A critical analysis of the role of stakeholder engagement in establishing the renewable energy sector in South Africa

Seelan Pillay

29621098

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Abstract

Stakeholder engagement-dialogue is proposed as a method of responding to the sustainable energy challenges facing South Africa. Establishing the renewable energy sector requires constructive engagement including consumers, energy suppliers, regulators and government.

The purpose of this research is an attempt to gain a deeper understanding of the stakeholder engagement process - specifically dialogue - being used by government to establish the renewable energy sector. It evaluates the effectiveness of the current dialogue and the role this dialogue can play in establishing the renewable energy sector.

Initially, the study analyses the dialogue contained in fifty public domain internet articles on renewable energy. This data is validated by face-to-face interviews with nine stakeholders. The analysis focuses on comparing the dialogue against an acceptable dialogue framework.

Evidence from both sets of data suggests that the dialogue, although *inclusive* and *open*, lacks *tolerance, empowerment* and *transparency.* The study further found that effective dialogue should contain *clarity, policies* and *trust.* Moreover, findings from the research indicate that stakeholder dialogue can play a vital role in establishing the renewable energy sector but this dialogue needs to be with relevant stakeholders. This research adds to the existing literature in dialogue in that it proposes three additional dimensions for effective dialogue.

Keywords

Renewable Energy, Stakeholder Engagement, Stakeholder Dialogue

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Date: _____

Name: Seelan Pillay

Signature: _____

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It is said that the journey is often more important than the outcome. For me this MBA has been an amazing journey I will never forget. It has been one that has developed me and where the fruits of this change will be borne for many years to come. The completion of this thesis and the MBA would not have been possible if it were not for the assistance of certain people in my life.

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LIST OF ABBREVIATIONS

CO_2	Carbon Dioxide
CSP	Concentrating solar power
DME	Department of Minerals and Energy
DoE	Department of Energy
GHG	Greenhouse gases
GJ	Gigajoule
GW	Gigawatt
GWh	Gigawatt hours
IPPs	Independent Power Producers
IRP1	Integrated Resource Plan 1
IRP2	Integrated Resource Plan 2
LTMS	Long-term mitigation scenarios
MW	Megawatt
NERSA	National Energy Regulator of South Africa
PPAs	Power purchase agreements
PV	Photovoltaic
R	South African Rand
REFIT	Renewable Energy Feed-in Tariff
TJ	Terajoule
TWh	Terawatt hours

1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION

South Africa, as a developing economy, faces the dual challenge of pursuing economic growth and environmental protection (Visagie & Prasad, 2006). Energy is vital to virtually every aspect of economic and social development in South Africa (Winkler, 2005). To promote economic development and environmental protection, a new mindset for energy production is required which incorporates the use of renewable energy resources (Visagie & Prasad, 2006). However, depending on how such energy is produced, distributed and used, it has the potential to lead to sustainability issues such environmental degradation in air pollution and climate change (Winkler, 2005).

South Africa currently produces over 90 percent of its power by burning coal resulting in Eskom being one of the largest emitters of CO_2 in the world (Spath, 2010). Government has also recognised that emissions of greenhouse gases, such as carbon dioxide, from the use of fossil fuels such as coal and petroleum products has led to increasing concerns worldwide about global climate change (Winkler, et al., 2006). Research by the Scenario Building Team (2007) has shown that in addition to energy efficiency measures, between fifteen to fifty percent of our electricity could be generated by using renewable energy sources by 2050. The use of renewal energy sources is seen as a global response to sustainability that would drastically reduce South Africa's CO_2 emission to below 1990 levels thereby making great strides towards reducing climate change (Scenario Building Team , 2007)

The South African government has developed a policy framework as well as set targets for promoting and incentivising renewable energy sources and technologies. However, despite being blessed with an abundant variety of renewable energy sources in South Africa, progress in generating renewable energy to supplement the national grid has been very slow (van Niekerk, 2009). There is growing concern that SA will not be successful in establishing the renewable energy sector as, to date, less than five percent of the 2013 GWh target has been achieved (DME, 2009).

The South African energy sector is also believed to be seriously flawed. According to the World Resources Institute (2010) the electricity sector has serious problems where there are limited opportunities for meaningful participation by the public, lack of trust in the public consultation process, failure to take input and comments from public seriously and hostility between certain government agencies. These are signs of the lack of stakeholder engagement which could be considered reasons for the failure of establishing the renewable energy sector in South Africa.

There are indications that ineffective stakeholder engagement, especially in respect of dialogue and consultation on the part of the regulator and government, yield uncertainty (Suryapratim, 2010). It has been proclaimed that government departments and support agencies “lack the necessary co-ordination and efficient communication to achieve stakeholder participation and buy-in” (Holm, Banks, Schäffler, Worthington, & Afrane-Okese, 2008, p. 25).

Stakeholder theory proposes that an organisation's success depends on creating real dialogue with its diverse stakeholders rather than manipulating them (Freeman, 1984). The contention is that companies do not exist merely to satisfy the needs of owners or shareholders but have a much wider range of important stakeholders who must be taken into account when making decisions (Freeman, 1984; Wheeler & Sillanpaa, 1997). The challenge organisations face is to identify who these stakeholders are and to prioritise their interests as organisations often do not have the time and resources to engage with all stakeholders.

Differentiating stakeholders into primary and secondary groups will enable an organisation to effectively deal with the issues of each group. The next challenge that faces organisations is how to respond to the needs of each of these groups. The use of engagement and especially dialogue is widely considered an acceptable approach to deal with these issues.

Stakeholder dialogue is the core of stakeholder engagement (Hughes & Demetreious, 2006) as it allows managers to find ways of "evaluating, addressing, and balancing stakeholder demands (O'Riordan & Fairbrass, 2008, p. 755). The process also facilitates the breaking down of "existing assumptions", the development of new ways of learning (Burchell & Cook, 2006, p. 213) as well as the building of relationships (Preble, 2005). The World Business Council on Sustainable Development (WBCSD, 2001) states that

“stakeholder dialogue is a powerful catalyst for change as it promotes greater transparency, information sharing and inspires society to work together” (WBCSD, 2001, p. 1). The challenge organisations face is to know what constitutes constructive dialogue and how to ensure that such dialogue is effective. This research therefore proposes the use of a dialogue framework which will enhance the quality of the dialogue. In this regard the framework identified inclusion, openness, tolerance, transparency, clarity, policy and trust as dimensions of effective dialogue. These dimensions were used to test the dialogue being used to establish the renewable energy sector.

South Africa faces environmental and climate change challenges due to its reliance on fossil-based electricity generation facilities. The use of renewable energy technologies has been identified as a means to counter these global climate change challenges. Despite an abundance of renewable resources and policies to promote renewal energy, the sector has not been successfully established. Hence, the energy sector is reported to be challenged by the lack of meaningful participation, public consultation and public input resulting in ineffective stakeholder engagement and dialogue. As a consequence, this research aims to analyse the stakeholder engagement process in the renewable energy sector, assess the effectiveness of the dialogue and determine whether this dialogue can be used as a mechanism to establish the renewable energy sector in South Africa. Therefore, the focus is on the use of stakeholder engagement; especially stakeholder dialogue in establishing the renewable energy sector.

1.2 BACKGROUND AND CONTEXT

Since the last decade the issue of sustainability and environmental degradation has been receiving increased focus from within governments, business and society. Global warming and climate change have become problems of great concern at international platforms. Policymakers, regulators and citizens throughout the world have been trying to devise plans to keep the adverse effects of global warming within safe limits by providing access to clean, reliable and affordable electricity (World Resources Institute, 2010). The most recent of such meetings was the Copenhagen Accord (2009) where South Africa committed to reduce its carbon dioxide ($CO_{2)}$ emissions by 34 percent below the "business as usual' level by 2020 and a 42 percent reduction by 2025 (Davidson, Hirst, & William, 2010).

The South African government has responded to these pressures by developing policy frameworks as well as setting targets for promoting and incentivising renewable energy sources and technologies. The White Paper on Renewable Energy (2003) was one such long-term initiative that aimed to establish the renewal industry in such a way that it could produce energy services on a sustainable basis to add to the current fossil fuel base load (DME, 2009). Thus, was set a target of four percent of electricity supply, equivalent to 10,000 GWh annually of energy from renewable sources contributing to final energy consumption by 2013 (DME, 2003). The White Paper on Renewable Energy (2003) argued that for South Africa to develop a viable and self sustaining

renewable energy industry an enabling environment needed to be created with “appropriate policies and frameworks” to stimulate the public sector participation (DME, 2009, p. 2).

Consequently, the National Energy Regulator of South African (NERSA) was formed to create this enabling environment. One of their first tasks was to develop a Renewable Energy Feed-in Tariff (REFIT) program; the aim of which was to incentivise investment into renewable energy technologies. This program set prices for the purchase of electricity to be produced by renewable energy projects such as wind, solar, biomass and others (NERSA, 2008).

The theoretical potential for renewable energy in South Africa is large with estimates of some 280 TW reaching the landmass; some 6500 times the current Eskom installed generation capacity (Winkler, 2005). Despite this abundance of renewable energy sources, little progress has been achieved in establishing the renewable energy sector (Pegels, 2010). To date only six projects covering wind, small scale hydro, landfill gas and biogas to electricity with a total installed capacity of 24 MW have been subsidized (DME, 2009). One of the reasons postulated for the slow progress is that Independent Power Producers (IPPs) do not “face a level playing field” as they have to sell their energy to non independent buyers in the form of Eskom (Pegels, 2010, p. 4950). Further the selection criteria for renewable energy projects under the REFIT program are still under development therefore the process for which energy will be sold under REFIT has not been finalised.

1.2.1 CRITICISM OF THE ELECTRICITY SECTOR

It is reported that the South African electricity sector suffers from as “systematic lack of clarity concerning roles and responsibilities in the electricity sector” as well as an “extended period of policy opaqueness and uncertainty” (World Resources Institute, 2010, p. 4). This report contends that in spite of a clear energy policy framework coupled with adequate participation and collaboration there seems to be a divide and even an unhealthy competition between parties to the extent that parties are now “withdrawn, isolated and distrustful” (World Resources Institute, 2010, p. 4).

In a recent Mail & Guardian press report (Zia, 2010), the World Wide Fund for Nature (WWF) criticised and questioned the integrity of NERSA’s engagement prior to approving tariffs. It claimed that the public hearings into Eskom’s proposed tariffs hikes was done by way of a “decree” and that it potentially removed “meaningful consideration of stakeholder input and interest” (Zia, 2010, p. 1). In the same Mail & Guardian article (Zia, 2010), the Federation of Unions of South Africa (FEDUSA) general secretary Dennis George argued that “the role of NERSA needs to be clarified...” and goes on to state that “the hearings are supposed to be for public input...but it seems as though the increase has already been decided and very little input by the public is considered” (Zia, 2010, p. 2).

Holm, Banks, Schäffler, Worthington, and Afrane-Okese (2008) argue that government departments and support agencies "lack the necessary coordination and efficient communication to achieve stakeholder participation and buy-in" (p. 25). The "lack of space for effective participation in decision making" is considered one of the key obstacles facing renewable energy and sustainable development stakeholders (Holm et al*.,* 2008, p. 25). In addition, the lack of involvement of the public in the drafting of policies is seen as a barrier towards renewable energy deployment where "transparency and public participation are seen as crucial elements in long term energy infrastructure decisions" (Pegels, 2010, p. 4953). One of the criticisms being levied towards stakeholder dialogue and consultation is that when it does take place; it often affords limited options to change the outcomes as it takes place towards the end of the policy or regulatory framework formulation processes (Holm et al*.,* 2008). Transparency is also seen as a controversial issue as there is a "lack of information sharing on key developments in the renewable energy industry" (Holm et al*.,* 2008, p.25).

The lack of progress in attaining renewable energy targets (Edkin, Marguard, & Winkler, 2010) as well as hindrance towards attracting and securing investment for IPPs (Creamer, 2010) is a clear indication that there are shortcomings in the way that the DOE and more specifically NERSA is addressing the issue of renewable energy challenges in South Africa. There are indications that uncertainty is created due to ineffective stakeholder engagement, especially

dialogue and consultation on the part of NERSA and government (Suryapratim, 2010).

1.3 PURPOSE OF THE STUDY

The lack of stakeholder dialogue and engagement is seen as a possible reason for the slow progress that renewable energy adoption and enablement is experiencing. This research attempted to determine whether stakeholder engagement; especially the dialogue and consultation that NERSA and the DOE undertake with renewable energy stakeholders meets the requirements for effective stakeholder dialogue.

Stakeholder dialogue creates an important platform for companies to promote organisational learning (Burchell & Cook, 2006), and bring about social changes that can lead to environmentally acceptable decision making (Livesey & Kate, 2002). This research proposed that effective stakeholder dialogue can be used as a mechanism to engender the renewable energy and focused on the use of stakeholder engagement especially stakeholder dialogue in establishing the renewable energy sector in South Africa.

1.4 PROBLEM STATEMENT

The lack of effective stakeholder engagement in drafting of renewable energy policy or regulatory frameworks is considered one of the key obstacles facing renewable energy and sustainable development in South Africa. Participation is essential to build trust, increase public awareness and stakeholder buy-in where

stakeholders feel they can influence the outcome. Despite having an abundance of renewable resources as well as the necessary policy guidelines and frameworks in way of the White Paper on Renewable Energy (2003), the correct enabling environment has not been created to attract IPPs into the renewable sector resulting in limited success in reaching the 2013 target of 1000 GWh generation from renewable sources.

1.5 SCOPE OF RESEARCH

The research has focused on the nature, form and effectiveness of the dialogue between NERSA, the DOE and Eskom with the various energy sector stakeholders and whether this dialogue is positively enabling the generation and adoption of renewable energy sources within South Africa. The research will look specifically at whether stakeholder dialogue can create an enabling renewable energy environment to increase the potential generation and usage of renewable energy as a way of resolving the problems of security of energy supply and the reduction of the dependence on fossil fuel generation processes that contribute negatively towards climate change.

1.6 RESEARCH OBJECTIVE

The research objective is to critically analyse the current stakeholder engagement process on renewable energy in South Africa. The research focused mainly on the stakeholder dialogue and consultation process used by government, the DOE, NERSA, Eskom, renewable energy IPPs, large industrial

users, industry and trade associations together with other public stakeholders to resolve the renewable energy challenges.

The research objectives were:

- To identify the renewable energy stakeholders that are being engaged in the renewable energy dialogue
- To determine whether this dialogue is inclusive of important stakeholders
- To analyse whether this dialogue is effective when compared to successful dialogue models.
- To assess the role this dialogue can play in establishing and improving the performance of the renewable energy sector.

1.7 RESEARCH APPROACH

In order to achieve the research aim, a structured approach has been adopted in compiling this research thesis. Chapter 2 evaluates the existing body of knowledge and reviews the literature on the topic. Subsequent to this literature review, Chapter 3 proposes four research questions that addressed the aims of this research. Thereafter, the methodology that was adopted is discussed in Chapter 4. The results of the data gathering process pertaining to the research questions are presented in Chapter 5; followed by a discussion of these results in Chapter 6. Finally, Chapter 7 rounds off the research by highlighting the main findings, recommendations for future studies and conclusions that were reached as a result.

2 LITERATURE REVIEW

2.1 INTRODUCTION

This chapter represents a comprehensive literature review that deliberates upon the key elements impacting upon this study and explores major themes. Firstly, this literature review focuses on stakeholder theory pertaining to the organisation and nature of the relationship between the organisation and its stakeholders. Section 2.3 includes a brief definition of stakeholders, as well as a discussion on the normative and instrumental reasons for involving stakeholders. This section is followed by a definition of who the stakeholders are in the renewable dialogue, the need for stakeholder identifications, as well as the need for categorisation of stakeholders based on importance to the organisation.

The literature review in this section then focuses on the stakeholder engagement process, the need for building relationships and the role that stakeholder dialogue plays in building these relationships. The literature further focuses on defining stakeholder dialogue, the need for dialogue as well as the different forms of dialogue. Finally, the literature review delves into what constitutes effective dialogue by evaluating an effective dialogue framework and evaluated levels of stakeholder engagement.

This extensive literature review allowed for the formulation of the specific research questions elaborated upon in Chapter 3 and provided the researcher

with the necessary context in which to perform the content analysis and in-depth interviews discussed in Chapter 4.

2.2 STAKEHOLDER THEORY

Stakeholder theory pertaining to managing organisations has become one of the "major paradigm shifts of the last century" (Amaeshi & Crane, 2006, p. 247) and is concerned with the nature of the relationship between the firm and its stakeholders (Ayuso, Rodrıguez, & Ricart, 2006). The theory is traced back to Freeman's (1984) now classic definition of stakeholders, arguably the most popular definition cited in literature (Kolk & Pinkse, 2006) which proposed that stakeholders are "any group and individuals who can affect, or is affected by the achievement of an organization's objectives" (Freeman, 1984, p. 46). This definition was particularly important to this analysis in that it highlighted a two way relationship between the organisation and its stakeholders. In recent times the theory has become the frame of reference when Corporate Social Responsibility (CSR) and sustainability issues are discussed (Pedersen, 2006).

According to stakeholder models, an organisation must be aware of and respond to the various demands of its constituents, including employees, customers, investors and suppliers as well as the local community (Post, Preston, & Sachs, 2002). Greenwood (2007) argued that instead of focusing on the attributes of organisations and stakeholders, organisations should rather be focusing on the "relationships between organisation and stakeholders" (Greenwood, 2007, p. 318). In other words organisations have an obligation to

pay attention to the relationship that must be fostered between the organisation and its stakeholders.

Stakeholder theory postulates that organisations must engage with stakeholders for normative and instrumental reasons (Ayuso, Rodrıguez, & Ricart, 2006; Donaldson & Preston, 1995). In the *normative* explanation relationships between the organisation and stakeholders takes place on an ethical basis suggesting that managers must consider the interests of those stakeholders who have a legitimate stake in the organisation (Ayuso, Rodrıguez, & Ricart, 2006; Preble, 2005). In *normative* theory there is a moral obligation for the organisation to engage with stakeholders (Greenwood, 2007; Preble, 2005) and people have a democratic right to participate in the decision making process (Reed, 2008). By contrast *instrumental* theory sees stakeholders as being valuable in helping the organisations achieve objectives since participation is seen as a means to an end (Donaldson & Preston, 1995; Preble, 2005). Accordingly, the organisation achieves its objectives by managing this relationship with stakeholders (Ayuso, Rodrıguez, & Ricart, 2006; Donaldson & Preston, 1995; Preble, 2005; Reed, 2008). Via this approach, organisations address the interests of those that have influence recognizing that managing these interests will ultimately lead to superior performance and superior decisions (Ayuso, Rodrıguez, & Ricart, 2006; Reed, 2008).

Donaldson and Preston (1995) defined stakeholders as any persons or groups that claim interests in an organisation which implies that all stakeholders are of

value and deserve equal treatment. Greenwood (2007) on the other hand argues that the issue of stakeholder identification has become the primary focus in the debate on the nature of the relationship between stakeholders and the organisation. An organisation needs to develop filters to separate important stakeholders from less critical ones otherwise the dialogue would have to include everyone and everything (Pedersen, 2006). The challenge that remains is to identify important stakeholders (Ayuso, Rodrıguez, & Ricart, 2006; Preble, 2005) and the selection criteria that must be used to distinguish these important stakeholders (Pedersen, 2006).

2.3 IDENTIFYING AND PRIORITISING STAKEHOLDERS

One of the fundamental challenges and debates organisations face is the task of identifying which group of stakeholders they are responsible to (Mitchell, Agle, & Wood, 1997; O'Riordan & Fairbrass, 2008) as well as the stake they hold in the issues at hand (Reed, 2008). The process of stakeholder analysis requires:

i) Identifying individuals and groups that can be affected by the decision and
ii) Prioritising these individuals and groups in the decision making process (Reed, 2008).

According to Clarkson (1995) there is a risk that some stakeholders may be left out as a consequence of not being identified. Reed (2008) argues that the process of identifying stakeholders is an iterative one where new stakeholders

are continuously added as the process unfolds which can mitigate these risks. It is often not possible for an organisation to include all stakeholders and it becomes necessary to "draw the line at some point" (Reed, 2008, p. 2423).

Once stakeholders have been identified it becomes necessary to prioritise and classify them. The literature on stakeholder theory is filled with attempts by scholars to categorise stakeholders. Scholars normally classify stakeholders into primary and secondary groups (Clarkson, 1995; Greenwood, 2007; Wheeler & Sillanpaa, 1997). The primary group are those stakeholders or individuals who are seen as essential to the existence of the organisation and most often are those that have some formal contract with the organisation including owners, employees, customers and suppliers (Ayuso, Rodrıguez, & Ricart, 2006; Clarkson, 1995; Podnar & Jancic, 2006). Secondary stakeholders are classified as the group that plays an important role in giving the organisation credibility and acceptance for its activities and include non-governmental organisations (NGOs), communities, governments and competition (Ayuso, Rodrıguez, & Ricart, 2006; Clarkson, 1995; Podnar & Jancic, 2006) .

The stakeholder group definition was expanded further by Stead and Stead (2000, p. 321) to include the natural environment and they suggest that the planet is the "ultimate organisational stakeholder". Clarkson (1995) further expounds that in distinguishing between voluntary and involuntary stakeholders, it should be noted that the difference is that involuntary stakeholders do not choose to enter into the relationship and cannot withdraw their stake they have

in the company. Wheeler and Sillanpaa, (1997) classify stakeholders into two further dimensions of social and non-social.

In contrast, Mitchell, Agle and Wood (1997) advanced the theory of stakeholder identification and salience by introducing three criteria to evaluate stakeholders –urgency, power and legitimacy. They assert that these are important stakeholder attributes since in various combinations these attributes indicate the amount of management attention awarded to a given stakeholder. Harrison and St John (1996) argued that the strategic importance of a stakeholder is determined by:

i) the contribution to the environmental uncertainty,
ii) the ability to reduce the environmental uncertainty, and
iii) the strategic choices of managers.

Stakeholder theory provides a suitable theoretical framework to identify and prioritise stakeholders. Having identifed stakeholders the next challenge an organisation faces, is how to respond to the needs of these stakeholders since stakeholder groups often have “different and contradicting goals, priorities and demands” (Ayuso, Rodrıguez, & Ricart, 2006, p. 477). Preble (2005) argues that the one such approach which has received wide acceptance is the use of “dialogue and engagement” (p. 423).

2.4 STAKEHOLDER ENGAGEMENT

Stakeholder engagement emphasises the need for engagement to be “far reaching, inclusive and balanced” (Amaeshi & Crane, 2006, p. 249). The literature defines stakeholder engagement as the process of involving individuals and groups that are affected by the activities of the company in a positive way (Greenwood, 2007; Sloan, 2009). According to the Institute of Social and Ethical Accountability (ISEA) stakeholder engagement is a “process of seeking realistic stakeholder views on their relationship” (p. 91) the aim of which is to improve an organisations “social and ethical accountability and performance” (Cumming, 2001, p. 45).

Effective stakeholder relationship management is achieved by engaging in dialogue and building relationships with as many different groups in order to find better ways of doing business (Preble, 2005). Engagement is the act of managing the relationship between the organisation and different stakeholders in order to enhance the effectiveness of the decisions, strategies and behaviour (O'Riordan & Fairbrass, 2008; Swift, 2001). An organisation’s success depends on creating real dialogue with its diverse stakeholders. (Freeman, 1984). As a result, Hughes and Demetreious (2006) maintain that dialogue is at the core of stakeholder engagement given that the process allows managers to find ways of “evaluating, addressing and balancing stakeholder demands (O'Riordan & Fairbrass, 2008, p. 755)

Stakeholder engagement can take on different forms from analysis of forest products and energy sector industries. Kourula (2006) cited in Kourula & Halme (2008) identified eight engagement forms and acknowledged systematic dialogue as one of the key engagement forms. According to Sloan (2009), stakeholder activities such as dialogue are means by which to assess stakeholder engagement. Greenwood (2007) alleges that stakeholder engagement is a process of "consultation, communication, dialogue and exchange" (p. 322).

From the literature review conducted stakeholder dialogue and communication constantly emerges as a key construct in the stakeholder engagement process. The renewed focus on stakeholders has resulted in more engagement strategies being developed. These can include more interactive forms of stakeholder engagement - in particular more emphasis has been placed upon the concept of stakeholder dialogue (Burchell & Cook, 2006). The research now focuses on stakeholder dialogue and what the characteristics of effective dialogue are.

2.5 STAKEHOLDER DIALOGUE

Stakeholder dialogue refers to "engaged, inclusive and respectful interaction" between stakeholders on their particular view based on "values, perspectives and experiences" (Greene, 2001, p. 182). Rockwell (2003) cited in Burchell and Cook (2006) defines dialogue as the "bringing together of diverse voices" resulting in the "exchange between communities and individuals through which

comes something indefinable and meaningful" (p. 212). Dialogue is identified as an important communication channel between stakeholder and organisations to "develop a more progressive form of engagement and understanding" (Burchell & Cook, 2006, p. 212). Thus, dialogue involves the breaking down of entrenched positions and the loosening of assumptions (Burchell & Cook, 2008).

Through dialogue organisations are able to create patterns that allow underlying assumptions to be openly brought to the surface and questioned (Stead & Stead, 2000). Using dialogue as the basis for the way an organisation interacts with its internal and external customers groups can help to find new market opportunities (Stead & Stead, 2000). An organisation is able to implement the process of dialogue to establish communication channels with stakeholders in order to maintain a healthy balance between the environment and shareholders (Stead & Stead, 2000). Dialogue is a way of enhancing stakeholder involvement in decision-making processes and a collaborative means of resolving conflict by exploring diverse view points (Kaptein & Van Tulder, 2003).

Stakeholder theory draws attention to dialogue and communication with different stakeholders, not only consumers, and argues that communication is the only way to accomplish understanding and balance between the company and stakeholder interests (Podnar & Jancic, 2006). Cumming (2001) describes dialogue as a two way process of consultation, listening and sharing views between the company and everyone that has a legitimate stake in the

organisation. According to Kaptein and Van Tulder (2003), using stakeholder dialogue can advance the relationship between an organisation and its stakeholders “from one of confrontation and competition to one of consultation and co-operation” (p. 209).

Kerkhof (2006) suggests the main aim of stakeholder dialogue, other than that of building trust and increasing public awareness, is to provide insights that enable policy makers to make political choices in an argued and informed fashion. This dialogue can take on various forms and may include “information about the company’s conduct to an open dialogue on a wide range of issues” (Pedersen, 2006, p. 140). Seeing that stakeholder dialogue is “multifaceted” and that there are a variety of issues, one can expect a significant difference in the quality of the dialogue process (Pedersen, 2006, p. 140).

In analysing the Body Shop’s and Shell’s corporate social reports, Livesey & Kate (2002) conclude that stakeholder dialogue creates an important platform for companies to “foster learning and social change” (p. 253) and that this dialogue can lead to “ democratic and socially and environmentally responsive corporate decision making” (p. 233). The stakeholder reports of these two companies reveals that to achieve effective dialogue an organisation must endeavour to become “transparent, open and accountable” (Livesey & Kate, 2002, p. 240) to their stakeholders.

Dialogue between the organisation and stakeholders is therefore seen as a far more interactive process of stakeholder engagement. It involves the breaking down of “existing assumptions” and the development of new ways of learning (Burchell & Cook, 2006, p. 213). The literature review now focuses on defining what is considered effective dialogue.

2.6 EFFECTIVE STAKEHOLDER DIALOGUE

The central question of this research questioned the status of the current stakeholder engagement on renewable energy and whether dialogue can enable the adoption of renewable energy. In addition, the frameworks of two scholars, Pederson (2006) and Kaptein & Van Tulder (2003) were assessed to determine effective dialogue dimensions. These frameworks will be discussed in greater detail in conjunction with input from other scholars.

Pedersen (2006), proposes an analytical framework to evaluate how stakeholders are involved in the decision making process. This framework is used to determine the “extent to which the company’s stakeholder dialogue is either participatory and inclusive or hierarchal and exclusive” (Pedersen, 2006, p. 140). The framework identified “inclusion, openness, tolerance, empowerment and transparency” (Pedersen, 2006, p. 140) as the five dimensions of stakeholder dialogue and are illustrated in Figure 1 below. The right hand side of the figure represents the situations where engagement and participation is widespread and ideal dialogue takes place whereas the left side shows dialogue is closed and participation is poor.

Figure 1: Effective Stakeholder Dialogue and Levels of Engagement

Dimension:		Level of engagement: Low		High
	Inclusion	Only a few privileged stakeholders are included in the dialogue	⟷	All relevant stakeholders are included in the dialogue
	Openness	Dialogue is structured around a fixed set of problems/questions/issues.	⟷	Dialogue is structured around open questions/problems/issues.
	Tolerance	One position has priority over others.	⟷	New, alternative and critical voices are respected.
	Empowerment	One stakeholder dominates the dialogue and decisions.	⟷	Freedom and equality in dialogue as well as decisions
	Transparency	No access to information about the process and outcomes of the stakeholder dialogue	⟷	Full access to the information about the process and outcomes of dialogue

Source: E Pederson, 2001

Although these five dimensions of dialogue are a simplistic representation of the dialogue processes, the table nevertheless provides a strong guiding context within which to seek the answers to the research questions investigated within this paper. The research now proceeds to briefly describe the details behind these dialogue dimensions as well as views from other scholars on these dimensions.

2.6.1 INCLUSION

According to the Pedersen (2006) model it is important to identify and include important stakeholders in the dialogue process since “when important stakeholders are excluded from the decision-making process, the relevance and anticipated benefits from the dialogue will be limited” (Pedersen, 2006, p. 140). Dialogue includes the important groups and individuals involved in the decision.

Cummings (2001) argues that effective dialogue means knowing who the dialogue process is to be carried out with and involving them in the process.

Inclusivity requires the dialogue arena be open to all relevant actors (Kerkhof & Wieczorek, 2005). This view was countered by Kaptein & Van Tulder (2003, p. 211) who argued that an organisation needs to "anticipate" who will be affected by their actions and who it needs to interact with on social isssues. Pederson (2006) argues that organisations cannot include everyone in the dialogue and therefore need to develop filters to separate important stakeholders. This implies that organisations need to identify those important stakeholders and consult with this group separately. The stakeholder groups that need to be included in the dialogue were discussed in detail in an earlier section.

2.6.2 OPENNESS

Effective dialogue necessitates that continuous reinforcement of one's own position is avoided (Burchell & Cook, 2006). Openness in dialogue is seen as the "willingness to consider other viewpoints" (Burchell & Cook, 2008, p. 36). Stakeholder dialogue will be limited and not relevant if the problems are taken for granted as it provides few alternatives and choices are predetermined (Pedersen, 2006). To have an effective participative process, stakeholders must be "allowed to make their own judgments and voice their opinions" (Pedersen, 2006, p. 141). The level of engagement will be limited if certain participants are allowed to suppress potentially controversial issues before or during the dialogue (Pedersen, 2006).

Entering dialogue with a preconceived notion of what is involved and sticking to this position throughout the process reduces the effectiveness of the dialogue process (Burchell & Cook, 2006; Burchell & Cook, 2008). In stakeholder dialogue openness is seen as a genuine process of sharing the perspectives of others with a view to resolving a common problem and "avoiding conflict" (Cumming, 2001, p. 48). Kaptein and Van Tulder (2003) point out that there is a difference between merely going through the process of a debate and truly engaging with stakeholders. In the former situation the approach is "trust me'; and "show me" whereas in the latter it is "involve me," join me," or 'engage me" (Kaptein & Van Tulder, 2003, p. 209).

Dialogue with stakeholders can be seen as an alternative to conflict (Bliss, 2002 cited in Hughes & Demetreious, 2006). It results in a process of learning between organisations and stakeholders as parties develop a better understand of each others view points (Burchell & Cook, 2006).

2.6.3 TOLERANCE

Cumming (2001) describes tolerance as a willingness to change views and to give up previously entrenched positions. For dialogue to be "participatory", the organisation and stakeholders involved must be "open-minded towards alternative and critical voices'' which could provide an alternate or different view to the problem at hand (Pedersen, 2006, p. 142). Effective dialogue involves moving away from constantly seeking to reinforce one's own position and holding preconceived notions throughout the process (Burchell & Cook, 2006).

Instead of focussing on reaching consensus the stakeholder dialogue should cater for a diversity of “perspectives, preferences, options and goals” (Cuppen, Breukers, Hisschemoller, & Bergsma, 2010, p. 580).

The nature of the dialogue will favour stakeholders that align to certain predetermined business or societal rationale as in the case where arguments based on “profit” have more legitimacy than those based on “fairness” and consequently the outcomes from dialogues of this nature are known from the start (Pedersen, 2006, p. 142). There is also a tendency for participants to “manipulate the facts” thus there should be mechanisms in place that interrogate the facts and that information presented “is beyond any doubt” (Kaptein & Van Tulder, 2003, p. 213).

2.6.4 EMPOWERMENT

Stakeholders feel empowered when they are able to influence the “structure, process and outcome” of the dialogue and subsequent level of engagement is greater (Pedersen, 2006, p. 42). They then feel that they can contribute and participate in a meaningful way (Cumming, 2001). Empowerment can take on two forms - the first where stakeholders have the power to effectively influence the decision and secondly where they having the technological ability to engage in the decision (Reed, 2008). Reed (2008) further argues that it is not appropriate to invite stakeholder participation when a decision has already been made and the stakeholder cannot influence this decision.

Pederson (2006) claims that commitment and balance of power in the dialogue is a function of the “levels of equality and freedom” (p. 142). There is little participation when one party holds power over the decision making process or the process is designed so as to favour one group over the other. (Pedersen, 2006).

2.6.5 TRANSPARENCY

Organisations are expected to disclose information to their stakeholders as a show of trust (Pedersen, 2006). Therefore, information is required to provide stakeholders and organisations with the opportunity to make decisions (Swift, 2001). The world has changed from a “trust me” culture where stakeholders had complete faith in the organisation acting in their best interest. Of recent there are demands that highlight a “show me” culture where stakeholders want to be assured that the organisation is doing what is right (Kaptein & Van Tulder, 2003, p. 206; SustainAbility, 1999 cited in Cumming, 2001,p. 51; Swift, 2001, p. 23). Stakeholder engagement and dialogue leads to organisations becoming more transparent and accountable to stakeholders (Swift, 2001).

Cumming (2001) contends further that stakeholders should involve themselves in the organisation and build a culture where they are working in partnership with the organisation. Mumford & Gray (2010) argue that general citizens are unlikely to trust alternative energy initiatives unless there is “clearer accountability for action” (p. 2664). In order to involve and hold stakeholders accountable there must be a degree of transparency where involved parties

have access to information and can scrutinise this information as well as the process and outcomes of the dialogue (Pedersen, 2006; Mumford & Gray, 2010).

2.7 SUMMARY OF CHAPTER

Stakeholder Theory can be traced back to Freeman's definition of stakeholders being those persons or groups with legitimate interests in the issues of an organisation (Freeman, 1984). The theory deals with the two-way relationship between the organisation and those stakeholders who believe they have a stake in the issue. As mentioned previously, organisations do not exist just to satisfy the needs of their owners or shareholders but instead have a much wider range of important stakeholders who must be considered when decisions are being made.

A key issue in stakeholder management has been questioning which groups or individuals to involve as legimate stakeholders. The *normative* theory argues that organisations ought to involve stakeholders for ethical and moral reasons. The *instrumentalist's* view is that stakeholders ought to assist in meeting objectives and maximising profits. It is not feasible for organisations to engage with all stakeholders and therefore a process of identifying and prioritising of stakeholders is required. According to Clarkson (1995) stakeholder analysis involves prioritising of stakeholders into primary and secondary groups and engaging with each group differently. Having identified the stakeholders,

organisations have to respond to their varied needs. One acceptable approach has been to use engagement and dialogue.

Scholars argue that through stakeholder engagement the organisation builds relationships which help them make effective decisions. It is argued that engagement can take on different forms and relationships can be achieved through dialogue. Stakeholder engagement is seen as a process of "consultation, communication, dialogue and exchange" (Greenwood, 2007, p. 322).

Stakeholder dialogue sits at the core of engagement. Rockwell (2003) argues that dialogue involves the bringing together of people with differing views resulting in an exchange of ideas. Dialogue is seen as an important communication channel which allows assumptions to be exposed and to be questioned. It is a way of involving stakeholders in the decision making process of the organisation. The question that arises is: what is considered effective dialogue?

Pederson (2006) provides a solution to this question by proposing an effective dialogue framework. This framework argues that there are five dimensions that constitute effective dialogue and by assessing the level of engagement in each, one is able to assess the effectiveness of the dialogue. The five dimensions proposed by Pederson are inclusiveness, openness, tolerance, empowerment

and transparency. This research will attempt to test theses dimensions in the renewable energy dialogue in South Africa.

3 RESEARCH QUESTIONS

Research Question 1: *The stakeholder groups in the renewable dialogue are identified and prioritised?*

One of the fundamental challenges organisations face is to identify which stakeholders they are responsible to, the extent of this responsibility and the expected level of engagement with these groups (O'Riordan & Fairbrass, 2008). According to Cumming (2001) effective dialogue means knowing with whom the dialogue process is carried out and involving them in the process.

Research Question 2: *The current stakeholder dialogue and consultation process is inclusive?*

It is important to identify and include important stakeholders in the dialogue process for the reason that "when important stakeholders are excluded from the decision-making process, the relevance and anticipated benefits from the dialogue will be limited" (Pedersen, 2006, p. 140). Therefore identification, inclusion and prioritisation of stakeholders in the dialogue are crucial and important processes in the stakeholder dialogue. (O'Riordan & Fairbrass, 2008; Pedersen, 2006).

Research Question 3: *The current dialogue between government and NERSA with stakeholders is effective when compared to effective dialogue framework?*

Effective stakeholder relationship management is achieved by dialogue and engagement and is seen as the act of managing the relationship between the

firm and different stakeholders in order to enhance the effectiveness of the firm's decisions, strategies and behaviour (O'Riordan & Fairbrass, 2008; Swift, 2001). According to Kerkhof (2006) stakeholder dialogue can be used to increase public awareness and provide insights that enable policy makers to make political choices in an argued and informed fashion. Thus, effective dialogue is seen as an important element in establishing the renewable energy environment.

Research Question 4: *Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector?*

Stakeholder dialogue creates an important platform for companies to "foster learning and social change" (Livesey & Kate, 2002, p. 253) and this dialogue can lead to "democratic, social and environmentally responsive corporate decision making" (Livesey & Kate, 2002, p. 233). Using dialogue as the basis for the way an organisation interacts with its internal and external customer groups can help it to find new market opportunities (Stead & Stead, 2000). Stakeholder engagement and especially dialogue can be used as a mechanism in establishing the renewable energy sector in South Africa.

4 RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter aims to outline the proposed research philosophy, the methodology to be employed, the design process and possible limitations of the research to be undertaken. It aims to critically analyse the stakeholder engagement process; especially stakeholder dialogue that is being used by NERSA, Eskom and the DOE in attempting to address the renewable energy challenges facing the country. The research will focus on who the key stakeholders involved in the dialogue are, whether this dialogue is inclusive of important stakeholders, whether the dialogue is effective when tested against effective dialogue frameworks identified in the literature review in Chapter 2 and the role that stakeholder dialogue can play in establishing the renewable energy sector in South Africa.

The proposed research design will thus be qualitative and descriptive. This choice is based on the literature study conducted and the research questions to be answered. Varvasovszky and Brugha (2000) argue that qualitative studies are useful when analysing complex issues such as policy issues as the methodology eliminates premature focusing on a few aspects while neglecting other items that may emerge in the data collection and analysis. Qualitative research also enables the researcher to gain a better understanding of the dimensions of a problem (Zikmund, 2003). This is in line with the objectives of this research where identified dimensions of dialogue were to be tested against the levels of engagement experienced by renewable energy stakeholders.

Zikmund (2003) further portrays descriptive research as that which is designed to describe characteristics of a population or a phenomenon. Such a process is implemented when there is some prior understanding of the nature of the research problem as well as in order to answer the 'who, what, when, where and how 'questions (Zikmund, 2003, p. 55). This research focused on answering the following questions:

- Who are the stakeholder that NERSA is engaging with when dealing with renewable energy issues?
- How effective is the dialogue when compared to effective stakeholder dialogue dimensions and framworks?
- Can dialogue be used to establish the renewable energy sector in South Africa?

In the literature review the effective stakeholder dialogue model of Pederson (2006) was assessed revealing the dimensions of inclusivity, openness, tolerance, empowerment, transparency. The levels of engagement against these dimensions will be tested in this research project.

4.2 RESEARCH DESIGN

The research design sets out the 'master plan' which specifies the methodology for collecting and analysing data (Zikmund, 2003). This research project was conducted in a two stage study.

Stage 1: The first stage involved the use of secondary data to critically analyse the discourse on renewable energy and whether the current dialogue between stakeholders is effective. In this stage, publically available written statements from stakeholders were interrogated to analyse the effectiveness of the stakeholder dialogue around renewable energy. The research was conducted by collecting and evaluating 50 articles from public debates, reports, newspaper articles, and internet articles that contained references to the debate and dialogue on renewable energy. An internet search was conducted using the keywords of '*renewable energy'* and '*NERSA' or 'Department of Energy'* or *'Eskom'.* The contents of these articles were then critically analysed for statements which indicated anything about the stakeholder dialogue or the process used.

Stage 2: The second stage involved a personal in-depth interview with selected stakeholders. Personal interviews are direct communication with the respondent in which the interviewer asks face-to-face questions which offer the interviewer the opportunity to delve deeper should the answer not be clear (Zikmund, 2003). This method was deemed appropriate in this research as in testing the dimensions of effective dialogue with respondents' some answers required elaboration to obtain more details or the researcher wanted to test the respondent's views on certain dialogue dimensions. Marshall and Rossman (2006) argue that the use of in-depth interviews as a method of gathering data is appropriate when the purpose of the study "is to uncover and describe the

participants perspectives on events" (p. 120). This was in line with the objective of this research.

4.3 POPULATION, SAMPLE AND UNIT OF ANALYSIS

4.3.1 POPULATION

Zikmund (2003 defines the population as "a complete group of entities sharing some common set of characteristics" (p. 369). The relevant target population consisted of all stakeholders who had an interest in renewable energy in South Africa. These stakeholders were renewable energy IPPs, NGOs, trade organisations, renewable energy consultants, academics, journalists expressing a view, Eskom employees, employees from the DOE, and NERSA. Determining the size of this population proved difficult as anyone who had a stake in renewable energy as buyer, user of energy, interest groups, government and generators were potential stakeholders and could be included in the population.

4.3.2 SAMPLE

As this research was designed to be in two parts, two sampling methods were used. Table 1 indicates the data collection method, sample technique and sample size used for this research.

Table 1: Sampling Information

Sampling Information				
Stage	Aim	Data Collection Method	Sampling Technique	Sample Size
1	Critically analyse the effectiveness of stakeholder dialogue from public domain data	Content Analysis from public statements	Non probability-convenient	50
2	Critically analyse the effectiveness of stakeholder dialogue from selected interviews	One-on-one semi structured interview	Non probability-purposive & snowballing	9

The sample for stage 1 included renewable energy stakeholders who had made a comment on renewable energy and were published in some form in the public domain. The sampling technique is non-probability and convenient as the researcher used arbitrary selection and personal judgement.

The primary method of sampling for stage 2 was non- probability, purposive sampling. Zikmund (2003) describes this as a technique in which an experienced individual selects the sample based on his or her judgement about some appropriate characteristic required of the sample members. The sample for the in-depth interviews was selected from within the renewable energy target population group.

These stakeholders were asked to suggest further stakeholders to interview leading to snowball sampling which increased the sample size (Zikmund, 2003). Identification of potential IPPs was difficult as there is no direct way of determining who the potential suppliers were. Therefore the snowballing technique was appropriate for this research.

The researcher further relied on personal contacts and networks to identify potential candidates for the research. Initially the researcher identified ten potential stakeholders that met the sampling criteria. The criteria were that these stakeholders had to be involved in renewable energy in some way. Thus, they were either developing renewable projects, one who was an independent power producer, another involved in renewable energy regulations or legislations and yet another representing renewable energy trade organisations. The ten respondents were e-mailed outlining the purpose of the research and a request was made for them to take part in the interview. Five out of the ten stakeholders accepted the invitation. The remaining four respondents were each identified by recommendations made by the initial five respondents. Some respondents even helped to set up the interviews.

4.3.3 UNIT OF ANALYSIS

The unit of analysis in this research was the theme expressed as a word or parts of a sentence. According to Zhang and Wildermuth (Zhang & Wildermuth, 2006) the use of themes as coding units is appropriate when one is "'primarily looking for the expression of an idea" (p. 3). The researcher was looking at words or parts of a sentence that could indicate themes in the dialogue.

4.4 RESEARCH INSTRUMENT

The research instrument used in stage 2 was a semi-structured interview questionnaire that linked the findings of the literature review and related to the

research questions outlined in Chapter 3. Semi structured interviews assist in structuring data collection while simultaneously being sufficiently broad in focus to allow emerging themes (Varvasovszky & Brugha, 2000). The questionnaire covered the five main dimensions of effective dialogue identified in the literature survey; as well as the additional three dimensions identified in stage 1. The dialogue dimensions of inclusion, openness, tolerance, empowerment, transparency, clarity, policy and trust were tested by way of open ended questions.

4.5 DATA COLLECTION

An internet search was conducted using the keywords of '*renewable energy', 'NERSA', Eskom or 'Department of Energy'.* The search was limited to articles that were published in the last two years with the starting date being January 2009. The search was stopped when the researcher accumulated 50 articles. These articles were then scanned for relevance. It was found that four articles did not match the initial criteria and were therefore discarded. According to Stemler (2001) "inappropriate records" (p. 2) that are not within the research definition and analysis should be discarded. The next four articles that met the search criteria were included in the study and analysed.

The contents of these articles were then critically analysed for statements that indicated anything about the renewable stakeholder dialogue or the dialogue process used. These statements were used to assess the effectiveness of the current stakeholder dialogue on renewable energy.

The second method chosen was that of a personalised semi-structured interview. Fossey, Harvey, McDermott, and Davidson (2002) argue that semi structured interviews are used when attempting to facilitate a more focused exploration of a specific topic accompanied by an interview guide. The research instrument used for this purpose was described in section 4.3 above and was used to obtain necessary data.

The interviews were conducted in two parts; the first part being a classical semi-structured interview where the interviewer introduced the questions (Appendix 2) to the stakeholder being interviewed. This was done by way of an open ended question giving the respondents enough flexibility to answer the question the way they chose. In the second part, the researcher then posed questions to the respondents to test stakeholder dimensions that had been sourced either from the literature review or from the stage 1 process. This was done to elicit views and responses that may have been omitted or not considered.

A total of nine face-to-face interviews were conducted at the respondents' offices. The interviews lasted between 30 minutes and 60 minutes and presented the respondents with sufficient opportunity to provide detailed answers to the research questions.

During the interview the researcher took copious written notes of what was said by the respondents. These were later used for analysis. In addition, the

interviews were electronically recorded using the voice recorder function on the interviewer's Blackberry 9300 Smartphone. The recorded interviews were then sent to an independent transcriber who transcribed each recording verbatim. This was done to eliminate any biases as McKracken (1988) states "investigators who transcribe their own interviews invite not only frustration but also a familiarity with the data that does not serve the later process of analysis" (p. 41).

4.6 DATA ANALYSIS

Qualitative content analysis is defined as a "research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes and patterns" (Zhang & Wildermuth, 2006, p. 1). According to Anderson (2007), qualitative data has the potential to mirror interview transcripts or other texts that reflect experimentally on the research topic.

The data collected in this interview was analysed using content analysis. Content analysis has been defined as a "systematic, replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding" (Stemler, 2001, p. 1). It "offers an accessible and theoretically flexible approach to analysing qualitative data" (Braun & Clark, 2006, p. 77). Content Analysis is seen as a descriptive presentation of qualitative data (Anderson, 2007) and is used as a method for identifying, analysing and reporting patterns within the data set (Braun & Clark, 2006; Krippendorff, 1980;

Stemler, 2001). Krippendorff (1980) notes that " content analysis research is motivated by the search for techniques to infer from symbolic data what would be either too costly, no longer possible, or too obtrusive by the use of other techniques" (p. 51).

The process involved a detailed examination of the content of the data or interview transcripts. The data from both the public sourced secondary data and primary data from the interviews made up the raw data for the analysis. Performing the content analysis involved a number of steps as detailed in Krippendorff (1980) and Stemler (2001). What makes the process meaningful is the “reliance on coding and categorizing of data” (Stemler, 2001, p. 3).

The process started with the researcher becoming fully conversant with the data and transcripts by reading and re-reading the articles and transcripts as well as the notes taken during the each interview. Generally the data must be transcribed and in written form before analysis can start (Zhang & Wildermuth, 2006).

Coding and categorisation of the data was done ‘*a priori’,* where the categories for coding are determined prior to the analysis based on a theoretical foundation from the literature survey done (Stemler, 2001). Zhang and Wildermuth (2006) (p. 2) describes this process as “directed content analysis”; a process in which the coding starts with prior research findings or prior literature survey followed by a process where the “coders immerse themselves in the data and allow

themes to emerge". The purpose of this method is to validate or further develop an existing conceptual framework. This method was appropriate in this research as the objectives were to validate the current stakeholder dialogue against the existing framework of Pederson and to build on this framework.

The analysis process started with the development of the code book. The code book was developed using the information from the literature review. Each dimension was thoroughly analysed and words or characteristics of that dimension were highlighted. These characteristics were further separated into positive and negative engagement categorises. Developing the code book is an iterative process. As the data was analysed and new words were found that described the characteristics of that dimension, they were added to the code book. Appendix 1 details the code book generated against which the coding of data in this research took place.

Each article was manually interrogated and coded by the researcher using the codebook as the comparator. Any text or statement within the article that made reference to the renewable energy dialogue was highlighted and extracted. The extracted statements were pasted in a spreadsheet. The results were compared to the dimensions covered in the literature review and categorised according to the initial five themes or dimensions identified in the literature review. During the process there were several statements found that could not be categorised into the five dimensions highlighted in the literature. These statements were then further evaluated and this resulted in the emergence of three additional themes.

The researcher used an Excel spreadsheet to collate the data. Each article was given a unique ID reference. The person that made the comment on the dialogue was identified as well as the stakeholder group to which they belonged. This was to be used for the biographical data to identify which stakeholder groups were being involved and included in the dialogue. The researcher found that in some articles there was more than one person involved in the dialogue. It was also found that some stakeholders were very vocal and more than one statement on a particular dialogue category noted. It was also found that some statements could be allocated to more than one category. This resulted in more than 50 statements on the dialogue process.

Statements within each category were further evaluated to determine whether the engagement was positive or negative in nature. The levels of engagement scales of Pederson (2006) were used as the code guide in this coding process. The statements were colour coded; the positive engagement indicated with a green and the negative engagement was coded red.

The results were analysed quantitatively by comparing the number of sentences coded in each dimension and qualitatively by reviewing the content of the coded text.

4.7 RELIABILITY AND VALIDITY

Reliability is defined as the “degree to which measures are free from error and therefore yield consistent results” (Zikmund, 2003, p. 300). Reliability requires repeatability of results; that researchers working at different points in time and under different circumstance on the same set of data should achieve the same results (Krippendorff, 1980; Zikmund, 2003). Zhang and Wildermuth (2006) make the point that the knowledge and expereince of the coder can have a significant influence on the research outcomes. The researcher acknowledges that his current role as a consultant to Independent Power Producers in the renewable energy field brings in potential bias for the results.

Therefore in an attempt to ensure reliability the coding of the stage 1 statements was checked by an independent coder that had no links or vested interest in renewable energy. This ‘independent ‘coder’ then checked the statements against the themes or categories in the Pederson (2006) framework and checked the level of engagement against the codes. Zhang and Wildermuth (2006, p. 2) argue that in order to ensure the validity and reliability of inferences from the data, qualitative analysis requires a “set of systematic and transparent procedures for processing data”. The data percentage of agreement between the coding results done by the researcher and the independent ‘coder was 75 percent.

Zikmund (2003) defines validity as the “ability of a scale to measuring instrument to measure what it is intended to measure” (p. 302). This implies that

researchers need to use multiple sources of information in order to validate inferences (Stemler, 2001). In qualitative research in order to bring creditbilty to the results a researcher must validate data by using triangulation (Stemler, 2001; Zhang & Wildermuth, 2006).

To ensure validty of results the researcher attempted to triangulate the results by gathering data from a semi structured interview process as well. The methodogy for this was explained earlier as *stage 2* of the design.

4.8 LIMITATION OF STUDY

The following aspects are seen as possible limitations in the study:

- The use of judgement (purposive) sampling may bring in bias. According to (Zikmund, 2003) this could have resulted in bias due to expert's belief and this may lead to the sample being unrepresentative of the population. Projection of data beyond this sample may not be appropriate.
- The use of the qualitative interview method could lead to interviewer bias with the interviewer making his own vested interest known. The researcher currently consults in the renewable energy sector and may add potential interpreter bias.
- There is potential for sample bias as snowball sampling has a higher probability of respondents that are similar (Zikmund, 2003).
- The research is dependent on the respondent's ability to provide adequate insights during the interviews.

- The research is focusing on stakeholder dialogue in South Africa and the results may not be applicable to other countries.

4.9 SUMMARY OF CHAPTER

The research design and methodology selected was intended to meet the objectives of the research report. An exploratory descriptive research method was chosen and deemed to be appropriate for the research questions posed in chapter 3. A two-stage data collection methodology was adopted with stage1 obtaining secondary data from public domain articles and stages two validating this by obtaining data using semi-structured interviews. Analysis of both sets of data was conducted using qualitative content analysis the results of which will be discussed in chapter 5.

5 RESULTS

5.1 INTRODUCTION

This chapter summarises the results and information gathered during the content analysis of the 50 articles collected from the Internet on stakeholder dialogue and the face-to-face interviews conducted with nine stakeholders. A key objective of both stages was to gain a better understanding of the stakeholder dialogue process and to assess the effectiveness of this dialogue. The information and statements extracted from the articles and the questions asked of respondents were focussed to elicit information that would answer the research questions highlighted in Chapter 3.

The data for stage 1 was obtained from an internet search using the keywords of ‘renewable energy’ and “NERSA” or ‘Eskom’ or ‘Department of Energy’. Once the 50 articles identified they were analysed using qualitative content analysis. To validate the data, nine face-to-face interviews were conducted using semi structured interview questionnaires. In order to allow the respondents the opportunity to answer in whichever way they saw fit, questions were posed to respondents in an open manner. The researcher further probed the respondents to test whether the dimensions of dialogue identified in the literature review and stage 1 process were present in the renewable energy dialogue. With the permission of the respondents, interviews were electronically recorded and later transcribed. The data from both sources were then analysed using qualitative content analysis. These results were then aggregated and the results are discussed in this chapter.

5.2 OVERVIEW OF RESULTS-STAGE 1

The 50 articles evaluated in stage 1 resulted in dialogue statements by seven stakeholder groups. Some articles realised comments by several stakeholders and some stakeholders' statements were on multiple dimensions. During coding the researcher made sure that the same stakeholder was not quoted on the same issue in different articles and that the statements were inherently different. The articles were initially coded according to the five dimensions of stakeholder dialogue identified in the literature review. A further three themes emerged from the content analysis and these were then added to the list which resulted in a total of 154 coded statements. An overview of the coding results is shown in Figure 2 and is further broken down by negative and positive engagement statements as shown in Figure 3.

Figure 2: Overview of Stage 1 Data

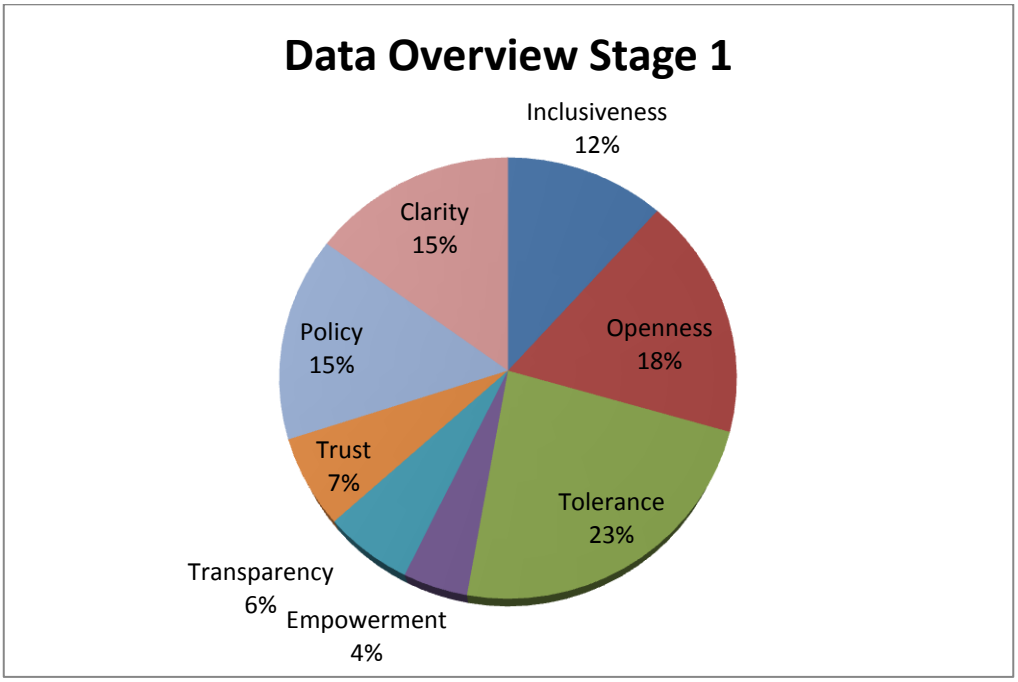
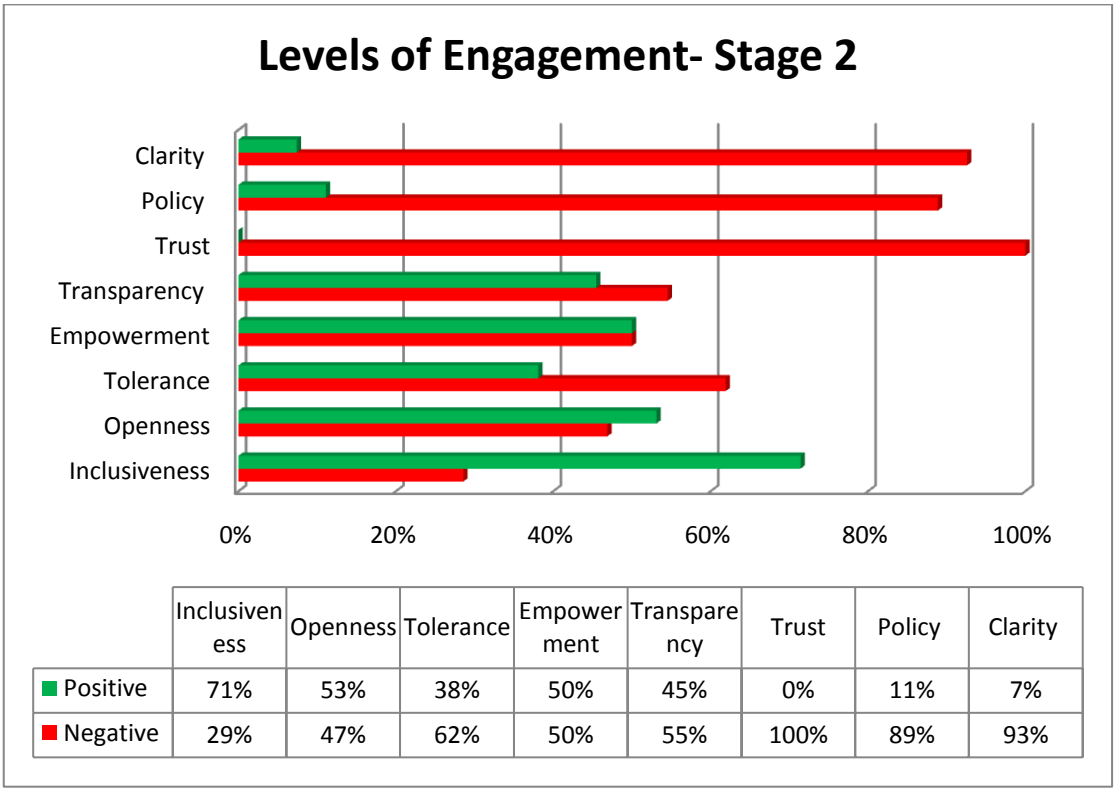


Figure 3: Positive and Negative Levels of Engagement, as a percentage of all sentences



	Inclusiveness	Openness	Tolerance	Empowerment	Transparency	Trust	Policy	Clarity
Positive	71%	53%	38%	50%	45%	0%	11%	7%
Negative	29%	47%	62%	50%	55%	100%	89%	93%

Overall the issue of tolerance was mentioned in 23 percent of the sentences, making it the most frequently discussed dimension. The responses were skewed towards negative engagement level with 62 percent of statements leaning towards the current dialogue as not tolerant. This indicates that tolerance of differing views takes a prominent position in the stakeholder dialogue on renewable energy.

Openness was the second most extracted dimension that appeared with 18 percent of extracted statements. The level of engagement in this dimension was slightly skewed to the positive with 53 percent of the statements indicating that the dialogue is somewhat open. The two additional identified dimensions of clarity and policy issues featured strongly with 15 percent each of the total

extracted statements. This was closely followed by inclusiveness with 12 percent of the total. In the dimensions of clarity of information and policy issues there was an indication of strong negative bias towards low levels of engagement whereas inclusiveness featured very definite positive levels of engagement. Transparency and trust featured next with seven percent and six percent respectively with levels of engagement skewed toward negative engagement in both these dimensions.

The dimension of empowerment scored very low at four percent and did not emerge as a significant issue when considering stakeholder dialogue. The data also showed indifference toward the level of engagement with the split being 50 percent.

5.3 OVERVIEW OF RESULTS-STAGE 2

The nine stakeholder interviews conducted to validate the data capturing process revealed dialogue from three stakeholder groups and eight organisations. Using qualitative content analysis a total of 290 statements were extracted by way of coding that symbolized the stakeholder dialogue. An overview of the coding dimensions is provided in Figure 4 and is further broken down by negative and positive engagement statements in Figure 5.

In stage 2 data the most frequently discussed dimension was openness which featured in 23 percent of the statements. Responses were favoured towards negative engagement levels with 61 percent of statements leaning towards the

negative implying the current dialogue is somewhat closed to new thinking and alternate solutions. Tolerance featured next with 22 percent of extracted statements. These responses were strongly favoured towards negative engagement level with 71 percent of statements indicating the current dialogue is not tolerant and an unwillingness to change views.

Inclusiveness and transparency featured next with 14 percent and 10 percent of the total statements. The coded statements for inclusiveness showed a strong positive level of engagement at 67 percent which can be interpreted that the current dialogue is inclusive of stakeholders. Transparency on the other hand displayed a strong negative engagement bias with 68 percent of statements indicating limited access to information. The identified dimensions of clarity of information and policy issues were also tested in the interviews and the coded statements represented 10 percent of the total with a strong negative bias towards low levels of engagement. Empowerment and trust scored a low seven percent and four percent respectively and did not emerge as significant issues in the stage 2 interview data. The statements analysed revealed predominantly negative levels of engagement for both dimensions.

Figure 4: Overview of Data from Stage 2

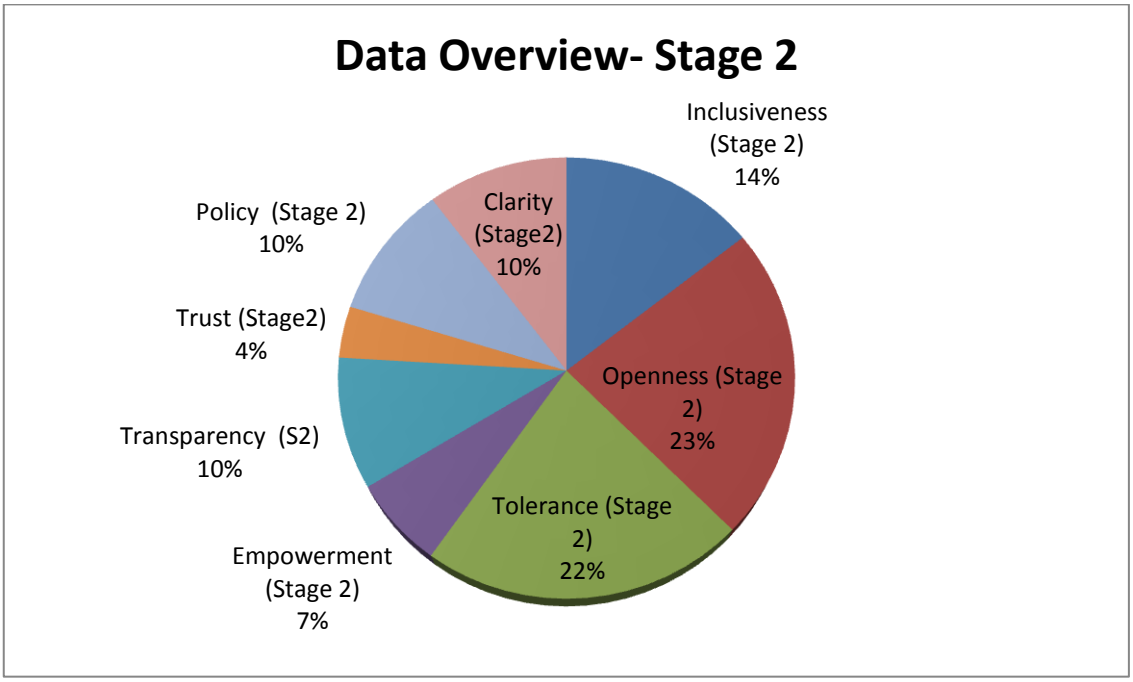
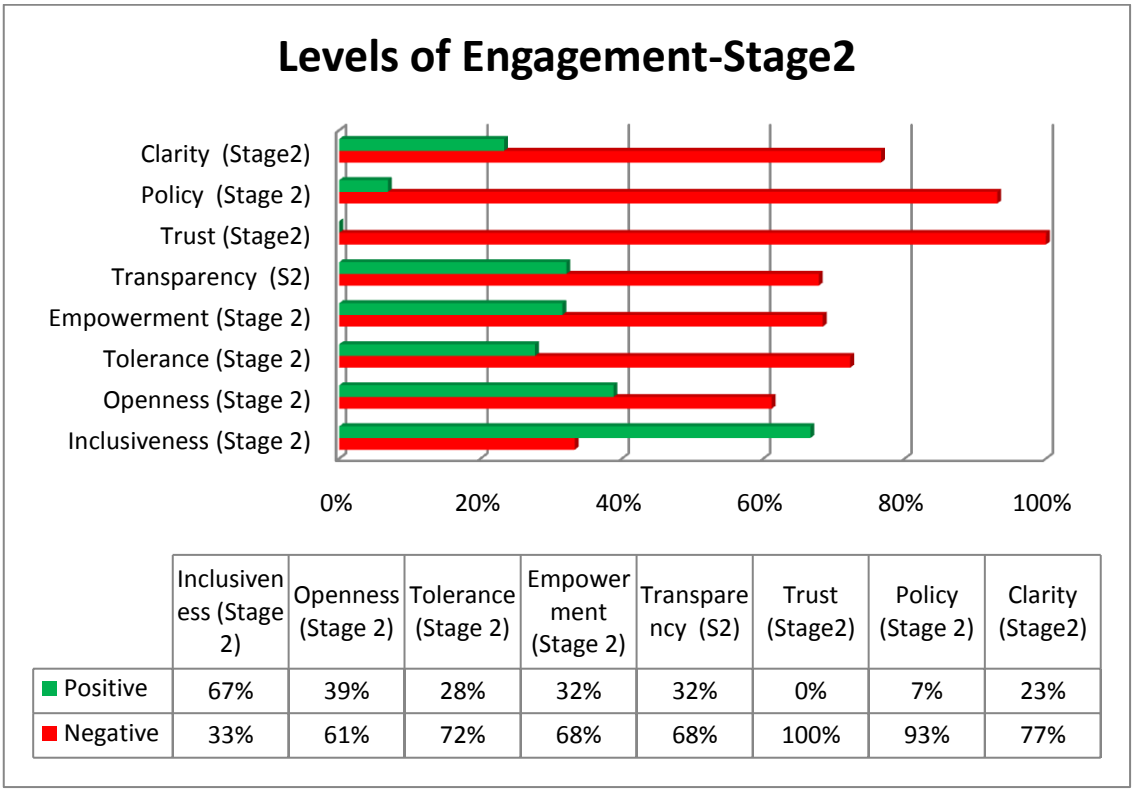


Figure 5: Stage 2 Levels of Engagement



	Inclusiveness (Stage 2)	Openness (Stage 2)	Tolerance (Stage 2)	Empowerment (Stage 2)	Transparency (S2)	Trust (Stage2)	Policy (Stage 2)	Clarity (Stage2)
Positive	67%	39%	28%	32%	32%	0%	7%	23%
Negative	33%	61%	72%	68%	68%	100%	93%	77%

5.4 RESULTS FOR RESEARCH QUESTION 1

The stakeholder groups in the renewable dialogue are identified and prioritised?

This research question firstly attempted to identify the stakeholder groups involved in the renewable energy dialogue and secondly whether the stakeholders in this group were prioritised. Table 2 below highlights the details of the six stakeholder groups that were identified in stage 1 of this research study. These represented the typical stakeholder groups one would expect to be involved in the dialogue on renewable energy which included academic experts from the universities; government spokes persons, Department of Labour, Eskom, local government, members of parliament and NERSA; Investors and financial institutions; Independent Power Producers involved in various renewable energy technologies; non- governmental organisations; the general public including legal experts, reports, union spokes persons; trade associations such as Business Unity SA, Energy Intensive Use Group (EIUG), wind and solar groups.

Table 2: Stakeholder Groups

Stakeholder Group	Stakeholder Organisation Name	Number of Dialogue Statements
Experts	University Professors	2
Government	Dept Public Enterprises, Dept of Energy Eskom MEC for local government Members of Parliament NERSA	55
Investors	Evolution One Fund Standard Bank	4
IPPs	Alt E Technologies Amatola Power Clean Energy Solutions Ermelo Energy	35

	Exxaro Genesis Eco -Energy Mainstream Renewable Power Nana Energy Renewable Energy Systems SAPPI	
NGO	Earthlife Africa Greenpeace World Wildlife Fund (WWF)	15
Public	Dewey & LeBoeuf EE Publishers FEDUSA M&G Reporter PACE Reporter SAIIA Engineering News Reporter	47
Trade Association	Business Unity South Africa Energy Intensive User Group Ride the Ray SA Cane Growers Association SASTELA SAWEA SAWEP	22
	TOTAL STATEMENTS	180

Table 3 details the participants who were interviewed to validate the study in stage 2. Nine stakeholders were interviewed as detailed in Chapter 4. To preserve their anonymity the respondents names have been omitted and they have been classified as Stakeholder 1 (SH1) to Stakeholder 9 (SH9). Five stakeholders were initially chosen using the judgemental sampling technique. In addition the research process included the selection of those recommended by the initial respondents using the snowballing sampling technique and resulted in a further four stakeholders being selected.

The stakeholders interviewed belonged to IPPs, government departments and Trade Organisations and represented organisations such as Sappi, Mondi, Eskom, NERSA, Sugar Developers and the Department of Energy. There were also two independent consultants that worked with IPPs and represented trade organisations.

Table 3: Stage 2 Stakeholder Groups

Stakeholder Group	Organisations	Stakeholder Dialogue Statements
Government	2 x Eskom, DOE	110
IPPs	Biotherm, PGBI, SAPPI, Mondi	119
Trade Organisations	SAIPPA, EIUG	61
Total Statements		290

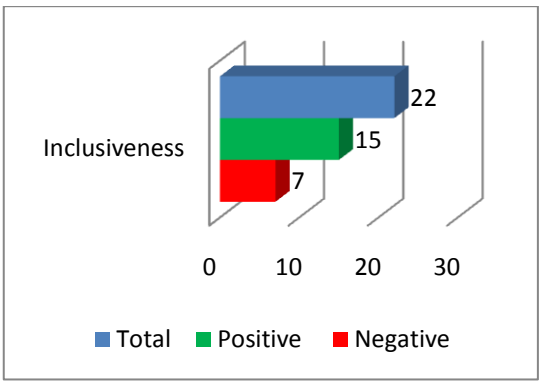
The results do not indicate any sort of prioritisation. Stakeholder consultation is conducted by way of an open public process and anyone who believes that they may have a stake is free to respond.

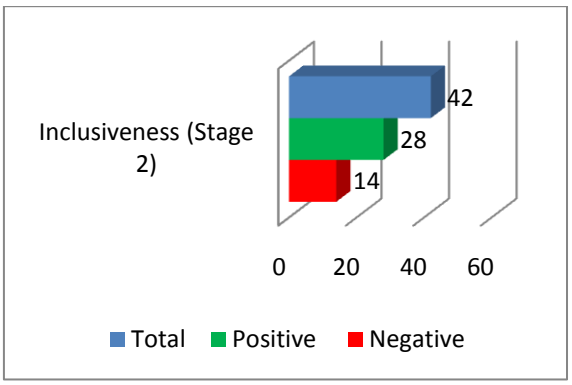
5.5 RESULTS FOR RESEARCH QUESTION 2

The current stakeholder dialogue and consultation process is inclusive?

The objective of this research question was to assess whether the dialogue was inclusive of important stakeholders. The results for inclusiveness are shown in Figure 6 and Figure 7 below.

Figure 6 & Figure 7: Levels of Engagement in Inclusiveness





The results of stage 1 show that NERSA and government are inclusive in the stakeholder dialogue process. A total of 15 statements representing 68 percent of the statements were positively framed towards inclusion. This was further confirmed by data from stage 2 where 28 of the 42 statements representing 67 percent of the data indicated that the dialogue was inclusive of all stakeholders. This is demonstrated in these typical statements'

> *PSH6:"...the plenary session will be open to the public and will provide a platform for stakeholders to make oral presentations on inputs".*
>
> *PSH12: "NERSA is publishing a consultation paper and inviting public comment"*
>
> *PSH48: "NERSA posted a consultation paper for phase 2 of REFIT...and is requesting input and comment from stakeholders and the public"*
>
> *PSH25: "The DOE has also called on all interested parties to register on the stakeholder database for inclusion in the IRP2 consultation process..."*
>
> SH1: "all public was allowed to [participate]"
>
> SH8: *"in forums that we have, I think everyone has a seat and everybody is represented"*
>
> SH9: *"it was generally open to everyone"*

Ten statements from stage 1 and fourteen statements from stage 2 were negatively framed. These included statements such as:

> *PSH26: "...NERSA should embrace a principle of inclusion, instead of exclusion"*
>
> *PSH30: "The absence of consumer groups and a wider industry spectrum would skew the IRP process in favour of certain agendas to the detriment of the rest of society"*

PSH3: "The government's IRP expected to be released in September has had little input from consumer groups and civil society."

PSH65:"The tariffs are only applicable to large scale projects- individuals and communities cannot participate"

SH3: *"It is often unclear...who was on those work groups to do the development of those drafts"*

SH5: *"I am finding that they keep wanting to push Eskom out and not involving Eskom so there are decisions being made and things being discussed and Eskom may or not be invited"*

SH8: *"it becomes exclusive to the extent that people do not fulfil their obligations of not coming to these meetings and discussions"*

Inclusiveness in stakeholder dialogue is illustrated in the data in Table 4 below which outlines the findings of inclusiveness reported per stakeholder group.

Table 4: Inclusiveness Levels of Engagement Stage 1

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	11	1	12
IPP	0	1	1
NGO	1	1	2
Public	3	2	5
Trade Association	0	2	2
Academic	0	0	0
Total	15	7	22

The data above shows that inclusiveness is being actively used by government (Eskom, NERSA and DOE) in trying to establish the renewable energy sector. Stakeholders in this group display strong positive engagement in inclusiveness

shown by 92 percent of the statements. This was also confirmed by the results from stage 2 shown in table 4 below where 53 percent of the positive statements were from government.

Table 5 : Inclusiveness levels of Engagement-Stage 2

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	15	8	23
IPPs	12	5	17
Trade Association	1	1	2
Total	28	14	42

5.6 RESULTS FOR RESEARCH QUESTION 3

The current dialogue between government, Eskom and NERSA with stakeholders is effective when compared to effective dialogue framework?

The purpose of this research question was to compare the current renewable stakeholder dialogue against the effective dialogue framework identified in the literature. The dimensions of effective dialogue that were evaluated were openness, tolerance, empowerment and transparency. The results from the levels of engagement in stage 1 are shown in Figure 8 below and the results from stage 2 are shown in Figure 9.

5.6.1 OPENNESS

Effective openness is achieved when stakeholders are free to speak their minds and make their own judgement. In assessing openness the coding process in stage 1 extracted a total of 32 statements to indicate this dimension. Seventeen out of the thirty two statements; accounting for 53 percent of the total were

viewed as positive engagements making reference to a consultation process, building a platform and inclusion of new technologies.

Figure 8: Stage 1 Levels of Engagement

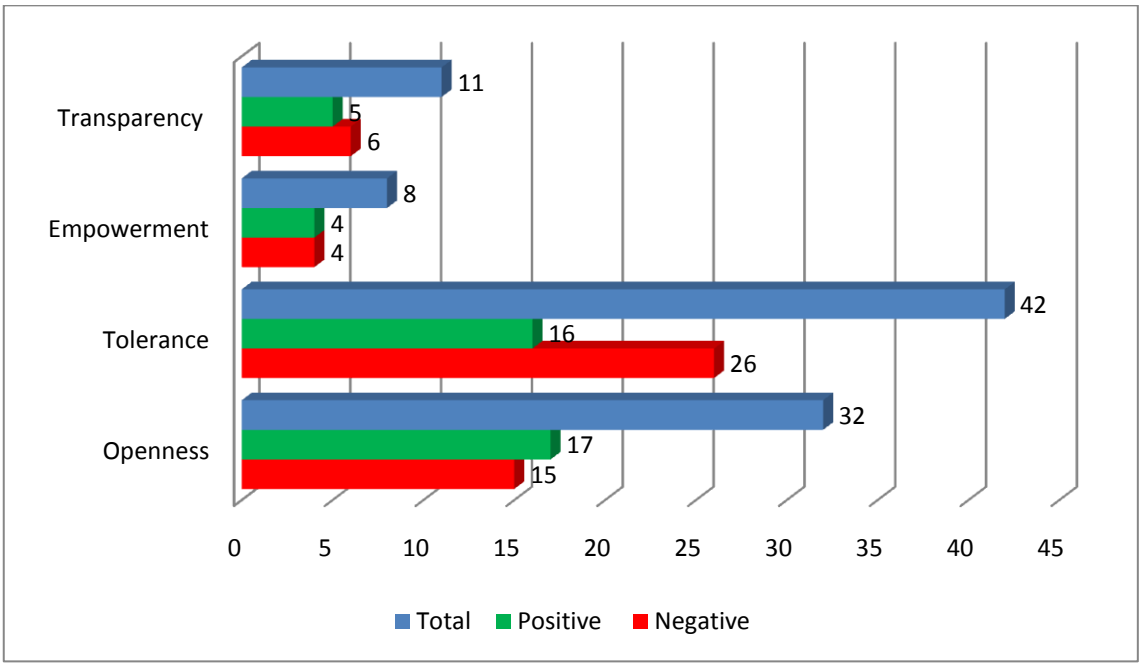
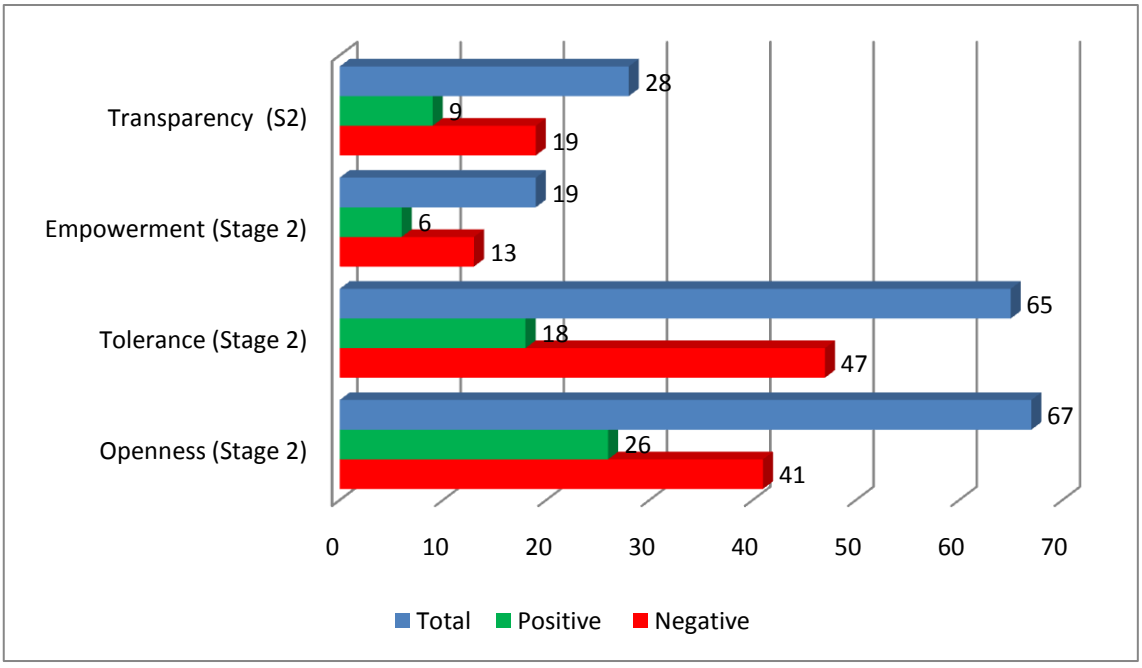


Figure 9: Stage 2 Levels of Engagement



However in stage 2 data only 26 of the 67 statements for openness showed positive engagement. This totalled only 39 percent of positive openness statements. Some examples of these positive statements were:

PSH6: "will provide a platform for stakeholders to make oral presentations on inputs..."

PSH51: "The inclusion of the new technologies is a great step forward for renewable" energy in SA and plugs some of the gaps from the first REFIT"

PSH56 "the consultation would cover the role and scope of the IRP as well as the need to balance the security of supply with the country's growth and affordability priorities."

SH1*: "I think the regulator took note of that and adopted that"*

SH5*: "They are prepared to engage, they are prepared to listen and talk to us"*

SH8*: "we are fairly open and frank with each other"*

Forty seven percent of the statements in stage 1 indicated negative engagement which amounted to fifteen out of thirty two statements. This is in contrast to the 61 percent of negative statements representing 41 of the 67 openness statements in stage 2. Typical negative statements are depicted by:

PSH56: "The regulator should be more flexible..."

PSH76: "NERSA was criticised for not including biomass and thermal energy as renewable energy forms"

PSH1: "By way of decree ...removes the prospect for meaning consideration of stakeholder input"

SH1: *"comments were limited to the scope of what they put out"*

SH2*: "the channels are not particularly open and free"*

SH5: *"Eskom may be invited to these and if they are they may not comment"*

Results of analysing openness by stakeholder groups for stage 1 are shown in Table 6 below. Most statements extracted came from the public stakeholder group with 34 percent of the statements. This group seemed to be split on their views with 55 percent of the statements indicating negative engagement. The Independent Power Producer group was strongly biased towards negative engagement with five out of seven statements being classified as negative. The government stakeholder group's statements were strongly favoured towards positive engagement with seven out of eight statements in this category. This is probably due to government stakeholder groups wanting to publically display that they were open in their approach to renewable energy.

Table 6: Stakeholder group for Openness

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Academic	0	0	0
Investor	0	0	0
IPP	2	5	7
NGO	2	3	5
Trade Association	1	0	1
Public	5	6	11
Government	7	1	8
Total	17	15	32

The results of openness in stage 2 categorised by stakeholders is shown in Table 7 below. There was a strong view from IPPs and trade organisations that the level of openness is poor with views from these two groups representing seventy three percent of the negative responses.

Table 7: Stage 2 Stakeholder Group for Openness

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	12	11	23
IPPs	11	17	28
Trade Association	3	13	16
Total	26	41	67

5.6.2 TOLERNACE

Effective dialogue requires stakeholders be receptive towards alternate views. Analysis of stage 1 showed tolerance featuring strongly in 23 percent of statements and the level of engagement was strongly biased towards the negative demonstrated by 27 out of 42 statements. In stage 2 data tolerance also featured strongly with 65 coded statements of which 47 were negatively framed. Some of the negative views expressed were demonstrated going through the motion, exclusion and participation cut off. Some of the examples of these views are:

PSH26:"*Critics saw the release as a mere tick the box exercise"*

PSH30: *"The absence of consumer groups and a wider industry spectrum would skew the IRP process in favour of certain agendas to the detriment of the rest of society"*

PSH5: *"REFIT should include a range of additional scales*"

PSH10: *"WWF is concerned that the issues raised at the hearings have not been resolved"*

SH1: *"It excluded a whole lot of renewable from us, namely black liquor"*

SH2:*"in my experience there is not a good correlation between the opinions presented in the public hearings and what finally comes out in the document"*

SH5: *"sometimes things get put out there and we comment on them and they are ignored"*

Some positive engagement comments were also extracted in both stages. Thirty eight percent of total tolerance statements in stage 1 were positive whilst only twenty eight of the statements in stage 2 were positive. Some of the positive statements included the following:

PSH11:*"The approved guidelines will indicate the extent to which NERSA has accommodated the renewable energy industry's concerns"*

PSH12:*"…NERSA assessing the submission received from stakeholders and the public"*

PSH33: *"Extensive public submissions had already been received and processed."*

PSH51*: "The inclusion of the new technologies is a great step forward for renewable energy in SA and plugs some of the gaps from the first REFIT."*

SH1*: "they certainly appeared to not have a hidden agenda or an agenda agreed to and they were following procedures to make it formal"*

SH6: *"they did come back with something very positive but that is not always the case"*

SH9: *"We are taking the feedback but your proof or evidence will only come out when those policies have been finalized"*

Results of analysing tolerance of stakeholder groups are shown in Table 8 below. Most statements extracted came from the government stakeholder group which accounted for 36 percent of the total tolerance statements. Statements extracted from this group were strongly favoured towards positive engagement with 10 of the 15 statements accounting for 24 percent of the total.

Table 8: Stakeholder Group by Tolerance- Stage 1

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Academic	0	0	0
Government	10	5	15
Investor	0	0	0
IPP	0	7	7
NGO	1	4	5
Public	4	5	9
Trade Association	1	5	6
Total	16	26	42

Table 9 below represents the stakeholder view on tolerance from the data in stage 2 where the view was somewhat different from that in the stage 1. IPPs expressed strong views about tolerance in the dialogue with 32 percent of the total statements from this group being negative engagement. Strong views from Eskom regarding exclusion around the selection criteria also contribute to the overall negative view of tolerance from the respondents.

Table 9: Stakeholder Group by tolerance -Stage 2

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	9	14	23
IPPs	6	21	27
Trade Association	3	12	15
Total	18	47	65

5.6.3 EMPOWERMENT

The results of the study found that in stage 1 the dialogue on empowerment featured least with only eight extracted statements. In contrast the result of stage 2 extracted 19 statements on empowerment; thirteen of which were negatively framed representing 68 percent of the responses. Some of the positive statements extracted are:

PSH33:*"The need for public consultation would have to be balanced with security of supply and investment issues"*

PSH32:*"…the public will have until the end of next month to comment on the base case scenario."*

PSH34: *"It must not be done in isolation by any one entity"*

SH1: *"I don't think they were there any domination as I don't think there was much ability to change things"*

SH2: *"and you want to feel as if you're influencing the other party…"*

SH9: *"everyone is given the same opportunity"*

Examples of negative levels of engagement can be seen within the following statements:

PSH1: *"By way of decree ...removes the prospect for meaning consideration of stakeholder input"*

PSH37:*"The ultimate decision on the energy mix would have to be a political one."*

PSH46:*"The tariffs are only applicable to large scale projects and individuals and communities cannot participate."*

SH2: *"I have been spectacularly unable even with an EIUG and a SAPPI weight behind me to convince anybody who really has an impact on regulation here"*

SH4: *"it was a disempowering process"*

SH7: *"NERSA can only implement what comes from policy"*

Table 10 below represents the analysis of empowerment by different stakeholder groups. The government group had the most extracted comments representing 63 percent of the empowerment total.

Table 10: Stakeholder Group by Empowerment-Stage 1

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Academic	0	0	0
Government	3	2	5
Investor	0	0	0
IPP	0	1	1
NGO	0	0	0
Public	0	1	1
Trade Association	0	0	0
Total	3	4	7

The stage 2 data for empowerment demonstrate that most responses were negatively framed with IPPs and Trade Associations representing 63 percent of these negative levels of engagement.

Table 11: Stakeholder Group by Empowerment Stage 2

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	3	1	4
IPPs	1	5	6
Trade Association	2	7	9
Total	6	13	19

5.6.4 TRANSPARENCY

In the analysis of the stage 1 data, transparency featured in six percent of the extracted statements and the level of engagement was slightly biased towards negative with six out of eleven statements. Some of the negative views expressed were going through the motion, exclusion and participation cut off. In stage 2 data transparency featured in 13 percent of the extracted responses with a strong negative levels of engagement bias. Twenty nine of the thirty eight statements were negative in nature representing 76 percent of the responses. Typical statements extracted that portrayed negative engagement were:

> PSH73: *"...we need policies to make the process clear, robust and transparent"*
>
> PSH75: *"There should be clear, solid and transparent regulations so that everyone knows the rules and investors are comfortable"*
>
> PSH76: *"...the secretive publication of the plan ...threatens the sense of contributions from all players in the tariff increase applications"*

SH2*: "I'm not involved in any forum where there is an honest and sustained interaction that would constitute as dialogue"*

SH3: *"perceived alternate agendas not transparent in the process"*

SH1: *"There was limited information"*

SH6: *"I just wish they had more to show or wish they had a better plan or more transparent plan at that stage"*

There were few positive engagement statements indicating transparency. The following statements were extracted from the coding process:

PSH53 *"The process that the REFIT system will adopt in South Africa is to operate transparently, with inputs from industry players"*

PSH34 *"Governance principles of transparency and independence would form the basis of any interim structure that was set up"*

SH7: *"NERSA attempts to do everything as transparently as possible"*

SH9: *"in my view everything that we are doing is very transparent"*

In stage 1 data displayed in Table 12 below present that the government stakeholder group expressed the most positive statements on transparency with four out of five statements whilst the IPP, public and trade organisations collectively expressed the view that there was a lack of transparency. Collectively this group represented 27 percent of the total statements as well as 50 percent of the total negative engagement views.

Table 12: Stakeholder Group Analysis by Transparency

Stakeholder Group	Positive Engagement	Negative Engagement	Total
Academic	0	1	1
Government	4	1	5
Investor	0	0	0
IPP	1	1	2
NGO	0	1	1
Public	0	1	1
Trade Association	0	1	1
Total	5	6	11

In stage 2 data shown in Table 13 below government stakeholders displayed a strong positive view on levels of transparency. On the other hand IPPs expressed views indicating low levels of transparency with 100 percent of statements negatively framed. The trade associations' views were also strongly skewed towards negative engagement with 75 percent of statements from this group expressing low levels of engagement.

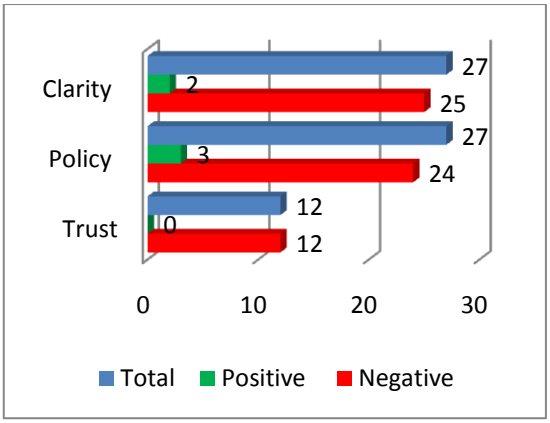
Table 13: Stage 2 Stakeholder Group by Transparency

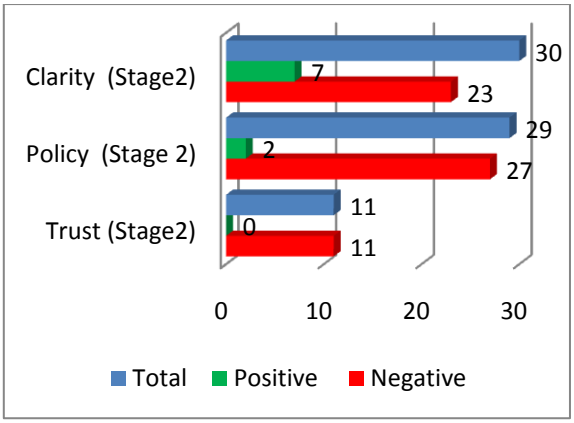
Stakeholder Group	Positive Engagement	Negative Engagement	Total
Government	8	4	12
IPPs	0	12	12
Trade Association	1	3	4
Total	9	19	28

5.6.5 OTHER KEY THEMES THAT EMERGED

During the stage 1 coding process, three new themes emerged. These were grouped into the dimensions of policy, clarity and trust which resulted in 27 statements on issues of policy and clarity each representing 15 percent of the total statements being extracted. The dimension of trust extracted 12 statements all showing negative levels of engagement. These three dimensions were also tested in the stage 2 data collection which revealed similar results of 29 and 30 statements each representing 10 percent of the total statements. Trust did not feature as much in stage 2 data with only four percent of the statements. The levels of trust were 100 percent negative. Results for stage 1 and stage 2 are shown in Figure 10 and 11 below.

Figure 10 & Figure 11: Levels of Engagement – Policy, Clarity &Trust





In stage 1 negative policy and clarity statements represented 89 percent and 93 percent respectively. Similar data was obtained in stage 2 where negatively framed statements for policy and clarity represented 93 percent and 77 percent respectively of each dimension. Trust in both stages was 100 percent negative indicating low level of engagement.

The negative aspects of the dimension of policy are best illustrated by the follows extracts:

PSH2: *"We are waiting for the regulatory framework to be put in place"*

PSH7:*"There are also a number of lingering gaps in the legislative, policy and regulatory framework..."*

PSH53: *"The challenge facing the REFIT system in SA relates to the policy framework for renewable energy which has not yet been completed for implementation*"

PSH73: *"...we need policies to make the process clear, robust and transparent"*

SH1: *"Still outstanding are the rules for the selection of IPPs has not been published"*

SH5: *"I am finding the lack of policy, the lack of proper framework is frustrating"*

SH7: *"The Regulatory and the legislative environment and the policy environment left too many issues unattended"*

Examples of negative engagement statements relating to clarity are indicated but the following statements:

PSH7: *"A key impediment is the absence of clarity on the identity, composition and mandate of the entity that will eventually buy power from Independent Power brokers"*

PSH8: *"Uncertainty in the rules governing PPAs continue to linger"*

PSH23: *"...there should be more clarity on what developers needed to carry out and the process and timing for bidding for successful projects should be published"*

SH5: *"lack of clarity, lack of policy, lack of framework"*

SH7: *"there isn't a clear path to bringing IPP projects into the market place"*

SH6: *"You think it is DOE, then sometimes it's NERSA, maybe Eskom or a single buyer and no one really knows"*

Examples of negative engagement in the dimension of trust are demonstrated by the following statements:

PSH1: *"Government and Eskom are still chronically hooked on dirty and dubious nuclear power and their enthusiasm for renewable energy has been luke warm at best"*

PSH4: *"WWF questioned the integrity of NERSAs public hearings into Eskom's price increases"*

PSH83: *"The call reflects the renewable industry's discomfort with Eskom's role in the industry*"

SH2: *"...and the big business, other than through EIUG and the trade organisation tend to be quite secretive in their own invested interests"*

SH2: *"but everybody's sworn to secrecy, so for anybody who is not in the group it is difficult to get any meaningful input into the agenda in the groups"*

SH5: *"I am very suspicious of wind guys because they talk such utter nonsense"*

SH7: *"I think that you have ministries that don't see eye to eye"*

5.6.6 RESULTS FOR RESEARCH QUESTION 4

Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector.

In answering this research question the researcher focussed on the results from stage 2 only where the question of the role of stakeholder dialogue in establishing the renewable energy sector was posed to the interview respondents. In answering this question eight out of nine respondents agreed that dialogue can play role. This represented 89 percent of respondents. Some of the statements that were extracted to this question were:

SH1: *"In my opinion there has been too little dialogue, not enough feedback and dialogue..."*

SH2: *"...dialogue is absolutely essential for healthy democracy"*

SH3: *"I don't think we could ever think of not going through a process of dialogue"*

SH5*: "I think dialogue is very important and I don't mean dialogues as in conferences or these formal portfolio meetings"*

SH6: *"I think dialogue is very important and will result in a successful IPP program"*

SH7: *"So relevant dialogue with basically the correct stakeholders is extremely important to get to a policy that is implementable"*

The majority (six of the eight) of respondents positively qualified their statements to indicate that dialogue will assist but on its own does not always provide results and relevant dialogue needs to take place with the right stakeholders. The following statements were extracted:

SH2: *"On one level the dialogue is absolutely essential for a healthy democracy but it does not necessary yields the result or decision"*

SH3: *"[dialogue] needs to be a far less restrictive space for starters"*

SH6*: "I think having the right dialogue with the right people or having the dialogue with people that know where they going"*

SH7: *"So relevant dialogue with basically the correct stakeholders is extremely important"*

SH8: *"more important is dialogue at the right level and we having dialogue now for the sake of dialogue, not dialogue for the sake of implementing something successfully"*

5.7 SUMMARY OF RESULTS

Results from the research questions highlighted significant themes in the role that stakeholder dialogue can play in renewable energy in South Africa. Results are shown in Table 14 below. The results showed support for existing literature and provided unique and insightful findings into the stakeholder dialogue on renewable energy. In most cases the stage 2 data complimented data obtained using content analysis on the publicly available information. The results also identified additional themes not part of the dialogue framework found in the

literature review and can add to existing literature on the topic of stakeholder dialogue. In Chapter 6 these results are discussed in further detail.

Table 14: Summary of Results

Research Question	Summary of Results
The stakeholder groups in the renewable dialogue are identified and prioritised?	1. Stakeholder groups identified in both stages. 2. No prioritisation of stakeholders done
The current stakeholder dialogue and consultation process is inclusive?	1. Both stages revealed that the stakeholder dialogue process is inclusive
The current dialogue between government, Eskom and NERSA with stakeholders is effective when compared to effective dialogue framework?	*1.* *Openness:* Stage1 indicated positive openness by 53%. Stage 2 showed negative openness by 61% *2.* *Tolerance:* Both stages were revealed strong negative levels of engagement. Stage 1- 64%; Stage 2 – 72%. *3.* *Empowerment:* Stage 1 results split, stage 2 results negative (68%) *4.* *Transparency:* Both stage results show negative engagement (stage 1- 55%, stage 2 – 76% negative) *5.* *Clarity:* Both stages negative (stage 1- *93%;* Stage 2 – 77% *6.* *Policy:* Both stage negative (Stage 1- 89%; stage 2 -93% *7.* *Trust:* Both stage showed negative engagement (stage 1 -100%; stage 2- 100%)
Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector.	1. 89% of respondents indicated that stakeholder dialogue can play a role. 2. 75% qualify their statements

6 DISCUSSION OF RESULTS

6.1 INTRODUCTION

This chapter discusses in detail the research findings outlined in Chapter 5. These findings are compared to the literature review in Chapter 2 and are then discussed in accordance with the four research questions proposed in Chapter 3. The content analysis using secondary data as well as the in-depth interviews with stakeholders provided an extensive set of data from which the researcher was able to compare the themes that emerged and assess the effectiveness of the dialogue around renewable energy.

6.2 RESEARCH QUESTION 1

The stakeholder groups in the renewable dialogue are identified and prioritised?

The purpose of this research question was to firstly identify the stakeholder groups that were part of the renewable energy dialogue and secondly to determine whether there was any form of prioritisation of important or critical stakeholders.

Organisations need to identify who will be affected by their actions and whom they need to interact with (Kaptein & Van Tulder, 2003; Reed, 2008). Key stakeholder groups identified who should be involved in the renewable dialogue include academia, business, consumers, energy companies, government, policy makers, regulators as well as NGOs and special interest groups (Cuppen, Breukers, Hisschemoller, & Bergsma, 2010; Mumford & Gray, 2010). Identification, inclusion and prioritisation of these stakeholders for the

renewable energy dialogue are crucial and important processes (O'Riordan & Fairbrass, 2008; Pedersen, 2006).

Results from stage 1 reveal that a wide range of stakeholders is involved in the renewable energy debate. Table 2, section 5.4.1 details the different stakeholder groups involved in the dialogue. These represent typical stakeholder groups one would expect to be involved in the dialogue on renewable energy. Stakeholder groups identified in the current dialogue included academic experts from the universities; government spokespersons representing the Department of Public Works, Department of Labour, Eskom, local government, members of parliament and NERSA; Investors and financial institutions; IPPs involved in various renewable energy technologies; non-governmental organisations; the general public including legal experts, reporters, union spokespersons; trade associations such as Business Unity SA, Energy Intensive Use Group (EIUG), wind and solar groups.

The processes followed by the DOE and NERSA in consulting to establish the renewal sector was one of ‘open consultation’. New policies or regulations are introduced by way of an open public participation process. The issues at hand are published in various newspapers for all public or interested stakeholders to submit written comments and provide input. A public hearing follows; stakeholders are required to register prior to presenting their viewpoints at these public hearings. The DoE and NERSA then go away to deliberate on these

submissions. A record of decisions is published which may or may not include the comments that were submitted.

NERSA and the DOE follow a *normative theory* approach in that consultation is performed on a moral basis with whoever believes they have a stake. (Ayuso, Rodrıguez, & Ricart, 2006; Donaldson & Preston, 1995). This approach is in keeping with the ERA (2006) in that anyone who has a stake is allowed to register and make submissions However; sifting through this process often takes time as many submissions are received and NERSA or DoE are obliged to consider all submissions. This process often leads to frustrations as stakeholders often feel that they have to wait for feedback. Examples of this frustration are indicative in the following comments:

> SH1*: "It takes too long" and "[there is] not enough feedback as to when these things are be done, what is going to happen next, process forward"*
>
> SH5: *"I am finding it extremely frustrating as there is nothing happening and to me it's not Eskom's fault"*

Pedersen (2006) and other scholars argue that it is not feasible to include all stakeholders in the dialogue and a filter system needs to be developed to seperate important stakeholders from the less important ones in order to make the dialogue process workable. This process requires that stakeholders be identified and prioritised. Pederson (2006) argues that stakeholder dialogue will always be incomplete as the inclusion of certain groups and individuals in the dialogue means that other groups are excluded. Organisations need to accept this and be prepared to defend the selection criteria used in prioritisation.

6.2.1 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION 1

The translation of stakeholder dialogue into practice requires a selection filter to deal with the multiple stakeholders in the renewable dialogue as well as their varied interests. Scholars in this field recommend stakeholder identification and prioritisation for there to be an effective engagement process. There is no evidence that any type of identification or prioritisation has taken place from the DOE and NERSA as they follow the process of open consultation where everyone who believes they have a stake is free to respond.

6.3 RESEARCH QUESTION 2

The current stakeholder dialogue and consultation process is inclusive?

This research question attempted to determine whether the current dialogue is inclusive of important stakeholders. Pederson (2006) argued that it is important to identify and include important stakeholders in the dialogue process as “when important stakeholders are excluded from the decision-making process, the relevance and anticipated benefits from the dialogue will be limited” (p. 140).

The results of data from both stages of this research indicated that NERSA and the DOE are inclusive of all stakeholders. This is evident in stakeholder comments such as “open to the public” (PSH6), “inviting public comment” (PSH12) and “all public is allowed to [participate]” SH1. Cuppen, et al (2010) maintain that stakeholder dialogue on complex environmental issues should include as diverse a group as possible in order to obtain a variety of views. The

"open to public" consultation process that NERSA follows is in line with this in that anyone who has a stake is allowed to register and make submissions. This process of consultation and participation is entrenched in the Electricity Regulation Act (2006) which requires that before the promulgation of any electricity regulation a process of "consultation", "inviting public comment" and taking due "consideration of these comments" must be followed (ERA, 2006, p. 30). Further, the NERSA process also calls for public participation and consultation by way of written submissions, public hearings where verbal submissions are made, a process of deliberations of input from stakeholders and thereafter a reason of decision document is published (NERSA, 2008).

However there were some stakeholders that expressed the view this process is not being followed. This is indicated by statements such as "absence of consumer group" (PSH30) and "little input from consumer groups" (PSH3). The lack of input from certain groups could be attributed to NERSA and the DOE - in early rounds of consultation on IRP1 and REFIT 2 - not including public participation in the development of the draft documents. According to Reed (2008) engagement with stakeholders as early as possible in the decision process is essential for effective participation and leads to better and lasting decisions. Resistance to not being involved early was also apparent in the statement by the DOE stakeholder stating "there was a lot of criticism when it started, from the public that it was being done in secrecy" (SH9). The DOE and NERSA have since realised this and have changed the way they handled IRP2 where public input was requested for the formulation of the draft documents.

This is supported by a statement from the DOE stakeholder where it is mentioned that “we now have an open process that has seen more people participating and coming in” (SH9). The test as to whether early engagement is effective will be seen when the IRP2 policy document is released later this year.

This research also highlighted that within government departments there is disagreement on how the renewal energy sector should be run. Comments such as “not involving Eskom” (SH5) and “if you look at the public process you have gone through, it doesn't matter what people say...we all know the outcome anyway...” (PSH68) indicate that there is a certain level of conflict and non corporation between government stakeholders in the handling of the renewable energy challenge and that these departments need to work together to be effective. This was further evidenced in the statement by World Resources Institute (2010) where it is stated that:

“there is evidence of historical adversarial and non-cooperative relationships between elements of the executive and other government agencies in the energy sector that need to cooperate for policy formulation and implemenation to be effective” (World Resources Institute, 2010, p. 5).

6.3.1 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION 2

There is overwhelming evidence that the DoE and NERSA process of consultation is inclusive. The open to the public consultation process allows all relevant stakeholders to be included in the dialogue. This however leads to a cumbersome and often slow process as the input of many stakeholders need to

be considered. As discussed in section 6.1.1 above it is more effective to identify and prioritise stakeholders.

The analysis also found that there were elements of adversarial and non co-opertion between government departments. It is believed that these could also be contributing to the slow progress as different government departments could be promoting their own agendas and as a result derailing or delaying the current renewable enenrgy efforts.

6.4 RESEARCH QUESTION 3

The current dialogue between the DOE, Eskom and NERSA with stakeholders is effective when compared to dimensions of effective dialogue?

The purpose of this research question was to compare the stakeholder dialogue against the effective dialogue framework identified in the literature. Effective stakeholder relationship management is achieved by dialogue and engagement which is seen as the act of managing the relationship between the firm and different stakeholders in order to enhance the effectiveness of the firm's decisions, strategies and behaviour (O'Riordan & Fairbrass, 2008; Swift, 2001). Effective dialogue is seen as an important element in establishing the renewable energy environment. The dimensions of effective dialogue evaluated were openness, tolerance, empowerment and transparency as detailed in Chapter 2.

6.4.1 OPENNESS

Openness is achieved when stakeholders are free to speak their minds and make their own judgements. It is also characterised by open problem solving where there are few preconceived views (Pedersen, 2006) and where stakeholders are not constantly reinforcing their positions (Burchell & Cook, 2006).

Openness appeared as a significant dimension topic in the dialogue debate and featured as one of the top two dimensions overall. These results are noticeable in Figures 9 and 10, section 5.3.1. The responses in stage 1 were marginally favoured towards positive engagement whereas the responses in stage 2 showed strong negative engagement. The positive engagement sentiments include comments such as *"they took note"* (SH1), *"prepared to engage"* (SH5), *"prepared to listen and talk"* (SH5) and *"inclusion of new technologies"* (PSH51) that indicate a willingness to engage and be open towards stakeholders. On the other hand comments such as *"narrowly based consultation exercise" (*PSH26), *"should be more flexible"* (PSH56), *"by way of decree"* (PSH1) and *"comments are limited"* (SH1) indicate an unwillingness to accept new ideas and to give up previously entrenched positions.

The ERA (2006) makes it mandatory for the DOE and NERSA to consult with the public on policy issues. The process of consultation used is to publish a policy or regulation for public comment. Some criticism against this position is that no input was taken from stakeholders during the formulation of the input

and document that was used for formulation of the policy or regulation. Further their input and comments were only limited to what was in the published document. Lack of input into the consultation paper is seen as taking the problem for granted and the limited scope of input is an example of how stakeholders are prevented from exercising judgement and voicing their opinions; both clear indications of low stakeholder engagement.

The comment from stakeholder SH2 that *"the interactions is merely a presentation and then generally only one way questions from the NERSA"* perhaps explains the lack of openness in the conversation and is an indication that the dialogue is merely one of going through the motions. This is further evidenced by the comment "the channels are not particularly open and free" (SH2). The comment "by way of decree" (SH1) is an indication that the DOE is not committed to open engagement; which is evidenced by the comment "[Openness] at the policy level the dialogue has been poor" (SH8). The issue of adversarial relationship between government departments is once again noticed with (SH5) commenting "Eskom is invited to listen, but we not allowed to give our opinion at these meetings and if they speak a whole lot of nonsense we are actually not allowed to say anything".

Dialogue at the NERSA level was considered good; "at the regulatory level the dialogue is good" (SH7) and "they [NERSA] are prepared to engage, they are prepared to listen and talk to us" (SH7). This was further corroborated by the statement from the World Resources Institute (2010) study which claims

NERSA's "decision making processes are generally open and transparent" (p. p6). NERSA also provides feedback through its website where 'reasons for decision' are published and staff are available to provide as least oral explanations and translations for these decisions.

6.4.2 TOLERANCE

Effective dialogue requires that stakeholders be open minded towards alternate views and move away from constantly seeking to reinforce one's own position and holding preconceived positions throughout the process (Burchell & Cook, 2006). It is often seen as a willingness to change views and to give up previously entrenched positions.

Overall tolerance was obvious in most statements in stage 1 and featuring as the second highest dimension in stage 2. In both stages the results were heavily skewed towards negative levels of engagement indicating an unwillingness to change views and to give up previously entrenched positions. Strong negative engagement statements were extracted from the IPPs stakeholder group which consisted of statements about the exclusion of certain technologies and unhappiness over the REFIT tariffs. This result indicates that government departments (NERSA, Eskom and DOE) are intolerant in their acceptance of stakeholder input and the consultation process. The negative comments within this group were mostly from Ministers within Parliament that had a negative view of what NERSA was trying to achieve. The most common views raised by stakeholders were that NERSA and the DOE seem to be listening to the

stakeholders but their views are not taken into consideration when final policy or documents are published. This is seen in statements such as *"there was not much room for debate or to challenge those things"* (SH3), *"the biggest problem is they look like they are listening, then they go away and whether you see whether they effectively represent the collective opinions...is not clear"* (SH3) and *"our comment, might be that this might not work for this and that reason and it's just ignored" (*SH5) and *"they hear you or tolerate the views, but whether they will incorporate them..."* (SH5). These views go hand in hand with those expressed in section 6.3.1 where it was suggested that NERSA and Government are going through the motions of consulting with no real intent of adopting these stakeholder views into the final decision.

Cumming (2001) described dialogue as a two way process of consultation, listening and sharing views between the company and everyone who has a legitimate stake in the organisation. Effective dialogue requires that organisation be receptive to views different from theirs and these must be taken into consideration for the process to be participatory. It is evident from the statements above that tolerance to differing views is a problem in the stakeholder dialogue. This was echoed in the World Resources Institute (2010) report which shows that "there is limited opportunity for public to make meaningful input into policy making and planning, despite government profession to be participatory" (p. 4).

Some of the statements and data on research confirmed earlier findings in that within government departments there is no consensus on the how the renewable energy dialogue should be conducted. Statements from government department stakeholders such as *"we have a big difference of opinion"* SH8, *"we certainly have a blinkered mandate in terms of that way or no other way"* and *"we do have one or two strong characters in the debates and dialogues and therefore those strong characters are not always tolerant of other people's views"* are strong indications that government departments in particular the DOE, is not tolerant of alternate views on the issue of renewable energy. The above shows that there is scope for cooperation between government departments to make policy formulation effective.

There is sufficient evidence from this research which suggests that the public consultation process was not sincere and that comments and submissions by public stakeholders were not seriously considered and have not influenced the final policy in any meaningful way. If all the important decisions have already been made and nothing can be changed, it is too late for a genuinely participative process. Attempting to dress up a public relations exercise as stakeholder participation, for example, will frustrate stakeholders, lead to frustration and mistrust, and damage the credibility of a proper participative process in the future.

6.4.3 EMPOWERMENT

Empowerment reflects stakeholders' ability to influence the process and decisions through participation stakeholders' levels of engagement (Pedersen, 2006, p. 42). This dimension featured least in both stages of the data sets indicating that empowerment is not considered an important dimension in the overall scheme of the dialogue.

Stakeholders expressed the view that they were unable to influence neither the process nor the outcomes. These are expressed in statements such as "*it was a disempowering process"* (SH4), *"The ultimate decision on the energy mix would have to be a political one."* (PSH37), "*I have been ...unable ...to convince anybody who really has an impact on regulation here"* (SH2) and *"NERSA can only implement what comes from policy"* (SH7).

The dialogue around renewable energy is regulated. There are processes that the DOE uses to determine policy to which ordinary stakeholders do not have access. These take place behind the scenes and only certain players have the ear of the policy makers. This is seen in a statement by a stakeholder "Government have their own agenda, they are being influenced behind the scenes by all who influence government, be they the politicians, be they the big businesses with vested interest, be they the parastatals" (SH2)

Stakeholders want to feel that they that they can contribute and participate in a meaningful way (Cumming, 2001) and denying them this opportunity results in

frustration and the feeling of being disempowered. They also want to know that they have the power to influence the decision (Reed, 2008). This is evident in the view from (SH2) *"my frustration is...not being party to what actually happens behind the scenes that results in certain policies and regulations coming out" (*SH2). Different stakeholders have different responsibilities in relation to the issues but within the consultation process all stakeholders should be able to participate as equals. This means, in particular, that ideas must be judged on their merits, not on their source.

6.4.4 TRANSPARENCY

In order to involve and hold stakeholders accountable there must be a degree of transparency where involved parties have access to information and can scrutinise this information as well as the process and outcomes of the dialogue (Mumford & Gray, 2010; Pedersen, 2006). Organisations are now expected to disclose information to their stakeholders as a show of transparency (Pedersen, 2006). Transparency featured in only six percent of the stage 1 extracted statements and 13 percent of the stage 2 extracted statements. The statements showed negative levels of engagement in both stages.

Negative statements on transparency contained the need for clear and transparent policies from government and especially the DOE. Statements such as "*we need policies to make the process clear, robust and transparent"* (PSH73) and *"there should be clear, solid and transparent regulations*" (PSH75) are an indication that the current policy environment is onerous and that the

DOE needs to ensure that everyone knows the rules. This will go a long way towards easing the minds of investors.

Stakeholders need to be involved at an earlier stage and there is a need for *"fuller disclosure of the reasoning"* (SH3). There is also need for stakeholders to be involved in providing input into the formulation of some of the policies. There was recently public outcry over the REFIT and IRP consultation process which did not take stakeholder input at the early stage. Stakeholders complained of not being involved in the formulation of input parameters and "*the secretive publication of the plan ...threatens the sense of contributions from all players"* PSH67. The DOE listened to these complaints as a result in the IRP2 process the requested stakeholder input at the formulation phase. There was also a call for the involvement *"of volunteers from industries from collective organizations like the EIUG, or PAMSA"* into development of some of the policy frameworks. One such programme was the involvement of key EIUG members into the formulation of the input document for COFIT. This was seen as a huge improvement from previous attempts and will received far wider public support when released for public consultation later this year.

There were a few positive engagement statements found in the research data. These were related to NERSA and the DOE setting the scene for future consultation processes professing that "t*he process that the REFIT system will adopt in South Africa is to operate transparently, with inputs from industry players"* PSH53 and *"Governance principles of transparency and independence*

would form the basis of any interim structure that was set up" PSH34. It is possible that NERSA and the DOE have perhaps realised that past practices have not been that transparent and the way forward will be different.

Transparency is essential for democratic accountability and citizens' Constitutional rights to access to information (World Resources Institute, 2010). Stakeholders these days take everything with a "pinch of course that none of the information they were given was wholly reliable" (British Wind Energy Association, 2002, p. 8). Many stakeholders recognise the additional benefits of engaging much earlier and including wider public participation in the statutory planning process. In times of uncertainty it is important to be honest and open therefore the DOE and NERSA should make information more open.

6.5 DISCUSSION OF OTHER KEY FINDINGS

The content analysis and coding process followed in stage 1 highlighted three additional themes or dimensions that were present in the dialogue. These were the dimensions of clarity, policy and trust. These three dimensions were also tested with the respondent during the in-depth interviews that were held as detailed in Chapter 4 section 4.2. The results of each of these sections were presented in Chapter 5 section 6 and the discussion and implication is presented in this section.

6.5.1 CLARITY

During the coding of the data from stage 1, the lack of clarity emerged as a strong theme in stakeholder dialogue on renewable energy. Twenty seven statements were extracted which represented 15 percent of the total statements from stage 1 and thirty statements representing ten percent of the statements from stage 2. These statements were heavily biased towards negative levels of engagement with 93 percent of the statements in stage 1 and 77 percent of the statements in stage 2.

Uncertainty and lack of clarity featured in 19 out of the 25 negative statements extracted on clarity in stage 1; accounting for the negative levels of engagement. Statements from stakeholders such as *"absence of clarity on the identity...,"* (PSH7), *"uncertainty in the rules governing PPAs..."*(PSH8), " *Developers do not have certainty on matters"* (PSH15), *"without the certainty of future income*" , *"we don't know what we working towards"* (SH6), *"if they could make it more clear"*(SH3), "*it's often unclear how they put those drafts together"*(SH3) are typically indications of the lack of clarity and uncertainty in the renewable energy stakeholder dialogue.

Stakeholder dialogue needs to take place within an agreed framework where the rules of the process and an underlying vision of where the process will lead are clear (Kaptein & Van Tulder, 2003). There needs to be an understanding of the "underlying philosophy", the "ultimate aim" what "selection criteria" will be used, "clear and explicit expectation" of possibilities and limitations (Kaptein &

Van Tulder, 2003, p. 212). A key factor in the development of uncertainty lay with the lack of feedback and transparency relating to the dialogue process. (Burchell & Cook, 2006). To be transparent, clarity is needed on the method to be used, process deliverables, roles and responsibilities of the role players as well as the rules (Kerkhof & Wieczorek, 2005).

From data gathered and analysed it is clear that clarity on the process and rules play an important role in stakeholder dialogue. The World Resources Institute (2010) study make reference to the “lack of role clarity and organisational certainty “ (p. 5) which has resulted in the poor functioning of the electricity sector. There is a need for clarity on energy policies and associated planning roles in order to provide a clear vision for the future of the renewable energy sector. Clear rules of engagement and an agreed framework will greatly enhance the stakeholder dialogue process and produce more effective dialogue.

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6.5.2 POLICY

The lack of government policy on renewable energy was identified as a significant barrier and hindrance to the adoption of renewable energy technologies (Reddy & Painuly, 2004). From the coded data in this research the issue of lack of policy also emerged as a strong theme in stakeholder dialogue on renewable energy. Twenty seven statements represented 15 percent of the total statements from stage 1 and twenty nine statements representing 10 percent of the statements from stage 2 were extracted. These statements were

mostly negative with 89 percent negative in stage 1 and 93 percent negative in stage 2.

Many of the renewable energy technologies are still in their development phase. The sector requires more regulations and incentives to stimulate the adoption of renewal energy technologies. The dialogue on renewable energy with regard to policy was mainly on the issues of outstanding regulations and legislation to enable the renewable environment. Statements extracted such as *"only thing outstanding is to take it from where it is into legislation documents"* (SH1), *"Still outstanding are the rules for the selection:"* (SH1), *":we can't proceed with refits until the criteria has been developed"*(SH5), *"lack of policy, the lack of proper framework is frustrating"*(SH5), *"we have the Refit tariffs but to get it off the ground... the DOE is to come up with the rules, rules for procurement"*(SH6) are clear indications that enabling the renewable sectors in South Africa is hindered by lack of legislation and regulations on renewable energy. This was also evident in the World Resources Institute (2010) study which points out the electricity policy development and implementation has been "susceptible to domination by quiet, informal policy-making processes" (p. 5) .

To promote good dialogue it is required that those involved have "clear and explicit expectation about the possibilities and limitation of the dialogue" (Kaptein & Van Tulder, 2003, p. 213) as well as a framework within which these discussions can take place. This is an indication that clear rules and proper policy frameworks are required. The lack of proper rules for the selection criteria

as well as policies is seen as a major hindrance in the renewable energy dialogue. As one stakeholder commented *"we need policies to make the process clear, robust and transparent"* (PSH73) and that dialogue cannot be effective in a *"in a policy vacuum"* (SH8)

6.5.3 TRUST

The development of trust is a key outcome from successful dialogue which can have a more indirect long-term effect (Burchell & Cook, 2008). Trust is a central factor for creating effective dialogue, in that it allowed groups to build an understanding of what is achievable and would produce greater honesty about the organisations' stance and individuals' positions and values (Burchell & Cook, 2008). In this research the issue of trust accounted for seven percent of the extracted statements in stage 1 and four percent of the statements in stage 2. In both stages the level of engagement was 100 percent skewed towards negative engagement.

Core to the concept of dialogue is the development of mutual understanding and trust between the organisation and stakeholders. Trust generally refers to an organisations moral duty to treat stakeholders with "fairness, integrity and honesty" (Swift, 2001, p. 19) and a belief that the organisation will act in a socially responsible way. Swift (2001) argues that trust leads to parties to disclose more accurate, relevant and complete information.

Stakeholder statements extracted such as “Government and Eskom are still chronically hooked on dirty and dubious nuclear power “(PSH1), “WWF questioned the integrity of NERSAs public hearings” (PSH4), “WWF questioned the intentions behind the energy ministry's publication” (PSH3), “location of the SBO within Eskom was a conflict of interest” (PSH43), “Eskom has a history of delaying negotiations, which point to a conflict of interest”(PSH73) indicate high mistrust by certain stakeholders on the role that government and Eskom are playing towards enabling the renewable energy sector. Kaptein and Van Tulder (2003) argue that stakeholder dialogue cannot succeed “unless there is a certain level of trust and integrity” (p. 211) between the stakeholders and organisation and without this trust the dialogue process will not start.

Trust is an important outcome of the dialogue process as well as the engagement process (Burchell & Cook, 2006; Swift, 2001). Public trust and approval is gained by the way an organisation engages with stakeholders (O'Riordan & Fairbrass, 2008). Constructive dialogue increases the level of trust (Kaptein & Van Tulder, 2003). In cases where *“there are some hidden agendas and there’s not open and transparent in terms of those agenda’s”* (SH8) and “*everybody doesn’t open up and play the game or dialogue amongst each other openly”* (SH8) dialogue is doomed to failure resulting in low level of trust.

Trust is built by informing and communicating with stakeholders in the dilemmas of an organisation. (Kaptein & Van Tulder, 2003). Dialogue can certainly be positive and pre-empt confrontation with stakeholders. If an organisation

attempts to be more open to scrutiny, stakeholders are more likely to trust its explanation if things happen to go wrong (Hughes & Demetreious, 2006).

There are concerns by stakeholders that government and "big corporates tend to work behind the scene rather than in public" (SH2) and that these businesses "tend to be quite secretive in their own invested interests" (SH2). Big businesses have significant power and tend to influence government behind the scenes to protect their own interests.

Stakeholders expressed great concern about the adversarial relationship between the DOE and other government departments. The views that *"ministers that don't see eye to eye"* (SH6) and that they *"do not want to see Eskom embark on a successful IPP program because that would diminish all pressure on restructuring Eskom"* (SH8) are clear indications of mistrust between departments. It is believed that in-fighting at the government level is responsible for the lack of *"strategy of migrating from the current environment to that end state"* (SH8) and this is seen as a major contributor to the lack of success in establishing the renewable energy sector in South Africa.

Trust represents a key outcome from successful dialogue, which while not necessarily producing immediate tangible results, can have a more indirect long-term effect (Burchell & Cook, 2008). The development of trust is considered a key aspect to enabling the process of interaction, information sharing and knowledge building (Burchell & Cook, 2008).

6.5.4 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION 3

Openness: The research shows there are clear signs of NERSA and the DOE being open to input from stakeholders. Signs that some stakeholder inputs have been taken into the 'record of decision' is an indication that there are some positive levels of engagement, especially from NERSA. On the other hand some stakeholders feel that NERSA and particularly the DOE go through the motions and that the dialogue is only one way, with little openness in the dialogue. This group comprises mainly those stakeholders from within the IPPs and trade associations who feel strongly that there is a lack of openness in the current stakeholder dialogue on renewable energy

Tolerance: requires that organisations and stakeholder involved must be receptive to alternate views as these have the potential to provide a fresh perspective on the problem. The research shows that NERSA is tolerant of views that are different and are willing to take these views into the final decisions. However, on the other hand some stakeholders have experienced that the DOE goes through the motions of listening but does not take stakeholder views into the final decision.

Empowerment results in stakeholders becoming highly engaged as they feel they are able to influence the decisions and outcomes. Some stakeholders expressed the view that they are unable to influence neither the process nor the

outcomes in the policy domain and this has lead to frustration and disengagement.

Transparency: Stakeholders must have access to information in order to be held responsible for the outcomes. The current dialogue is seen as not being transparent with low levels of stakeholder engagement in the formulation of the input documents and policies.

Clarity: This research has shown that uncertainty and lack of clarity has contributed significantly to the low levels of engagement in establishing the renewable energy sector in South Africa and that clear rules of engagement and an agreed framework will greatly enhance the stakeholder dialogue process and produce more effective dialogue.

Policy: This research found the lack of proper rules for the selection criteria as well as the lack of policies to be major hindrances in the renewable energy dialogue. Effective dialogue is created in an environment where there are clear and explicit expectations about the possibilities and limitations of the dialogue as well as clear frameworks where these discussions can take place. Effective dialogue requires clear, robust and transparent policies.

Trust: This research showed that there are low levels of trust between stakeholders and government as well as within government departments. Trust

is an important outcome of the dialogue process and levels of trust are increased through constructive dialogue.

This research contributes to the academic literature by adding to what is considered effective dialogue. The three additional dimensions of clarity, policy and trust found in this study complement and enhance the five dimensions identified in the Pederson (2006) framework. This study presents the enhanced Pederson-Pillay framework of effective dialogue.

Figure 12: Enhanced Pederson-Pillay Framework of Effective Dialogue

Dimension:	Level of engagement:		
	Low		***High***
Inclusion	Only a few privileged stakeholders are included in the dialogue	⟷	All relevant stakeholders are included in the dialogue
Openness	Dialogue is structured around a fixed set of problems/questions/issues.	⟷	Dialogue is structured around open questions/problems/issues.
Tolerance	One position has priority over others.	⟷	New, alternative and critical voices are respected.
Empowerment	One stakeholder dominates the dialogue and decisions.	⟷	Freedom and equality in dialogue as well as decisions
Transparency	No access to information about the process and outcomes of the stakeholder dialogue	⟷	Full access to the information about the process and outcomes of dialogue
Clarity	Dialogue is unclear and uncertainties exist	⟷	Clear dialogue, and outcomes are visible
Policies	No rules, and policy framework	⟷	Clear and explicit policies and regulations
Trust	Absence of trust and integrity	⟷	Complete trust,

Adapted from Pederson (2006)

6.6 RESEARCH QUESTION 4

Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector?

Stakeholder dialogue creates the environment where organisations can learn and bring about social and environment changes. Effective stakeholder relationship management is achieved by dialogue and engagement and is seen as the act of managing the relationship between the firm and different stakeholders in order to enhance the effectiveness of the firm's decisions, strategies and behaviour (Swift, 2001; O'Riordan & Fairbrass, 2008).

The answer to this research question was provided from data in stage 2 where respondents were asked directly the role that stakeholder dialogue can play in the establishing the renewable energy sector. The results showed that 89 percent of the respondents felt that dialogue could play a pivotal role in establishing the renewable energy sector. Comments such as "*there has been too little dialogue"* (SH1), *"it is absolutely essential for health democracy"* (SH2), *"dialogue is very important"* (SH6) and "*relevant dialogue with basically the correct stakeholders is extremely important to get to a policy that is implementable"* (SH7) indicate the importance of dialogue in establishing the renewable.

There was a view there is "a phenomenal amount of dialogue at the level where people are involved and influencing on their programs" (SH8) but the dialogue is not necessarily taking place with the right people. Stakeholder dialogue needs

to be *"with the senior most people to ensure that a common strategy is formulated"* (SH8). According to Kerkhof (2006) stakeholder dialogue can be used to increase public awareness and provide insights that enable policy makers to make political choices in an argued and informed fashion.

Dialogue for the sake of dialogue does not achieve anything and dialogue must be with the relevant people. Stakeholders felt that it was important to *"have the right dialogue with the right people or having the dialogue with people that know where they going"* (SH6).

6.6.1 CONCLUSIVE FINDINGS FOR RESEARCH QUESTION 4

Stakeholder dialogue is important and can contribute toward establishing the renewable energy sector. Dialogue on its own cannot work as an enabling environment is needed. However dialogue for the sake of dialogue does not produce results. The dialogue has to be with the relevant stakeholders that are willing to commit to participate and to create the enabling environment for the renewable energy sector to succeed.

6.7 CONCLUSION AND DISCUSSION

This exploratory study into analysing the role that stakeholder dialogue can play in establish the renewable energy sector aimed to identify the stakeholders involved in the renewable energy dialogue, determine whether the dialogue was inclusive of important stakeholders and whether some sort of prioritisation of these stakeholders was taking place. Additionally the research aimed to

evaluate whether the dialogue was effective when compared to an effective dialogue framework as well as understanding the role that stakeholder dialogue can play in establishing the renewable energy sector.

The results show that there is overwhelming evidence that the DoE and NERSA process of consultation is inclusive. The use of the “open to the public” consultation process allows all interested stakeholders to be included in the dialogue and has resulted in a multitude of stakeholders input and interests to be processed. This process is however cumbersome and does not lead to effective results hence a process of identification and prioritization of stakeholders must be used.

In addition the research found the current dialogue on renewable energy is not effective in three of the four dimensions when compared to an effective dialogue framework. The current dialogue was found to be lacking in the following areas:

Openness: There are clear signs of NERSA and the DOE being open to input from stakeholders however there are stakeholders that feel that government and especially the DOE goes through the motions as not much of their inputs translate into actual outcomes when the final versions are published.

Tolerance: The research found that overall there are low levels of tolerance in the dialogue. NERSA and the DOE appear to listen but there is little evidence of this coming through in the final policy documents.

Stakeholders were particularly critical of the lack of tolerance shown by the DoE.

Empowerment: The research showed that stakeholders felt they were unable to influence neither the process nor the outcomes in the policy domain and this has lead to frustration and disengagement.

Transparency: The research shows the current dialogue as not being transperent with low levels of stakeholder engagement in the formulation of the input documents and policies.

The research further added to the current academic literature by identifying three new areas to the Pederson effective dialogue framework leading to the enhanced Pederson-Pillay Effective stakeholder framework when assessing renewable energy dialogue. These are the dimension of:

Clarity: This research has shown that uncertainty and lack of clarity has contributed significantly to the low levels of engagement in establishing the renewable energy sector in South Africa.

Policy: This research found that the lack of proper rules for selection criteria as well as the lack of policies as major hindrances in the renewable energy dialogue and that having these rules and policies in place will great enhance the stakeholder dialogue.

Trust: This research demonstrated that there are low levels of trust between stakeholders and government as well as within government departments and building high levels if trust leads to more effective dialogue.

Finally with regard to the role of stakeholder dialogue in establishing the renewable energy sector the research found that stakeholder dialogue is important and can contribute toward establishing the renewable energy sector. However dialogue on its own cannot work and the dialogue needs to take place with relevant stakeholders that create the right enabling environment.

Table 15: Summary of Findings

Research Question	Summary of Findings
The stakeholder groups in the renewable dialogue are identified and prioritised?	1. A wide range of stakeholders are involved and represent typical renewal energy stakeholders. 2. There is no evidence of identification and prioritisation of stakeholders. 3. Stakeholder dialogue into practice requires a selection filter to deal with the multiple stakeholders in the renewable dialogue as well as their varied interests.
The current stakeholder dialogue and consultation process is inclusive?	1. NERSA and the DOE are inclusive of all stakeholders. 2. The DOE and NERSA follow the ERA model of consultation. 3. Stakeholder complaints that there in little involvement in policy formulation. 4. There is evidence of adversarial and non cooperative relations between government departments and great cooperation is required
The current dialogue between Government, Eskom and NERSA with stakeholders is effective when compared to effective dialogue framework?	1. *Openness:* Requesting Public comment is a willingness to be open however there is criticisms because stakeholder are not involved from the start and comments limited to publish document only. 2. *Tolerance:* Government listens but not receptive to take stakeholder views into final consideration and complaints of going

	through the motion of consulting. Limited opportunity to make input into policy 3. *Empowerment*: Stakeholders are unable to influence neither the process nor the outcome. Government is being influenced behind the scenes by influential players 4. *Transparency*: Stakeholders expressed need for fuller disclosure and for involvement early in the process. 5. *Clarity*: Uncertainty and lack of clarity especially within the policy and regulatory environment. 6. *Policy*: Lack of policy and regulations identified as significant barrier to renewal energy adoption. 7. *Trust*: Mistrust by certain stakeholders on the role that Government and Eskom are playing to enable the renewable energy sector.
Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector.	1. Dialogue could play a pivotal role in establishing the renewable energy sector. 2. Dialogue alone is not sufficient. 3. Dialogue with the relevant stakeholder is needed.

7 CONCLUSION

7.1 INTRODUCTION

This chapter summarises the findings of this research in the context of achieving the original research objectives set out in Chapter 1 section 1.6 and assesses whether this objective has been met. Additionally, the chapter highlights contributions made to the existing academic literature, offers recommendations for stakeholder dialogue on renewable energy based on the findings, discusses limitations of the study and concludes with some recommendations for future research.

7.2 SUMMARY OF KEY FINDINGS FROM RESEARCH

This exploratory investigation into analysing the role that stakeholder dialogue can play in establishing the renewable energy sector aimed to identify the stakeholders involved in the renewable energy dialogue, determine whether the dialogue was inclusive of important stakeholders and whether some sort of prioritisation of these stakeholders was taking place. Additionally, the research aimed to evaluate whether the renewable energy dialogue was effective when compared to an acceptable effective dialogue framework as well as understanding the role that stakeholder dialogue can play in establishing the renewable energy sector.

7.2.1 STAKEHOLDER INCLUSION, IDENTIFICATION AND PRIORITISATION

One of the key findings of this research was that stakeholder consultation needs to be inclusive of a diverse group of stakeholders, especially in the early stages. There is sufficient evidence to indicate that the DOE, Eskom and NERSA process of consultation is inclusive. The use of the "open to the public" consultation process allows all interested stakeholders to be included in the dialogue and has resulted in a multitude of stakeholders' inputs and interests to be processed. However, the engagement process can lead to inefficient and cumbersome participation as the inputs of multiple stakeholders need to be considered. The translation of stakeholder dialogue into practice requires selection filters to deal with the multiple stakeholders in the renewable dialogue and their varied interests (Pedersen, 2006). Identification and prioritisation of stakeholders is suggested as a way of improving engagement.

7.2.2 EFFECTIVE STAKEHOLDER DIALOGUE FRAMEWORK

Pederson (2006) argues that in addition to *inclusiveness* additional dimensions of effective dialogue are *openness, tolerance, empowerment and transparency.* These are in line with the findings of this research and emerged in the analysis of stakeholder dialogue.

- *Openness: There* are clear signs of NERSA and the DOE being open to input from stakeholders however their input is limited to only what gets published and often not at a time when they can make meaningful input especially at policy formulation stage.

- *Tolerance*: The research found that overall there were low levels of tolerance in the dialogue. NERSA and the DOE appear to listen but there is little evidence of this coming through in the final policy documents. There is a feeling that Government and especially the DOE goes through the motions as very little of stakeholder input translate into actual outcomes when the final versions are published.
- *Empowerment*: The research illustrated that stakeholders felt they were unable to influence neither the process nor the outcomes in the policy domain and this has resulted in frustration and disengagement.
- *Transparency:* The findings also illustrate that the current dialogue has not been transparent with low levels of stakeholder engagement in the formulation of the input documents and policies.

This research also identified three additional themes when attempting to identify what constitutes effective dialogue in the renewable energy sector. These were identified as *clarity, policies and trust.*

- *Clarity:* This research has shown that uncertainty and lack of clarity have contributed significantly to the low levels of engagement in establishing the renewable energy sector in South Africa.
- *Policies*: The current process affords limited opportunity for the public to make meaningful input into policy-making and planning despite governments professed commitment to a participatory process. The lack of proper rules for the selection criteria as well as the lack of policies is seen as a major hindrance in the renewable energy dialogue and having

these rules and policies in place will greatly enhance the stakeholder dialogue.

- *Trust:* There is evidence of adversarial and non-cooperative relationships between government departments. This has resulted in low levels of trust between stakeholders and government as well as within government departments. High levels of trust lead to more effective dialogue.

These additional dimensions contributed to the academic literature on effective dialogue and an enhance model for stakeholder dialogue is presented in this research.

7.2.3 ROLE OF STAKEHOLDER DIALOGUE

This research found that stakeholder dialogue is a key and important requirement for establishing the renewable energy sector but dialogue alone cannot be used. There are other important factors that are required to create the proper enabling environment such as a need for urgent clarification of government's roles and policies in these interrelated areas. The study also highlighted that dialogue has to be with the relevant stakeholders that are willing to commit to participate and to create the enabling environment for the renewable energy sector to succeed.

7.3 RECOMMENDATIONS FOR STAKEHOLDER DIALOGUE

Stakeholder dialogue creates the environment where organisations can learn and bring about social and environment changes. Effective stakeholder relationship management is achieved by dialogue and engagement and is seen as the act of managing the relationship between the firm and different stakeholders in order to enhance the effectiveness of the firm's decisions, strategies and behaviour (O'Riordan & Fairbrass, 2008; Swift, 2001).

7.3.1 RECOMMENDATIONS FOR RESEARCH QUESTION 1

Stakeholder engagement and especially dialogue represents a significant opportunity for organisations, individuals and groups to come together to resolve the issues and challenges they face. The current open public engagement allows all stakeholders to provide input. A second iterative process is recommended which would filter stakeholders in primary and secondary groups resulting in more effective engagement.

7.3.2 RECOMMENDATIONS FOR RESEARCH QUESTION 2

It is important to identify and include important stakeholders in the dialogue process as exclusion reduces relevance and benefits. The current dialogue, though inclusive, needs to have a filter mechanism for identifying and prioritising stakeholders. It is also required that stakeholders be involved earlier in the process so that they can make meaningful input to policy formulation. The current dialogue in government departments is adversarial and uncooperative

and a mechanism for better interaction with government departments is recommended.

7.3.3 RECOMMENDATIONS FOR RESEARCH QUESTION 3

The establishment of dialogue through openness, tolerance, empowerment and transparency will result in better relationships, understanding and shared forms of knowledge. Recommendations for effective dialogue are:

Openness requires stakeholders to be free to speak their minds. It is recommended that stakeholder input be sought at an early stage and not be limited to merely what is published for policy formulation to be meaningful.

Tolerance requires a move away from holding on to entrenched and predetermined positions and views allowing more complex issues to permeate. It is recommended that Government stop going through the motions of listening and that they become more receptive to different views and translate these inputs into meaningful policy outcomes.

Empowerment is when stakeholders feel they are able to influence the process and the outcomes. It is recommended that Government refrain from having secretive meetings with big business and that the dialogue takes place in the open with all stakeholders having equal say in the process.

Transparency is when there is access to information and stakeholders can scrutinise the process and outcomes of the dialogue. It is recommend that there is fuller disclosure and for more stakeholder involvement early in the policy formulation process.

Clarity provides an agreed framework where the rules of the process are clear and there is an underlying vision of where the process will lead. It is recommend that Government provide role clarity and organisational certainly on energy policies and associated planning roles in order to provide a clear vision for the future of the renewable energy sector which will make the dialogue more effective.

Policies provide clear and explicit expectations about the possibilities and limitation of the dialogue as well as a framework within which these discussions can take place. It is recommended that proper rules for the selection criteria as well as policies on renewable energy are finalised quickly in order to create certainty and make the dialogue more effective

Trust allows organisations and stakeholders to build an understanding of what is achievable leading to honesty and acceptance of the organisations' stances and individual's positions. It is recommended that Government be open and transparent with no hidden agenda which will lead to effective dialogue.

This research proposes that in order to be effective in this dialogue process a structured framework needs to be followed. The enhanced Pederson-Pillay effective dialogue framework presented in this research is one such framework which will enable organisations and stakeholders to achieve better results through the dialogue process.

7.3.4 RECOMMENDATIONS FOR RESEARCH QUESTION 4

Effective stakeholder relationship management is achieved by dialogue and engagement and is seen as the act of managing the relationship between the firm and different stakeholders. Dialogue alone cannot establish the renewable sector. It is recommended that dialogue be undertaken with relevant identified and prioritised stakeholders in an environment where there are clear policies and roles.

7.4 LIMITATIONS OF THIS STUDY

The exploratory methodology used in this research exposed the research to certain inherent limitations;

- The small sample size used for the public content analysis as well as the selected interviews with stakeholders contributed to an inability to determine the target population size which limits the generalisation of the outcomes of this research to beyond the sample.
- The snowballing sampling technique chosen resulted in a bias towards stakeholders that where either in IPPs or people that were consultants to power producers which further limits the generalisation of these findings beyond the sample.
- The sample chosen may have been prone to bias as respondents were people who are currently on the receiving end of the dialogue process and therefore provided a negative view of the current dialogue.

- The sample chosen may be prone to responder bias as many of respondents are known to the researcher which may have influenced their responses.
- The coding of the statements from the interviews conducted during this research was executed primarily by the researcher who could have coded statements based on personal bias thus limiting the generalisation of these findings to other research.

7.5 RECOMMENDATIONS FOR FUTURE RESEARCH

The aim of this research project was broadly to explore whether the current stakeholder dialogue is effective and to determine the role that this dialogue can play in establishing the renewable energy sector. The findings of this research therefore lend itself to a number of opportunities for future research as outlined here:

- Cuppen et al (2010) argue that in order to deal with complex environmental issues, a structured method of identifying and mapping stakeholder perspectives is crucial. This allows for identification of the diversity of perspectives as well as those stakeholders that identify with these perspectives. The use of Q methodology is recommended for this purpose. Future studies should focus on using Q methodology for identification of stakeholders and their perspectives in the South African renewal energy sector.
- The coding and analysis was conducted by the researcher alone and could have added to the bias of the results. Best practice in performing

content analysis requires that an independent coder codes the data separately and results are then compared. An area of future research may be to use multiple coders for the data set obtained and then to evaluate if the same findings will be obtained.

- The research illustrated that there was evidence of adversarial and non-cooperative relationships between elements in Government. This was evident from statements provided by Eskom stakeholders, IPPs, NERSA as well as the DOE. One such example was the statement by the DOE that mandates were not clear and they were preparing to issue terms of references at the same time as NERSA. These issues relate to clear mandates and one department taking accountability for setting the direction and providing guidance. Future research is required to understand the reasons for the conflicting roles and the function of accountability in effective dialogue and whether this can contribute towards establishing the renewable energy sector.
- Many consultation processes fail because the process does not meet the needs of the stakeholders, or because participants do not feel they have been kept fully informed about what has been done with their ideas and opinions. Burchell and Cook (2006) argue that one of the key factors that leads to uncertainy and at time contradiction can be attributed to the lack off “feedback and transparency regarding the outcomes of dialogue processes” (p. 221). Stakeholders want results and greater feedback can provide opportunities for organisations and stakeholder groups to continue with the engagement process as they justify their actions to

sceptics (Burchell & Cook, 2006). Future studies should investigate the role that feedback plays in promoting effective dialogue.

7.6 CONCLUSION

The study achieved its overall objectives as set out in chapter 3 of identifying the stakeholders involved in the renewable dialogue, determining whether the current dialogue is inclusive of all stakeholders, analysing effectiveness of the current renewable dialogue when compared to effective dialogue models and determining the role that stakeholder dialogue can play in establishing the renewable energy sector in South Africa. The content analysis of public data and in-depth interviews provided adequate richness of data, which was presented in chapter 5 and 6.

The research pointed out that the current dialogue is inclusive of stakeholders however identification and prioritisation of important stakeholders will lead to more effective dialogue. In addition to this, the findings provided anecdotal evidence to confirm that the current dialogue is not effective when compared to effective dialogue models as found in the literature in this regard. Further, research provided advancements to the academic literature in that three additional dimensions for effective stakeholder dialogue are proposed. Finally, the research found that stakeholder dialogue is an essential part of establishing the renewable energy sector but cannot be used as the only tool.

In conclusion the study highlighted the need for urgent clarification of Government's roles and for clear policies and regulatory frameworks to establish the renewable energy sector. Addressing this challenge will require trust, cooperation and commitment built on a backbone of effective dialogue which includes openness, tolerance, empowerment and transparency. The study further advances that stakeholder dialogue is an important tool in establishing the renewable energy sector and creating an enabling environment for all stakeholders to effectively voice their concerns. However, the dialogue has to be effective and the use of the modified framework presented in this research will assist in ensuring that effective stakeholder participation takes place.

Table 16: Summary of Recommendations

Research Question	Summary of Recommendations
The stakeholder groups in the renewable dialogue are identified and prioritised	1. A second iterative process which would filter stakeholders in primary and secondary groups
The current stakeholder dialogue and consultation process is inclusive?	1. A filter mechanism for identifying and stakeholders 2. Earlier involvement of stakeholders in the process to make meaningful input into policy formulation. 3. Develop a mechanism for better interaction with government departments.
The current dialogue between Government, Eskom and NERSA with stakeholders is effective when compared to effective dialogue framework?	*1.* *Openness:* Stakeholder input be sought at an early stage in policy formulation and not be limited to only what gets published. *2.* *Tolerance:* Stop going through the motions of listening and that they be receptive to different views and translate these inputs into meaningful policy outcomes. *3.* *Empowerment*: stop having secretive meeting with big business and the

	dialogue takes place in the open with all stakeholders having equal say in the process 4. *Transparency*: The need for fuller disclosure and more stakeholder involvement early in the policy formulation process. 5. *Clarity*: fuller disclosure and far more stakeholder involvement early in the policy formulation process 6. *Policy*: proper rules for the selection criteria as well as policies on renewable energy be finalised quickly 7. *Trust*: be open and transparent not with hidden agenda 8. Use of the enhanced Pederson-Pillay framework
Stakeholder dialogue on renewable energy can contribute towards establishing the renewable energy sector.	1. Dialogue to be undertaken with relevant identified and prioritised stakeholders. 2. There are clear policies and roles

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9 APPENDIX

9.1 APPENDIX 1: CONTENT ANALYSIS CODE BOOK

	Negative Engagement	Positive Engagement
Inclusiveness	Few involved, Wait for inclusion, Only applicable to some, yet to be informed, excluded groups, failed to take into account, Absence of groups, Participation cut off little input	Open to public, Called all relevant parties, Inviting public comment, Conducted Public hearing, Held public consultation, Verbal submissions
Openness	Fixed problems, ultimate decision, should include additional scales, should be more flexible, did not cap, an attempt to comply, by way of decree, removes input, already been decided, did not set well, narrowly based consultation, criticised for not including, hope to see, should be free, acting in Eskom's interests, allocated only	Consultation balance with security, input from public hearings, will be considered, pronounce on mix, consultation will cover, has published , open problems , release of consultation paper, consultation requested comments, welcome the initiative, is a good idea
Tolerance	One position, were not included, excluded, doesn't matter what people say, presentation discarded, going through the motions, others inadequate, still too low, suggest that, consider alternatives, impossible, need to address,	Different alternatives considered, assessing submissions, broadly consulted, inclusion of , look at the determination, flexible to move, accommodate, extent to which , set aside, beneficial
Empowerment	One dominant player, one decisions, will pronounce	Equality and freedom

Transparency/trust	No access to information, secretive, we all know the outcome , assumptions known, domination by Eskom, rules not clear, conflict of interest, misguided approach, discomfort	Full access, Release input parameters, full reasons for decision, input from players,
Clarity & Uncertainly	Clarification needed, uncertainty, lack of alignment, clear policy, want to know, set a target	Clarity provided
Policy Issues	Policy still to be finalised, waiting for action, greater certainty on framework, long awaited, to be finalised, blockages, held up by current legislation, delay in process, lingering gaps, no feedback	Policy exists and is clear

9.2 APPENDIX 2: INTERVIEW SCHEDULE

The following schedule serves as an outline that will prompt the researcher during the interview process.

Background Information

1. Industry/ Role in Industry

Stakeholder Identification

1. Determine their ideas on renewable energy are in relation to a sustainable energy supply in South Africa
    a. Which forms of renewable energy (Biomass, Solar, Wind, Nuclear)
2. Determine their interest in renewable energy
    a. Buyer, Seller, Self use, Buyer Association, Seller Association

Stakeholder Dialogue

1. In what form do you currently experience the stakeholder dialogue with NERSA and other stakeholders around renewable energy
    a. Is it personalised or general?
    b. Media based?
2. Tell me about your experience of the stakeholder dialogue process you experienced and your views on how effective you think this dialogue has been.
3. What aspects would you say were effective?
4. Determine if the current dialogue is inclusive
    a. Only few privileged stakeholder involved
    b. All relevant stakeholders involved
5. Describe the level of openness in the dialogue
    a. Is it around a fixed or defined problems/ issues i.e. solving problems

   b. Is it open to problem/issues identification that allows stakeholder input?
6. Describe the level of tolerance in the dialogue
   a. Do certain stakeholder views take precedent/ priority over others
   b. Is the dialogue open minded toward allowing new sights
7. Tell me to what extent you fell that the dialogue process has empowered you
   a. Does one person dominate the dialogue or decisions
   b. Is there freedom and equality in decision making process
8. Describe the level of transparency & trust you experienced.
   a. No access to information about the process and outcomes
   b. Full access to information about the process and outcomes
9. What would you describe as constraints/filters to the effective dialogue?
10. Determine if they see dialogue being an enabler toward improving renewable energy generation and acceptance.]
11. Determine what they feel are barriers to renewable energy enablement?