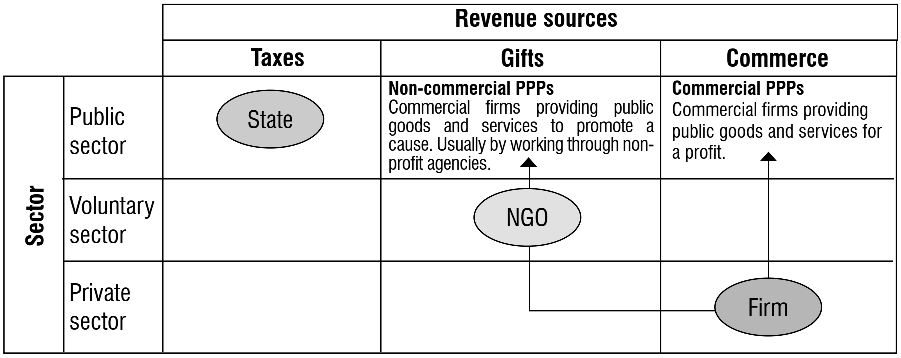
… the voluntary commitment of substantial resources and the construction of the Business Trust as a partnership … meant that implementation relied less on formal contracts than in the case of classic public-private partnerships.

The partnerships contemplated in the Treasury regulations occupy just one of the six cells in which partnerships might be constructed (row 1, column 3). The Business Trust partnerships were primarily in the row 1, column 2 cell.

In the classical public-private partnership, the government makes available a government asset to procure private investment and services (at a profit for the private party) for the achievement of public objectives for the

FIGURE 8

Range of partnership activity



government. In the case of the Business Trust projects, the private sector made available private resources without the expectation of a commercial return. In return, the private actors (in this case the funders of the Business Trust) sought to accelerate the achievement of national objectives which they believed was in their interest to do, by bringing business logic to issues they considered to be priorities. In the process, they sought to demonstrate their commitment as voluntary contributors to building a new society in which markets were accepted as a mechanism for meeting social objectives, voluntary social action was encouraged, and business could be accepted as a contributing social partner.

A practical consequence of the voluntary commitment of substantial resources and the construction of the Business Trust as a partnership (with government having direct participation in decision-making) meant that implementation relied less on formal contracts than in the case of classic public-private partnerships.

The relative informality of these arrangements left some of the projects – and particularly the officials in the government departments where the projects were carried out – in an uncertain “no-man’s land”. Typically, the most senior officials were able to work with this and achieve their objectives because they had the backing of their ministers, and exercised significant influence in the liaison committees established with the Business Trust to oversee programme implementation. These relatively informal arrangements thus relied on senior-level champions within the government. Where this was weak or changed, transaction costs escalated in the absence of formal partnership arrangements.

... relatively informal arrangements rely on senior-level champions within the government. Where this was weak or changed, transaction costs escalated in the absence of formal partnership arrangements.

The criticism of formal partnerships is that they are too rigidly defined, they are stiflingly regulated, they are cumbersome to administer, they fail to take account of differences in size and circumstances, and they allow too much administrative discretion. While informal partnerships avoid those criticisms, they are difficult to define, measure or sustain. They frequently run out of steam, and they can result in suffocating relationships with unmeasured transaction costs.

While the Business Trust projects avoided this for the most part, partnership-building procedures need to be made more systematic and accessible if these partnerships are to be extended as a means of mobilising all the resources at South Africa's disposal. A balance needs to be struck between over-regulation and having to construct each partnership anew in a manner that relies heavily on direct involvement by senior business and government leaders.

3 Draw the line at what can and can't be done in partnership

While the idea of partnership is encouraged, it should not be assumed that everything can be done in partnership. Much cannot. Often, the key role of the partnership is to enable one of the parties to do what only that party is able to do.

In classical partnerships, government engages a private party to take responsibility for a function under established policy and within a stable institutional arrangement. This was rarely the case in the Business Trust projects. Policy was fluid and institutions unstable. As already indicated, roles and responsibilities shifted over time and the parties entered the partnerships with differing objectives.

A key lesson for the Business Trust was that it is important to know where to draw the line. Partnerships of this kind are able, in some instances, to carry out functions that are inherently partnering functions. However, there are other instances where the role of the partnership is to enable one of the actors (in most cases, this would have been a state department) to perform its functions more effectively.

An openness to "cooperative governance" should not be allowed to blur these lines. An important lesson learned was that when partnerships get to the point where the only action that can be taken must be taken by one of the partners, it will slow down the process if the parties to the partnership behave as if they might act together when only one has the authority to act.

This was most clearly demonstrated in the technical colleges programme. In the second year of the project, the Department of Education raised the question with the Business Trust about who the partners were in the venture to restructure the technical college sector. It was the Department's view that while it was acceptable to see business and government as partners in that exercise, it was not – in the Department's view – appropriate for the implementing agency to be seen to be a principal in this process. It was important to the Department that the process of large-scale system change was seen to be under the control of the Department. It needed to be sure that the implementing agency was carrying out the intentions of the Department (albeit that those intentions were agreed with the Business Trust and the implementing agency through the business plan approved by the Business Trust Board). As a consequence, a formal service level agreement was signed between the NBI's College's Collaboration Fund and the Department of Education in terms of which a series of services would be provided by the CCF to the Department to enable the Department to carry out the restructuring process.

In this case, the task to be performed (restructuring the technical college sector in South Africa) was a task that could only be performed by the government. Consequently, the role of the Business Trust was that of mobilising the resources to enable the responsible government department to carry out those responsibilities, and the role of the operating agency (in this case the NBI Colleges Collaboration Fund) was to provide the services to the Department that would enable it to do that. While the Department of Education was open to advice from the Business Trust and the NBI, only the Department had the authority to act.

The Tourism Marketing Programme for South Africa was in a similar position. The designated state agency for carrying out the tourism marketing task was South African Tourism (then Satour). An early suggestion that the agency that would work with the Trust would be the Tourism Business Council resulted in ministerial intervention to prevent this from happening (notwithstanding the fact that Satour was functionally weak).

4 Manage shifting positions and mixed objectives

Partnerships exist where parties with different interests come together in pursuit of a common objective and share resources, risks and rewards. A lesson of the Business Trust experience is that these things are dynamic and that different types of partnership may be required as circumstances change.

The nature of the partnerships described shifted over time. At the start, the implementing agencies were seen as "strategic partners". This meant that the Business Trust would seek out partners with operating capacity who would implement agreed programmes and thus avoid the Business Trust having to develop its own internal operating capacity. This shifted over time to a position where the partnership was seen to be between the Business Trust and a government department, with the implementing agency as a service provider.

The Business Trust, and particularly the companies funding the Business Trust, entered the education and tourism partnerships with the idea of sharing responsibility for the achievement of national objectives. In most cases the programmes were carried out as a process of private actors providing a service to one or more government agencies. The private actors hoped to advocate a perspective that would improve the way state agencies operated.

This complex mix of sharing responsibility, serving a particular set of state actors, and advocating a particular perspective is inherent to some extent in most partnership arrangements. It requires careful balancing if partnerships are to survive.

An allied lesson had to do with locating the actions to be carried out within an appropriate institutional home. This was demonstrated in the primary school reading programme. The programme was predicated on the assumption that if it could be demonstrated that the reading and writing ability of a significant number of primary school learners could be improved at a cost-effective rate, then the state would take up that lesson and apply it widely through the system. A lesson of this project was that the spontaneous uptake of the lessons of pilot projects is not guaranteed. It was also learned that actors with outstanding abilities at the operational level may not be the right agents for the promotion of longer-term policy and institutional change (not least of all because they are seen to have a vested interest in line with what they are promoting).

5 Encourage individual responsibility

In addition to the right structures, effective partnerships require people who will accept responsibility for pursuing the partnership's objectives and not just promote their own interests. To do that, a language of principled partnership negotiation rather than positional bargaining is required.

The decision by the Business Trust, at its first meeting, to rely on individual responsibility rather than institutional representation had an important bearing on the effectiveness of many of the Business Trust's activities. When partnerships are being constructed between different social actors, it is often assumed that what is needed is representational authority rather than personal responsibility.

An early decision of the Business Trust was to build on individual responsibility while striving to ensure that the key institutional interests were adequately covered. This meant that in the Board of the Business Trust, the committees established and the partnership governing bodies, individuals from business and government were asked to guide these activities and to accept shared personal responsibility for the outcome. This, together with a sharp focus on deliverables, helped to build partnership relationships. This generally enabled the Business Trust to keep institutional struggles out of its decision-making processes which (as observed in another case study on the Tourism Learnership Project) was a distinct advantage. The risk of business and government actors introducing conflicts from other arenas into the work of the Business Trust was thus limited.

This approach also enabled the participants in the Business Trust and its programmes to begin to develop a language of partnership. In South Africa, much of the engagement between social actors has been constructed as a process of positional bargaining. The language and behaviour of a wage negotiation can easily creep into other types of relationships. The quote at the start of this case study from an outside observer suggesting that in spite of the commitment to "partnership", relationships remain conflictual, underscores the importance of this.

The key lessons for the Business Trust were that focusing on the end result where that end result was designed to improve the lives of clearly disadvantaged individuals was a critical factor for success. Secondly, the appointment of directors and committee members at all levels on the basis of their personal capacity was equally important, and a language of partnership slowly began to emerge. While avoiding the language of industrial bargaining, there was also a continuing concern from both business and government that discourse should not lapse into a syrupy conversation where the partners could not address the real issues for fear of provoking conflict. Several cases point to a willingness on the part of both business and government actors to tackle critical issues such as the tough debate about the project procurement process within the Board itself, a difficult discussion with the Minister of Education about the selection of schools, and a committed engagement by business and government players to restructure the South African tourism sector.

... individuals from business and government were asked to accept shared personal responsibility for the outcome(s). This enabled the Trust to keep institutional struggles out of its decision-making processes ...

6 Build a capacity for "business unusual"

Partnerships operate outside the established framework and must achieve more than could be achieved by either party independently. A capacity for the unusual is thus required. This demands the direct engagement of individuals with the capacity to lead rather than follow the routines.

A theme that runs through various Business Trust partnerships was the willingness of business and government partners to behave in unconventional ways.

The initiative by the business community to act together and then to make extraordinary financial commitments to back those actions is a good example. Those financial commitments were, on occasion, also backed by extraordinary commitment of time and other resources. This required direct commitment by corporate leaders at chairperson or CEO level.

However, a similar commitment from the government was vital for the success of many programmes, as illustrated by the unusual step taken by the Minister of Tourism to restructure the South African Tourism Board. There were also instances where unusual steps were taken to procure and provide finance for the projects undertaken, without which the partnership could not have succeeded. In the tourism area, an unconventional agreement between the Ministry of Tourism and the Treasury to use a tourism marketing levy to fund the programme eventually became an important driver of the expansion of that marketing effort. In the integration of the justice system, a change in Treasury budgetary requirements to align the way in which different departments allocated their budgets was vital for success.

On the basis of the Business Trust's experience, this required each of the partners to see what might be required of themselves and to take action accordingly. The ability of leaders to see the importance of different modes of behaviour in order to achieve the agreed results and to lead their constituencies to places they would not go on their own, turned out to be a key success factor.

7 Contain conflicts of interest

Partnerships are susceptible to the risks of collusion, co-option, compromise and conflict of interest. The Business Trust's experience showed the importance of balancing relationships to control this.

Critics warn that partners might collude to advance their own interests over those of the rest of society, that partners are at risk of being co-opted to serve their partners' interests, and that compromises are required that can stifle creativity. In the case of the Business Trust, focusing on producing an agreed result and balancing interests limited the potential for this.

In the first round of the Business Trust between 1999 and 2004, the initiative taken by the business community meant that business interests drove the activity. These were interests in building new relationships, presenting a business perspective and tackling some of the critical issues that business felt would affect its long-term viability. The programmes undertaken were well aligned with business interests and built, in many cases, on established business relationships. As the partnerships became more successful, government partners became more interested, and by the time the second round of the Business Trust was negotiated, government took the initiative to propose the continuation of the Business Trust and the areas in which it should operate. In neither instance, though, could this reasonably be described as collusion or co-option. Both parties were strong and represented by strong individuals, and both had something to gain from the relationship – certainly the business participants promoted the value of private enterprise, markets and business initiative in meeting national objectives, and the government promoted its national policy concerns with poverty, inequality, development and transformation.

Both parties … had something to gain from the relationship – … the business participants promoted the value of private enterprise, markets and business initiatives in meeting national objectives, and the government promoted its national policy concerns with poverty, inequality development and transformation.

While collusion and co-option were contained, compromise was as much a feature of this partnership as it would be of any other. If either the business participants or the government participants had come to the partnership unwilling to compromise, then the relationship would have broken down at the first meeting. There were trade-offs between products and processes, between formal and informal procedures, and between transformation and development objectives. But these compromises did not stymie effective action. Practical compromises were made.

Practical concerns also arose over conflicts of interest. These were most apparent in the tourism programmes which operated in markets where businesses stood to win or lose. As a result, business leaders who committed their time and energy to developing a competitive marketing strategy for South Africa's tourism offering were occasionally subjected to questions about their motives. An important lesson was that these relationships have to be mediated if partnerships are to succeed. Simply to exclude anyone with a direct interest in the outcome of the programme (as public officials would sometimes prefer) would seriously compromise the result. Conversely, to ignore the potential conflict (which private actors often failed to see) would be naïve.

8 Manage creative tension

Ultimately, in the experience of the Business Trust, partnerships produced unavoidable tensions which were managed by making creative trade-offs. Without the tension, there would have been little forward motion. Without the trade-offs, the tension would have snapped the relationships.

The Business Trust contained tensions in style between business and government. The trade-offs between product and process, formal and informal processes, and transformation and development were all necessary to deal with differences in style.

Tensions existed between the Business Trust and its implementing agencies. The Business Trust took the role of a committed investor protecting the investment of its business and government principals, rather than that of an arm's-length funder. It thus intervened when necessary at the level of the board and management in the early years of SA Tourism; to reconstruct the relationships in the colleges programme; and to shore up management at THETA.

Ultimately, the test of the Business Trust is whether it enabled the participants to achieve more together than they could have on their own.

Behind the partnerships there were also ideological tensions between those who saw social conflict as inevitable, and those who looked for the common ground and saw partnership as a means of mobilising resources.

At a practical level, the Business Trust put funders in direct relationship with the operational management and the government departments responsible for the activities to be carried out. This brought with it some tension and an immediacy to the relationships that is hard to replicate in routine public processes.

Ultimately, the test of the Business Trust is whether it enabled the participants to achieve more together than they could have on their own. Could individual companies have created the Big Business Working Group or demonstrated such clear corporate commitment to reconciliation, reconstruction, development and growth? Could a new tourism offering have been developed, a regional malaria control programme facilitated, the integration of the justice system managed, or a new technical college system created in the manner and at the pace they were achieved, by government working alone?

The answer can be found in the comments of two of the respondents to a perception survey undertaken for the Business Trust (Business Trust 2004).

A government partner said: “The doors of dialogue have opened up. There is a realisation that neither party has it all. In government, we know that we cannot do it on our own. Business knows that to expand its market, it has to tackle the 40 per cent unemployment rate.”

According to a business respondent, there was a sense of “… doing things together that we can’t do alone”.

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Appendix 1: Business Trust summary results for the period 1999 to 2004

Resources	Funds received	R927m
	Funds contracted to projects	R824m
	Additional funds received by projects	R1 059m
	Total project value	R1 883m
	Management cost as % of contracted funds	2,8%
Schools and colleges	Schools supported	1 541 schools
	Teachers trained	30 903 teachers
	Reading books provided	3 million books
	Officials trained	4 732 officials
	Restructured technical colleges	50 colleges
	Reading improved in primary schools	1 million learners
	Increase in mathematics passes	89% increase
Tourism	All new tourists attracted	1 million tourists
	New overseas tourists attracted	400 000 overseas tourists
	Tourism employees trained	20 281 employees
	Unemployed people trained	6 142 unemployed people
	Enterprises assisted	2 029 enterprises
	Tourism transactions assisted	1 095 million
	Jobs directly supported	16 836 direct jobs
Crime reduction	Justice system IT network installed	Countrywide network
	Case flow management system established	Countrywide system
	Photo ID system installed	Countrywide system
	Fingerprint ID system installed	Countrywide system
	Court centres established	46 courts
	Case preparation time	Reduced by 40%
	Trial completion time	Reduced by 42%
	Record verification time	Reduced from 78 days to 48 hours
Malaria control	Dwellings sprayed against malaria	537 613 dwellings
	Spray personnel trained	944 spray personnel
	Reduction in infection	88% reduction in southern Mozambique

Source: Business Trust (2004).

The Business Trust Learning Series was established to enable the Business Trust to reflect on the lessons learnt from its work. While its primary purpose is to enlighten the Business Trust, it is hoped that the lessons captured in the series will be useful to others.

Doing Together What Can't Be Done Alone: A Case Study in Partnership Building is the first case study in the series and focuses on public private partnerships. The Business Trust is a unique example of a public private partnership that aims to serve the goals of reconciliation, reconstruction, development and growth. The experience gained during its first five-year term in education, tourism, crime reduction and malaria control holds important lessons for leaders in business and government as well as other change agents working towards sustainable development in South Africa.