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# **Managing Open Strategy in Public-Private Sector Business Model Innovation: Closing to Open and Opening to Close as Intertemporal Dualities**

John D. Nicholson,<sup>1</sup> Philip H. Coombes,<sup>\*2</sup> and Adam Lindgreen<sup>3</sup>

## **Abstract**

Approaches to the management of strategic openness in organizations remain poorly understood. This article presents a large-scale qualitative, longitudinal study into a pioneering public-private sector business model innovation in the UK. By synthesizing insights from literatures on open strategy, open innovation, and open business models, the article reveals the practices in establishing a public-private sector business model. Challenging the simplistic assumption that more openness is inherently beneficial, recent scholarship has called for a constitutive view of open strategy - one that recognizes openness as existing in tension with closure. In this view, strategic openness includes navigating open-closed paradoxes through deliberate practices of 'opening to close' and 'closing to open'. These practices raise critical strategic questions about when and where it is ideal to open and to close. To address this dynamic paradox, by adopting a longitudinal qualitative single case study design incorporating three co-located organizations as embedded units of analysis, we introduce a framework that unpacks openness and closure through the sub-dimensions of transparency versus secrecy and inclusivity versus exclusivity. The sub-dimensions are further analyzed in relation to value creation and value capture in business model innovation. Finally, the article presents a novel methodological framework that combines phenomena construction, abductive theorizing, and pattern matching to develop research questions grounded in large longitudinal data sets.

## **Keywords**

Business model, inclusivity, open innovation, open strategy, public-private sector partnership.

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## 1. Introduction

A key strategic question arises when designing relationships that span boundaries where such boundaries were once viewed as barriers to innovation and interaction - how open (and, by implication, closed) should an organization be? Dobusch et al. (2019, p. 344) note that “organizations adopting and applying the label of openness are [...] free to develop their own understanding - ideal - of what is ‘open,’ in their particular organizational context.” The purpose of this article, therefore, is to unpack the idea of ‘ideal’ strategic openness in the emergence of a novel cross-sectoral (public-private) business model innovation (Birkinshaw, 2017; Hautz et al., 2017; Luedicke et al., 2017; Stjerne et al., 2024).

‘Strategic openness’ has been defined as an event in which an organization voluntarily relinquishes control over resources that were previously proprietary (Alexy et al., 2018). However, openness is increasingly understood to encompass both the transfer of resources, and as having a participatory, human element - therefore considering not only the *what* of resource exchange but also the *who* of inclusion in strategic processes (Chesbrough and Bogers, 2014; Holstein and Rantakari, 2022).

Strategic openness has also been addressed within the strategy-as-practice tradition as open strategy and strategizing (Dobusch and Kapeller, 2018; Hautz et al., 2017; Luedicke et al., 2017) and has been argued to have developed from open innovation, its “empirical precursor” (Heracleous et al., 2018, p. 7). Thus, strategic openness involves an entanglement of resources and practices. In this article we explore openness through the paradoxical tensions of inclusivity-exclusivity, transparency-secrecy, and value capture-value creation (Birkinshaw, 2017; Dobusch et al., 2019; Laursen and Salter, 2014) as key elements of interaction within a value proposition. We therefore ask:

RQ1: What are the practices that lead to the establishment of the ideals of open business models in a public-private sector partnership context?

In contrast to a static notion of ‘being’ open, less discussion exposes the ‘becoming’ of openness - that is, the process by which something formerly closed becomes open, and that which was formerly open becomes closed (Belmondo and Sargis-Roussel, 2023; Dobusch and Dobusch, 2019; Dobusch and Kapeller, 2018; Dobusch et al., 2019). We explore this temporal progression, tracing a shift from a context in which the public and private sectors innovated independently, to one characterized by a collaborative public-private sector partnership in which larger sectors of society are included (Hansen and Ferlie, 2016; Hansen and Jacobsen, 2016; Hansen et al., 2024). Through a large qualitative, longitudinal study, we reveal the emergence of this openness over time. Boundaries (closure) between distinct entities can function both to include and to exclude; thus the way such boundaries are constructed has a profound impact on the potential for exchange across them. We therefore also ask:

RQ2: How do the ideals of openness emerge over time through the process of opening to close and closing to open?

Both Dobusch and Dobusch (2019), and Dobusch et al. (2019) advocate for a constitutive view of open strategy - one that frames openness as inherently in tension with closure. Ideal openness denotes a state of constant flux of openness and closure to achieve certain contextually specific outcomes such as innovation, broadening participation, and value creation and capture (Birkinshaw, 2017). Ideality therefore represents a state of ‘fit’ between different stakeholders and may change between different contexts and within the same context at different times. In this article, we consider ideal openness from a constitutive perspective as *intermediate* formalization - as a negotiation between intertemporal dualities and explored through discursive and adaptative practices due to the ongoing adjustment between paradoxical tensions. Hence, ideality, we suggest, is transitory rather than an enduring property of open strategy. To explore how openness emerges as a paradox, we draw heavily on Appleyard and Chesbrough’s (2017) paradoxical tensions of *off-diagonals* from the open innovation lens and

Dobusch and Dobusch's (2019) notion of *exclusionary openness* in the strategy-as-practice lens to analyze practices of 'opening to close' and 'closing to open' over time and reconceptualize these as 'intertemporal dualities' to expose the becoming of the ideals of openness.

Our case focuses on a pioneering public-private sector partnership for the construction and facilities management of health and social care infrastructure in a peripheral region of England. The formation of this public-private sector partnership required strategic openness at both national and local political levels, as well as between the public and private sectors. Hansen et al. (2024, p. 680) note that in public sector research, "few empirical studies explicitly examine how the strategy process is opened up (or not) to a variety of stakeholders," and recently, George (2025, p. 2) notes that in respect of strategic planning, "the opposing views on its effectiveness, and the different operationalizations of the concept between fields indicate a need to better integrate research findings across disciplines." As an innovative public-private sector partnership business model, this case study offers a unique opportunity to study the formation of such a model. Despite the growing interest in hybrid organizational forms, limited attention has been paid to them within the frameworks of public-private sector open innovation (Mergel and Desouza, 2013; Munksgaard et al., 2012).

Our contributions are twofold. First, Von Krogh and Geilinger (2019) have called for a 'portable' theory that bridges open innovation and open strategy traditions. Similarly, Xu and Alexy (2019, p. 60) suggest that "open innovation is a great starting point to link open strategy to strategic openness," yet few studies have capitalized on the opportunity to unpack the dynamics of openness and opening-up (Appleyard and Chesbrough, 2017). In response, we offer a theoretical synthesis that integrates concepts from the literature on open strategy, open innovation, and open business models; a synthesis that deepens our understanding of the ideals of openness positioned within the constitutive perspective of open strategy. From open

strategy, we draw on the concepts of inclusivity, transparency, and closure; and in line with the call from Birkinshaw (2017), we further consider the tension between value capture and value creation. Open innovation - with its emphasis on knowledge transfer - comes into sharp focus when examined through the lens of value co-creation. However, as Birkinshaw further notes, matters of value capture in open strategy have received much less attention. We propose a transferable framework that brings together these three strands of strategic openness as paradoxical dimensions, thereby advancing understanding of a constitutive perspective on strategic openness (Dobusch and Dobusch, 2019).

Second, we contribute to the constitutive perspective of strategic openness as an intertemporal and paradoxical process, characterized by flows of ‘opening to close’ and ‘closing to open’ (Appleyard and Chesbrough, 2017). We introduce the concept of open-closed intertemporal dualities, the idea that openness at a point in time can enable future closure, and vice versa. We argue that the interdimensional interplay between opening and closing, particularly in relation to value capture and value creation, is central to understanding these dynamics in the becoming of business models. We expose both deliberate and emergent strategy using the idea of interim formalization to identify when key aspects are opened or closed to facilitate later opening and closing and we further reveal the constant adaptive practices due to the lack of normative ideals of openness.

In answering these two research questions, we provide insight into public-private sector partnerships and locally grounded open innovation within a specific geographic context. In doing so, we shift the focus toward understanding the ideals of openness in physical rather than virtual space. As Holstein and Rantakari (2022, p. 2) observe, “the question of ‘where’ has gained less attention and left the role of organizational space untheorized in open strategy research.” We also respond to the calls for the discussion of open strategy beyond high-tech contexts (Appleyard and Chesbrough, 2017).

The article is structured as follows. Our conceptual background is presented in three parts. First, we review the open strategy and innovation literature, focusing on public-private sector partnerships and local open innovation contexts. Next, we examine the strategy-as-practice literature. We then synthesize these strands to propose a contextually transferable theoretical framework, which we use to subsequently empirically expose intertemporal dualities in the remainder of the article. Following the presentation of our research methodology, which follows a qualitative single case study design, a novel approach to theorizing is introduced through the construction of a phenomenon of investigation (Alvesson and Sandberg, 2023), using loose pattern matching (Bouncken et al., 2021a; Bouncken et al., 2021b; Sinkovics et al., 2019), and abductive loops as advocated by Sætre and Van de Ven (2021). We then present our findings, highlighting both theoretical and practical implications, and conclude with a summary of intertemporal flows, interim formalization, and adaptive practices (Dobusch and Dobusch, 2019). Finally, we discuss the study's limitations and suggest extensive directions for future research.

## **2. Theoretical underpinnings**

In this section, we offer a synthesis between open strategy, open innovation, and business model innovation. Looking at how these concepts have previously been considered in the context of public-sector open strategy and innovation, we first note the appeal for such synthesis from Appleyard and Chesbrough (2017, p. 319) that “the pursuit of open strategy necessitates the construction of business models that will lead to economic viability by allowing participating firms to not only *create* but *capture* value,” and which the authors confirm as a dynamic and ever shifting process. Dobusch and Kapeller (2018) also note the synergy between these three lenses. Hence, there is a well-recognized conceptual synthesis between the mid-range ideas of open strategy, open innovation, and business model innovation,

but where limited empirical investigation has occurred at the nexus between them. The connection between open innovation and business model innovation is both consistent and prominent across these respective literatures.

### **2.1. Open innovation in a public-private sector partnership context**

Recognition of the importance of strategic management in public-sector organizations is accelerating (George et al., 2025). Discussions of open society, opening-up, and the value of boundary spanning activity and broadening participation through public partnership, are matters of significant emphasis in new paradigms of public management such as new public governance and public value governance (George et al., 2025; Nicholson and Orr, 2016; Noble and Jones, 2006; Poister, 2010; Quelin et al., 2019; Hansen and Ferlie, 2016; Hansen and Jacobsen, 2016; Hansen et al., 2024).

Much of the existing discussion of openness has focused on virtual platforms and the development of proprietary knowledge, such as codes (Appleyard and Chesbrough, 2017; Von Krogh and Geilinger, 2019). In contrast, our study examines open innovation and business model development in geographic space and within a low-tech environment. Open innovation is arguably the most prominent and developed domain for exploring strategic openness (Chesbrough, 2003, 2012). Chesbrough and Bogers (2014, p. 12) define open innovation as a “distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with the organization’s business model.” Open-innovation in public-private sector partnerships has lagged with its adoption in the private sector (Kankanhalli et al., 2017). In the public sector, Figenschou et al. (2024, p. 130) note that “traditionally, the public sector has pursued innovation through closed mechanisms characterized by limited transparency and minimal engagement.” More recently, open innovation has been brought into public-private sector research through the concept of public-private open innovation (Mergel and Desouza, 2013;



Munksgaard et al., 2012). As Mu and Wang (2022, p. 489) observe, “open innovation in the public sector is identified as the act of governments leveraging resources and knowledge contributed by peer government departments, citizens, and private sector organizations to solve public problems” - a characterization that aptly describes the institutional context of our study.

A further emerging line of inquiry focuses on *local* open innovation (Leckel et al., 2020), which emphasizes geographically bounded initiatives, often led by local authorities, aimed at enhancing regional value capture. Public-private open innovation (Munksgaard et al., 2012) is increasingly viewed as a mechanism to address historically weak innovation cultures within the public sector, limited funding for experimentation and regulatory constraints on public expenditure. While existing public-private sector partnerships have typically focused on service enhancements, the context we examine also incorporates product innovation - an area to which public servants are traditionally less inclined. Despite growing recognition of the value of strategic openness, there remains limited discussion of open strategy and strategizing practices that could guide practitioners in effectively managing such arrangements into being (Santos et al., 2021).

A historical constraint on public-private open innovation has been the traditional emphasis on transparent public procurement processes. Conventionally, public agencies were required to develop internally detailed solution specifications before inviting tenders from external contractors. As Mergel and Desouza (2013, p. 883) observe, “public agencies are generally not able to ask outside problem solvers to invent a new business model for government.” In contrast, effective public-private *open* innovation ideally involves cross-sectoral collaboration and co-specification of solutions (Munksgaard et al., 2012). Unlocking the full capabilities of the public sector thus demands a radical reinvention of existing incentive structures, including mechanisms such as risk spreading (Quelin et al., 2019).

## 2.2. Open strategy and open business models

The strategy-as-practice tradition (Hautz et al., 2017; Jarzabkowski, 2004; Splitter et al., 2019; Whittington, 1996) is a school of thought in strategic management that prioritizes the practices of practitioners in the strategy process, focusing on the day-to-day praxis of their strategic work (Splitter et al., 2019). Within this tradition, open strategy is understood as “recognizable sets of collective doings” (Belmondo and Sargis-Roussel, 2023, p. 614) or as “accepted ways of doing things” (Vaara and Whittington, 2012, p. 287). Whittington et al. (2011) describe open strategy in terms of the extent to which external stakeholders are involved in strategy formation. The practice lens itself has evolved partly as a response to the perceived elitism and secrecy of traditional strategic approaches (Birkinshaw, 2017; Dobusch and Dobusch, 2019; Von Krogh and Geilinger, 2019).

Exploration of open strategy initially coalesced around two core dimensions: *inclusivity* and *transparency* (Hautz et al., 2017; Luedicke et al., 2017; Seidl et al., 2019; Splitter et al., 2024). Inclusive practices include open agenda setting, open governance, and broad open stakeholder participation (Hautz et al., 2017; Seidl et al., 2019). Transparency, on the other hand, concerns the extent and nature of information made visible and accessible within these practices (Malhotra et al., 2017; Ohlson and Yakis-Douglas, 2019), standing in contrast to secrecy and knowledge protection characteristic of traditional competitive strategy. Achieving transparency requires sustained, effective, and persuasive communication (Splitter et al., 2024) and is therefore likely to be emergent and developed over time through multiple iterations of adaptive and discursive practices (Jarzabkowski, 2004).

Most of the contributions considering open strategy have been discussed within a *programmatic* approach to open strategy where openness is seen as positive and dilemmas seen as barriers to overcome on the way to ever greater openness, transparency, and inclusivity (Dobusch and Dobusch, 2019), and indeed, where binary opposites are treated as irreconcilable

either-or *dualisms*, rather than reconcilable *dualities*. For instance, a notion of *radical* openness, particularly within platform innovation ecosystems, has attracted significant attention from open strategy scholars (Eckhardt et al., 2018; Luedicke et al., 2017). However, radical openness has been critiqued as naïve (Dobusch and Kapeller, 2018), as it can give rise to negative consequences such as opportunism and free riding. Moreover, naïve openness may inadvertently privilege historically advantaged groups while marginalizing the historically disadvantaged (Hautz et al., 2017). As a result, Dobusch and Dobusch (2019, p. 328) argue that “complete openness is impossible.”

An alternative perspective is offered as a *constitutive* approach, in which open-closed tensions are embraced and managed. Instead of a dominant perspective on *how to open*, a perspective on *when to open* and *when to close* are seen as in tension when creating ideals of openness. Ideality is therefore a question of how much openness and in what dimensions. Such ideality is dependent on the purpose of the business model innovation and the context in which it functions (Dobusch and Dobusch, 2019). Dobusch and Dobusch (2019, p. 334) conclude that “only by paying attention to the openness paradox which means the extricable linkage and oscillating movement between practices of opening and closing we can achieve more convergence of openness ideals,” and importantly note that a single static ideal can never be reached. They further state that the constitutive perspectives better encapsulate the normative aspects of openness, which they feel are missed under programmatic assumptions. Normative aspects include the practices of participants in relation to openness and closure, and where these have no precedent, they must be created.

Appleyard and Chesbrough (2017) highlight a critical distinction protecting proprietary knowledge (value capture) and engaging in open innovation (value creation). Strategic openness (Alexy et al., 2018; Laursen and Salter, 2014) therefore encompasses both resource-based and practice-based dimensions, aligning with the core elements of emerging business

model innovation (Osterwalder and Pigneur, 2010). While open innovation focuses on the flow of innovation across organizational boundaries, open practices emphasize the interactions between innovators and their judgment about when and where to open or close knowledge flows.

In this context, value creation within an open business model is shaped not only by the movement of knowledge but also by the human and relational dynamics that determine the extent and boundaries of that movement. For example, organizations may choose to reduce protection of proprietary knowledge or assets to facilitate value creation. From these flows, ideal openness can be understood in terms of the degree of value apportionment. Value creation emerges not merely from the transfer of previously protected knowledge, but also from open participation and transparency in those interactions. Open strategy, then, becomes a response to the core strategic question: how open - and consequently, how closed - should an organization be?

Encouraged by Birkinshaw (2017, p. 425) who asserts that “it is all very well to work with external partners as a way of creating value, but long-term success is ultimately about capturing value in the form of above-average profits,” we draw on the business model literature to incorporate both value capture and creation dimensions into our analysis (Figure 1). In the emergence of a new business model, there may be moments of formalized closure (Dobusch et al., 2019), such as the establishment of a central value capture mechanism and risk apportionment structure, which subsequently facilitate value co-creation. Such moments of formalized closure may be transitional, reached in one dimension while others remain in flux. For instance, where a value capture mechanism is fixed while inclusivity in value creation remains in a state of becoming in respect of open value creation.

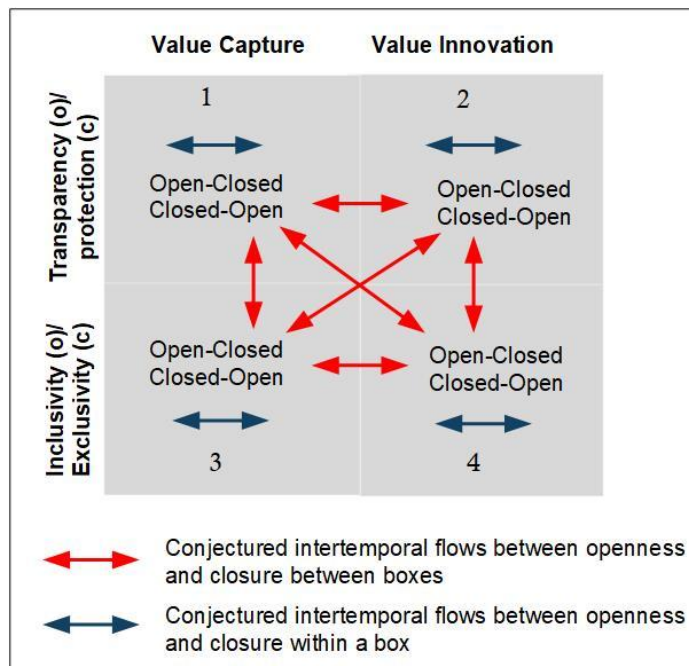
### 2.3. Opening to close and closing to open

A third dimension of open strategy - *closure* - has more recently been proposed, complementing the established pillars of inclusivity and transparency (Dobusch and Dobusch, 2019; Dobusch et al., 2019) and is central in the constitutive perspective. Due to the longitudinal nature of our study, we expose intertemporality in these paradoxes - that closure at one time and dimension may lead to later opening, and vice versa (Dobusch et al., 2019). The third aspect of our theoretical framework therefore considers paradoxical temporal flows of ‘opening to close’ and ‘closing to open’. In the context of public sector open innovation, we argue that strategic *closing*, alongside strategic *opening*, holds equal strategic significance in achieving *interim formalization*. Holstein and Rantakari (2022) suggest that there are critical ‘pivot points’ in strategic processes where openness shifts toward closure, and vice versa, requiring practitioners to make context-sensitive judgments about when and where to close or open organizational boundaries. These pivot points may lead to instant or delayed effects.

The synergies between the lenses of open innovation and open strategy are most effectively illustrated by juxtaposing Dobusch and Dobusch’s (2019) concept of exclusionary openness (in the open strategy literature) with Appleyard and Chesbrough’s (2017) notion of off-diagonals (in the open innovation literature). While Appleyard and Chesbrough use ‘diagonals’ to refer to a geometric nuance in their visual representation (which we do not replicate in our figures), both concepts capture the intertemporal dynamics of ‘opening to close’ and ‘closing to open’. Both exclusionary openness and off-diagonals challenge static dualisms and shift the focus from discrete moments in time to dynamic flows across time (from immediate to delayed effects). To unify these perspectives, we introduce the concept of ‘open-closed intertemporal dualities’ (OCIDs). An important contribution we make is to consider intertemporal dynamics as also interdimensional, and we explore this further in the following section and in Figure 1.

## 2.4. Theoretical framework

We synthesize the theoretical ideas discussed so far into a single theoretical framework, which is illustrated in Figure 1. The central aim of this framework is to move beyond open-closed *dualism* by conceptualizing openness and closure not as binary, either/or decisions at a given moment, but as a dynamic *duality* - interdependent and evolving over time. We propose this theoretical framework as a broad application tool for examining open-closed intertemporal dynamics across diverse contexts within the constitutive perspective of openness. Following the insights of Appleyard and Chesbrough (2017), Dobusch and Dobusch (2019), and Birkinshaw (2017) that open-closed dynamics can be meaningfully illuminated through an analytical distinction between value creation and value capture within business model innovation, we add these tensions in Figure 1. First, we establish the dimensions in Figure 1.



**Figure 1.** A transferable theoretical framework for understanding how practitioners navigate the ideals of openness and closure in the constitutive perspective of openness.

We offer Figure 1 as a transferable framework to study in any context. Figure 1 positions three core paradoxes: transparency-secrecy, inclusivity-exclusivity, and value capture-value creation. These occur as dimensions on the axes of the grid. The blue arrows denote an intertemporal movement within a dimension, for instance in Box 1 from secrecy/protection (closed) to transparency (open). Visualizing movement along the blue arrows within a programmatic perspective are likely to reveal strategy to open-up within any one dimension. As dualisms, more openness will inevitably lead *immediately* to reduced closure in the same dimension. These programmatic instances are clearer strategic choices. Where the choices lead to intended or unintended *later* effects in another dimension, we suggest these denote intertemporal dualities, which we further state are interdimensional. We suggest that consideration of the red arrows moves analytical interest from a programmatic perspective on open strategy to a constitutive perspective. Further, we therefore assert that a constitutive perspective considers interdimensional movements - between boxes rather than within them. The red arrows in Figure 1 therefore denote our empirical interest in this article and in Figure 2, we isolate and both define these intertemporal dualities and their delayed interdimensional interplay. Negotiation and adjustment along the red arrows indicate ideality for purpose and interim formalization may occur when there is temporary fixing within these arrows. Intertemporal dualities we define therefore as interdimensional, have a delayed effect which may be intended or unintended and are matters to be considered in a constitutive perspective on open strategy.

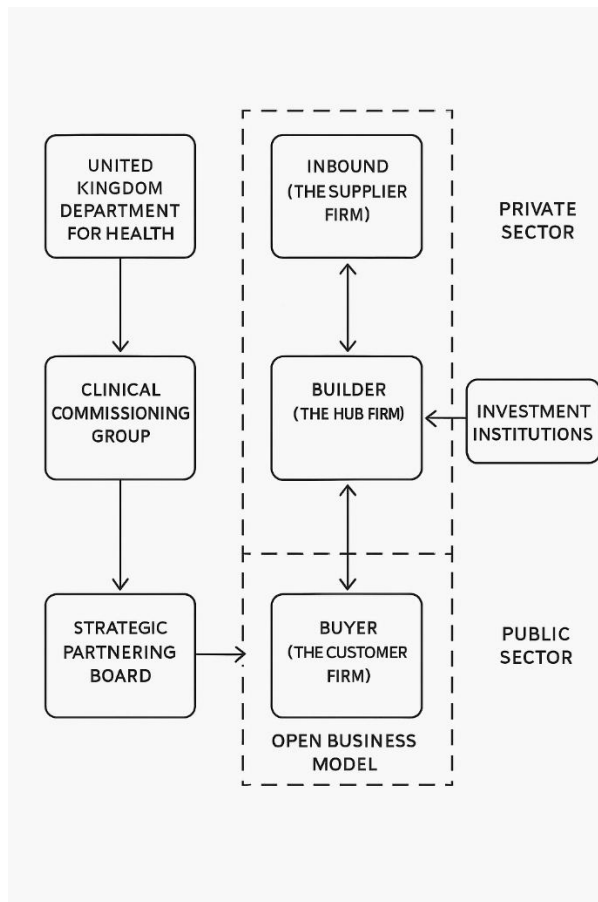
### **3. Research methodology**

#### **3.1. Research case**

This study investigates the emergence of a pioneering public-private sector partnership business model innovation through a qualitative and exploratory approach conducted through

a longitudinal two-phase project. The project culminated in a focused case study of three organizations central to the evolution of the business model innovation. The case study methodology is widely recognized as a robust approach for examining business models, particularly in contexts where complexity and novelty intersect (Casadesus-Masanell and Zhu, 2013; Weiller et al., 2015). The research design follows a single case study structure, incorporating three embedded units of analysis (Yin, 2018). These embedded units of analysis were three organizations - Builder, Inbound, and Buyer (names anonymized) - which were selected during Phase 1 of the study based on their relevance to the public-private sector partnership. To preserve anonymity, pseudonyms are used throughout. Builder is a family-owned independent business operating across property development, facilities management, and retail. Inbound, co-located with Builder, is an independent building supplies firm. Buyer, by contrast, is a special purpose vehicle established under the UK Department of Health's Local Improvement Finance Trust (LIFT) program, representing the public-sector dimension of the partnership. While Builder's interactions with Inbound occurred within a single industry context, its broader supply chain extended across multiple industry boundaries. Notably, its exchanges with Buyer traversed the sectoral boundary between public and private domains. Builder, as the focal actor in this network, was assumed to play the role of orchestrator in the business model's development (Storbacka et al., 2012). All three organizations' head offices were co-located within the same city-region, enabling frequent face-to-face interaction among senior management teams. Figure 2 illustrates the Phase 2 case study design, with the three organizations shaded in grey to denote their foundational role in the focal business model. Additional actors from both public and private sectors are depicted as peripheral but connected participants in the broader group of stakeholders.





**Figure 2.** Phase 2 case study design

### 3.2. Data collection

We collected the data in two main stages (Phase 1 and Phase 2). In Phase 1, 21 semi-structured interviews, each lasting between one and two hours, were conducted. This initial phase of data collection encompassed a wide-ranging study of co-located stakeholders, including representatives from public, third sector, and commercial organizations to understand the broader contextual conditions of the region. In line with Dobusch and Dobusch's (2019, p. 334) call to account for "non-participant non mentions and non-topics in [an] allegedly open environment," this phase aimed to surface both included and excluded voices in the region's strategic landscape.

In Phase 2, a further 25 semi-structured interviews, again lasting between one and two hours, were conducted. Across Phases 1 and 2, 46 participants contributed approximately 80

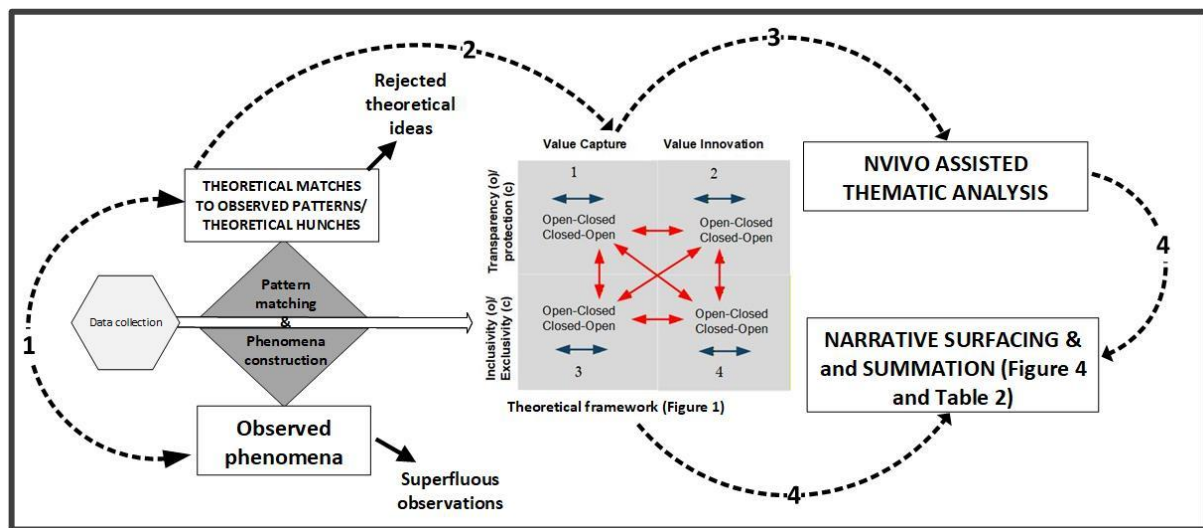
hours of primary interview data that informed the development of this study. The interview protocol was guided by the principles of convergent depth interviewing (Rao and Perry, 2003), with broad opening questions designed to elicit reflective accounts of organizational collaboration. Participants received the interview guide in advance, allowing time for preparation and deeper engagement. The semi-structured interview format enabled rich contextual insights into the strategizing and practices of both focal and stakeholder organizations. All interviews were transcribed, with follow-up interviews and emails used to clarify responses where necessary, which facilitated a nuanced understanding of the organizational dynamics at play and supported the development of a robust analytical framework. In addition to primary interview data, multiple secondary documentary sources such as news reports and organization documents from participants were consulted to enrich and triangulate the analysis. Unless otherwise noted, participant quotations cited in this article are drawn primarily from Phase 2.

### **3.3. Theorizing and theory development**

Figure 3 summarizes a novel and authentic approach to expose theorizing from large data sets where conceptual development emerged from using data gathered to address one set of questions to answer alternate ones. Sætre and Van de Ven (2021) describe an abductive approach to research that evolves through a series of abductive loops, in which preliminary ‘hunches’ are generated and iteratively refined through a dialogue between empirical data and existing theory. Figure 3 illustrates this abductive approach, which unfolded across four loops, each of which we explain in detail.

In Loop 1, data collected across the two research phases initiated the analytical process. Alvesson and Sandberg (2023) recently emphasized the importance of constructing a phenomenon - the identification of a phenomenon that may not have been apparent in the original research design or questions. This phenomenon construction occurred during Loop 1,

with key elements of the identified phenomenon summarized in Table 2. During this loop, we also employed a pattern-matching approach, developing hunches about which phenomena might best align with specific theoretical lenses. Table 2 provides a summary of the theoretical concepts explored. Several theoretical ideas were rejected in this loop sometimes after extensive coding and authorship.



**Figure 3.** Approach to theorizing adapted from pattern matching (Bouncken et al., 2021a; Bouncken et al., 2021b; Sinkovics et al., 2019), abductive theorizing (Sætre and Van de Ven, 2021), and phenomenon construction (Alvesson and Sandberg, 2023).

We adopted a theorizing process like that described by Kaplan and Orlikowski (2013, p. 971) in which “the analytical process was highly iterative, involving several rounds of coding and frequent reference to the literature as different themes emerged.” Accordingly, Figure 1 represents a constructed phenomenon that was not apparent at the outset of any of the three research phases. Our theorizing approach, illustrated in Figure 3, adapts this iterative process and incorporates a third technique: pattern matching (Bouncken et al., 2021a; Bouncken et al., 2021b; Sinkovics et al., 2019). Coding conducted for the research questions posited in these earlier phases was matched against promising theoretical ideas. To develop our conceptual

framework, we applied both loose and convergent pattern matching across different phases of research and between empirical data and relevant literature (Loop 1), leading to the construction of Figure 1 as the emergent research phenomenon (Loop 2).

**Table 1:** Breakdown of activities in each theorizing loop

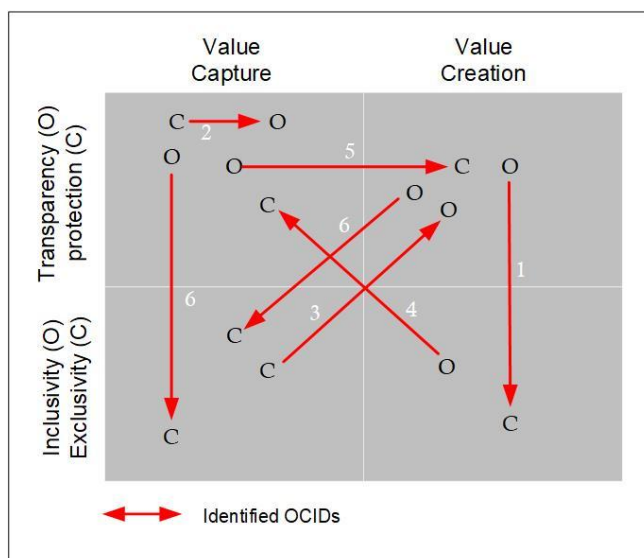
<b>Loop 1: Theoretical hunches in pattern matching</b>	<b>Loop 1: Phenomena construction in pattern matching</b>	<b>Loop 2: Theoretical framing</b>
<ul style="list-style-type: none"> <li>- Open strategy and closure (transparency and inclusivity)</li> <li>- Open innovation (off-diagonals)</li> <li>- Public-private local-open innovation</li> <li>- Business model innovation (value capture and value creation)</li> </ul>	<p><i><b>Fieldwork Phase 1</b></i></p> <ul style="list-style-type: none"> <li>- Issues in a peripheral region</li> <li>- Historically adversarial relations between public-private sectors</li> <li>- Importance of inclusive relationships</li> </ul> <p><i><b>Fieldwork Phase 2</b></i></p> <ul style="list-style-type: none"> <li>- Development of hybrid working mechanisms</li> <li>- Local value leakage to core regions</li> <li>- Risk transfer</li> <li>- Exclusivity of a core public-private sector partnership contract</li> <li>- Needing to favor local firms.</li> <li>- Community involvement in facility design</li> <li>- Philanthropy in skill development</li> </ul>	<ul style="list-style-type: none"> <li>- Tension between opening and closing rather than simply open or closed</li> <li>- Closing and opening in terms of transparency and inclusivity.</li> <li>- Intertemporal duality</li> <li>- Value capture and value creation (business models)</li> <li>- Interdimensionality</li> </ul> <p><i>Culminating in Figure 1 and research questions</i></p>
<b>Loop 3: NVivo assisted thematic analysis</b>	<b>Loop 4: Findings and conclusions</b>	
<p>Key themes used</p> <ul style="list-style-type: none"> <li>-Dimensions of opening and closing</li> <li>- Risk apportionment</li> <li>- Inclusivity and exclusivity</li> <li>- Transparency and secrecy (protection)</li> <li>- Closure</li> <li>- Dimensions of business model innovation</li> <li>- Value capture</li> <li>- Value creation</li> <li>- Local value capture</li> <li>- Third sector organization</li> <li>- Public-private tension</li> </ul>	<ul style="list-style-type: none"> <li>- Narrative writing and conceptual framework (Table 2 and Figure 4)</li> </ul> <p>Figure 4 identifies the intertemporal dualities of opening to close and closing to open</p> <p>Tables 2 and 3 shows the summary of the opening and closing events over time</p> <p>(Tables 2 and 3 and Figure 4 amount to the summative outcomes from research questions 1 and 2)</p>	

Several rounds of first and second order coding occurred during Loop 1. In Loop 3, the most promising ideas which had good fit with the identified theoretical lenses chosen were gathered and further interview passages and secondary data were collected under these themes within the NVIVO software platform to aid the narrative development in the final loop, Loop

4. The following findings section is the product of loop 4 and we draw on the passages collected under the themes in Loop 3 as evidence for the following narrative.

#### 4. Findings

We begin by summarizing the empirically identified open-closed intertemporal and interdimensional dualities (OCIDs), which are explored through narrative analysis. We define OCIDs as instances in which a decision to open or close was explicitly paired with a strategic intent to later close or open, respectively. This approach contrasts with a simpler dynamic of merely reversing a previously open or closed state in the present. Figure 4, Table 2 and Table 3, presented toward the end of this section, summarizes these intertemporal flows as they were identified in the study. The analysis therefore reveals both the practices themselves and the processes through which they unfold, with the narrative structure reflecting the temporal and interdimensional nature of these dynamics. The case reveals an evolving interplay between intentional formalization and unplanned emergence and adjustment.



**Figure 4.** Discovered OCIDs in our analysis.

#### **4.1. Early foundations of the public-private open business model**

The groundwork for our case study begins with a national policy shift. In 1992, the UK Conservative government introduced the Private Finance Initiative (PFI) to encourage greater private sector involvement in achieving public sector development goals (National Audit Office, 2005). Under the PFI, the private sector finances capital infrastructure projects for the public sector, aiming to enhance inclusivity in the delivery of local public sector services. The initiative coincided with the growing recognition of boundary spanning activity in ideas such as New Public Management. The UK Labour government, from 1997 onward, embraced the PFI as a means of bringing private sector capital discipline and efficiency to public sector initiatives. This marked a key national-level pivot toward openness. Thus, the process of opening-up began with a shift in national policy. This shift was not perceived at the outset as targeting radical openness but an attempt to achieve certain strategic objectives of bettering societal impact, particularly in relation to areas considered peripheral and economically lagging. The OCID flow here illustrates the intent to facilitate greater value creation between the public and private sectors beginning in national policy but implemented through local government.

Many participants in Phase 2 consistently emphasized the unique conditions of the region, particularly its peripherality and exclusion from the opportunities available in core regions. Several highlighted that relational capital was a distinct local asset - something that could be developed and leveraged in contrast to the more transactional environments of core regions, often colloquially referred to as ‘Londons’:

“[This region] runs on people. It doesn’t run on organizations and structures like places like Manchester and London. It runs on relationships. That can be hugely powerful as it binds people in, it brings people in. Most people around here have known each other for a very long time. There are long relationships to build on.

You don't get that in the 'Londons'. Perhaps people's knowledge of what they need to do is stronger [here]." (Senior Council Officer Focal Region: Phase 2)

In theoretical terms, the strategic driver was that regional exclusivity could paradoxically open participation within a broader range of regional stakeholders, thereby facilitating greater regional value capture. We suggest that the overarching strategic intent was to open local institutional boundaries between the public and private sectors, while simultaneously closing around local geographic boundaries. Put another way, a strategic/policy decision was made that a better ideal of openness could be found by first opening-up at a macro, governmental level, thus facilitating subsequent local opening-up. Such local opening-up would involve some elements of formalization and many elements of stakeholder adjustment. In the following sections, we further expand how these OCIDs emerged.

Locally, Builder was quick to recognize an opportunity within a specific facet of the LIFT program. LIFT models for newly built or refurbished properties were designed to improve the overall quality of the health and social care estate for Clinical Commissioning Groups in England (National Audit Office, 2005). Builder identified the potential to shift from being a traditional developer to becoming a comprehensive solutions provider:

"That vision involved becoming a developer... I had seen this in the States (UK)... and the developer builds the thing, arranges the finance, gets a designer and facility manages (maintains) the building." (Director A Builder)

The material element at the center of the initiative was facilities development. Openness between the public and private sectors was viewed as crucial to the creation of a new open business model:

"People say to me: Why are you so excited about that [public-private sector partnership] model? I have always thought about this city, and I tend to think about it as a city rather

than a sub-region, is like a living, breathing organism. Unless all parts of that organism come together to put it right, it won't work. Unless it all comes all together, you will never get that step change." (Senior Council Officer Focal Region: Phase 1)

An early dilemma in this strategic pivot in our focal region was highlighted by participants from various sectors interviewed during Phases 1 and 2. These interviews provided a timely insight into Builder's perspective at the very moment the business model was conceived. Key participants spoke of a history of exclusivity between the public and private sectors, alongside a contemporary push by public sector actors to engage more actively in regional policymaking:

"The business community knows that. They know it because they are the engine room of it [Regional development]... and they know that in the past they have not been used properly. They just sat on the sideline and watched things happen. Quite frankly, I don't think they are willing to do that anymore. Because things aren't moving fast enough for them. They are rolling up their sleeves and saying: OK, we watched the local government do it for years and here we are. We are going to get involved now." (Senior Council Officer Focal Region: Phase 1)

However, the question of ideal openness - as opposed to radical openness - quickly came to the fore. At the time, there was no established formula, playbook, or guidance on how much openness would be effective, or what form that openness should take. In other words, strategic openness was an unpracticed and largely experimental initiative at this stage. As one prominent local Member of the UK Parliament cautioned:

"Their [private sector actors] agenda will not always be the same agenda as perhaps the rest of society or community. Whilst it is important that they bring certain perspectives and skills and experience, I do think that you need to have the public sector holding the



ring because the public sector do have, bear in mind, the needs of the whole community not just what is best for the business community.” (Local Elected MP, Phase 1)

With political will established at the national level, the first step was to open the process for expressions of interest for the role of primary contractor - a role ultimately awarded to Builder. The design of the platform followed thereafter. This act of opening-up began a first phase of formalization of the value capture mechanism.

#### **4.2. Establishing the foundation for business model innovation**

The issue of the ideal openness came into sharp focus during the establishment of the platform and the identification of key partners. Builder was awarded an exclusive 25-year contract to serve as the primary contractor under the LIFT program - a key manifestation of the shift toward public-private sector partnership in the focal region. A Director of Builder noted:

“So, we felt this was our ... finally ... our chance to shine as it were in the PPP [public-private sector partnership] market, we bid it [colloquial: tendered], we won it, so we’d won exclusivity with the CCG [Clinical Commissioning Group] for 25 years effectively on all their capital projects.” (Director A, Builder: Phase 2)

Opening participation became an early strategic step, accompanied by extensive issue selling by local government due to the tensions created and the lack of normative guidance as to what was ideal. We identified significant local issue championing by both Builder and Buyer. This advocacy by senior private sector actors was legitimized through localized closure, expressed as a shared sense of regional peripherality. This perceived marginalization prompted local private sector practitioners to more consciously link the success of their firms to the success of the region, perhaps in contrast to actors in core regions, where such a correlation may be more easily taken for granted. However, normative interaction between co-located actors was one more of secrecy rather than transparency and competition rather than

collaboration. Issue selling was affected to legitimize economic closure along local authority boundaries and then closure around a single primary contractor.

The legal relationship between Builder and Buyer formed the core value capture mechanism of the business model and represented a key facet of the opening-up between the public and private sectors then closing. This arrangement exemplifies the tension inherent in determining ideals of openness. As one of the Directors of Buyer observed:

“We follow the [Builder’s] behaviors ... you know, we follow all that stuff. There’s nothing we do differently. There’s no different language that we use that they wouldn’t recognize from their own. I’m not saying that we’re like sheep that follow it ... we do it because often what they do is the right thing in our eyes.” (COO, Buyer: Phase 2)

From the public sector perspective, there was a recognized need to optimize practices to align more closely with commercial standards. Phrases such as not being like “sheep,” doing “the right thing,” and “infiltration” reflect an active effort to determine the ideal balance of inclusivity and exclusivity within the OCID dynamics:

“The CCG [Clinical Commissioning Group] has had a big influence on our business, not least we’ve almost... infiltrated that element of the public sector. They get us I think, and they get the benefit of allowing others to do what they’re good at.” (Director A, Builder: Phase 2)

Similarly, Builder acknowledged their own adaptive practices, particularly in terms of learning from their public sector partner within the platform. The participant went on to describe how this sense of ideality evolved over the early years of the arrangement:

“They’ve learned to trust us. We didn’t get it at day one ... over time, we’ve become almost a facility of theirs ... a function of them ... part of them. They talk to us like they talk to each other, which is a perfect place to be actually.” (Director A, Builder: Phase 2)

A specific negotiated tension for Buyer stemmed from the fact that Builder maintained numerous other commercial arrangements outside the partnership, creating challenges in balancing inclusivity and transparency between the two organizations:

“We have to be really careful not to prejudice their [Builder’s] ability to go out and bid for this thing when it’s offered out as a job because you know if we’re not careful when we share too much information or show them stuff, they shouldn’t see, then somebody’s going to cry foul and rightly so.” (COO, Buyer: Phase 2)

This comment refers to the balance between Builder’s activities within the business model and its other operations, such as its retail business:

“It’s hard sometimes for people to disassociate [Builder] ... we’re always very careful about what we do and don’t... say with [Builder] sometimes. For example, with this hospital in [city-region], there’s some value to us in having an informed conversation with somebody [else] about construction things and [Builder] can tell us on bits we might need to think about.” (COO, Buyer: Phase 2)

Buyer also emphasized the importance of maintaining openness to knowledge from sources beyond Builder, even in areas where Builder was considered the expert.

To further explore the issue of closure, we interviewed Builder’s primary supplier, who confirmed that they were not subject to the same boundaries as those governing the relationship between Builder and Buyer:

“Of course, [Builder] is important to us and we value their business, but we have lots of other customers who are equally as important ... unlike [Buyer], we’re not in bed with them so to speak.” (Director A, Inbound: Phase 2)

Builder’s inclusion in Phase 3 of the study allowed us to examine the dynamics of inclusion and exclusion within the focal business model. The firm benefited from the exclusion

of non-local competitors in assessing local opportunities, while still competing with those same firms in non-local markets.

The early stages of opening-up involved significant institutional level changes motivated by a strategic understanding of the need to affect closing in two key areas, first, around the local authority area to affect regional value capture, and second, around a primary contractor which would entail exclusive capture by Builder. Together, the two acts of closure would be beneficial in terms of opening participation and creating local value capture (open innovation). We turn next to more deeply to examine the closure around the key value capture mechanism.

#### **4.3. Legitimizing closure and interim formalization**

Closure and purposeful strategic exclusivity are controversial and needed a positive interplay between two aspects of closure: geographic closure and value capture closure. Paradoxical tensions were therefore apparent between opening-closing and two strategic closures, which we discuss next.

The risk model embedded in these contracts was a critical aspect of value capture, as risk apportionment represents the counterpart to reward - encompassing both potential losses and gains for the public and private sectors. One of the key practitioners described this apportionment as “shared,” highlighting the role of transparency in structuring the partnership:

“The LIFT [Local Improvement Finance Trust’s] program’s philosophy transferred risk in the business model away from the public sector to the private sector ... risk exposure is shared with our partners.” (Director A, Buyer: Phase 2)

Hence, secrecy in this value capture formula was in tension with inclusivity, and transparency mitigated this tension. Builder’s open strategizing regarding risk diffusion was evident in its engagement with investment institutions - partners with whom it already had established business relationships - to help develop risk apportionment models. In doing so,

Builder contributed to extending the public sector's capacity to distribute risk beyond the taxpayer. Risk inclusivity and transparency, as facets of value capture, have been underexplored in the open strategy literature. We identify this dynamic as an example of opening to apportion risk, followed by closing around the core contractual agreement. Formalization around the value capture mechanism and appointment of Builder as primary contractor with a 25-year mandate was a prerequisite to a second aspect of closure through local sourcing.

As Builder and Buyer progressed through the aforementioned stages, Builder became increasingly constrained by the geographic boundaries set by the Local Authority within the operational scope of the model:

“Because of the way the OJEU [Official Journal of the European Union ] process worked, [Buyer] was geographically limited to operate strictly within the local authority boundary.” (COO, Buyer: Phase 3)

In this case, geographic closure was an intentional element of deliberate strategy and adaptation. Builder's operations within the business model, in partnership with Buyer, were geographically restricted. While local competitors could continue to operate outside the region, non-local competitors were effectively excluded from participating locally unless they physically relocated to the area. Hence, Builder traded off their local exclusivity against a degree of non-local exclusion that did not apply to their previous competitors, now business model partners. This boundary-based exclusion of non-local competitors was viewed by Builder as a strategic opportunity:

“We felt we could offer a lot more than the multi-nationals who were there doing it. This was what LIFTS [Local Improvement Finance Trusts] was all designed for. The ‘L’ in LIFT is local.” (Director A, Builder: Phase 2)

Combined with transparency in the value capture mechanism, this opportunity became a key component of Builder's issue-selling communication and its engagement with the public sector and broader business community. Legitimate closure formed a significant aspect of the foundations of the business model.

Here we add a notion of 'interim' formalization to the idea of formalization discussed above. We identify interim formalization as where certain key paradoxes are fixed for a period while others remain in flux. In establishing formalization, we argue that the structuring of the business model elements illustrates an OCID: the opening of boundaries between the public and private sectors was followed by a formalized closure around the role of the primary contractor. This formalization encompassed Builder and Buyer but did not constrain other actors, such as Inbound:

“[Builder] is an important customer to us, and we love them as a customer, but if we didn't have them, it wouldn't make a massive difference to our lives. Whereas if [Builder] didn't have [Buyer], they would be dead in the water.” (Director, Inbound: Phase 2)

At a more granular level, the boundary that had previously excluded the private sector from local public sector engagement was opened. The core platform, which was established through the LIFT contract, was formalized as an outcome of adaptive and discursive practices, then closed around the successful contract beneficiary, Builder. Subsequently, the operational boundaries of Builder and Buyer were geographically closed, while local competitors were advantaged through the exclusion of non-local competitors. This sequence of developments can be described as creating an exclusionary form of inclusivity for local economic actors, representing a significant step toward enhanced local value capture - often discussed in terms of the local multiplier effect.

Table 2 provides a summary of the optimization practices used to establish OCIDs, which contribute to the strategic imperative outlined in Dynamic 1 (Figure 4). Dynamics 3 and 4 highlight the importance of treating value capture and value creation as distinct yet interconnected dimensions, demonstrated through a diagonal movement across the framework. Following the phase of interim formalization, the next step involved adopting a set of adaptive practices aimed at increasing participation, an area we explore in the remainder of this section.

**Table 2:** Summary of timeline of events leading to interim formalization of the business model

KEY EVENTS AS THEY EMERGED	DISCURSIVE PRACTICES	CODE TO FIGURE 4 ARROWS	OPEN-CLOSED INTERTEMPORAL DUALITIES
<b>4.1: Foundations of the public-private open business model</b> <ul style="list-style-type: none"> <li>- Change in national policy</li> <li>- Potential enacted in local policy</li> <li>- Co-created tender for primary contractor</li> </ul>		1	<b>Opening to close in Value creation</b> <ul style="list-style-type: none"> <li>- Removing secrecy by increasing transparency in bidding</li> <li>- Including rather than excluding private sector actors</li> <li>- But with the intent to close boundaries for local open-innovation</li> <li>- Dynamic 1 marks the core dynamic through the whole case</li> </ul>
<b>4.2: Establishing the platform</b> <ul style="list-style-type: none"> <li>- Builder awarded primary contractor status,</li> <li>- Builder and the Local Authority created a new hybrid organization (Buyer)</li> <li>- Epistemic understanding established of knowledge transfer between sectors.</li> <li>- This dyad formed the focal orchestrator for future adaptive practices.</li> </ul>		3	<b>Closing in Value capture to open for value-co-creation</b> <ul style="list-style-type: none"> <li>- Closing for value capture to open for local value co-creation</li> <li>- Ideal integration between Builder and Buyer</li> </ul>
<b>4.3: Risk apportionment</b> <ul style="list-style-type: none"> <li>- Builder had a 25-year exclusive contract in which taxpayer funds were deployed.</li> <li>- Value capture and risk model established between public and</li> </ul>		2	<b>Closing for value capture to open for transparency and</b> <ul style="list-style-type: none"> <li>- Exclusivity in the contract led to increased mandatory transparency in the terms of the contract risk apportionment and opened Builder to public sector risks.</li> </ul>
<b>4.4: Geographic local mandate</b> <ul style="list-style-type: none"> <li>- As a result of Dynamic 2 in point 4.2, Builder adopted the geographic boundaries of the Local Authority within the business model.</li> <li>- Importantly offer geographic constraints and transparency in the value capture mechanism to encourage former competitor participation</li> </ul>		4	<b>Opening to close (Geographically) for local value-co-creation</b> <ul style="list-style-type: none"> <li>- As a result of 4.2 Builder becomes geographically closed within the local authority mandate.</li> <li>- Sets the mandate for regional value capture</li> </ul>
<b>4.5: Interim fixity in the model formalized closure. Closure of the geographic boundaries for Builder and Buyer.</b> <ul style="list-style-type: none"> <li>- Summative of point 4.1-4.4</li> </ul>	<b>INTERIM FORMALIZATION</b> 1, 2, 3, and 5		<b>Closing around interim business model elements to open local value co-creation</b> <ul style="list-style-type: none"> <li>-</li> </ul>

#### 4.4. Opening participation

As the case matured and the primary value capture mechanism was formalized during the interim phase, attention shifted toward widening participation. We characterize the following initiatives as examples of local open strategizing for value co-creation (open innovation). These can also be understood as OCIDs, as they became possible only after the interim formalization had been established around the value capture mechanism.

At the point of interim formalization of the business model innovation, the intended adaptive practices of opening participation could proceed more effectively. One conclusion we draw is that adaptation and discursive negotiation require a clear reference point - in this case, a material element that was both transparent and at least partially fixed. However, when comparing the discourse between Phase 1 and Phase 2 of the fieldwork, it became evident that there was considerable tension surrounding Builder's exclusive contract. A senior manager at Builder offered a characterization of competitive practices in the city that shaped local attitudes toward co-creation:

“Competition is rife amongst the city. There are an awful lot of family, fairly-well-established, family-owned construction companies and in truth when you compare them like-for-like, the standards, the quality of build was probably not much different for any of them, so all they were doing was chopping and cutting margins.” (Director C, Builder: Phase 2)

Collaborative norms were not prevalent, and therefore adaptation needed to be undertaken to find new norms of openness. Many participants noted that past competitive tendering processes tended to favor non-local suppliers due to the efficiencies typically found in more competitive regions. This traditional approach was contrasted with a new, desired model of open value creation within the business model innovation. A key feature of this new approach was the creation of specifications prior to tendering. Unlike Table 2, which presents events in a temporal flow, this section highlights the ongoing development of ideal openness without strict chronological ordering:

“The traditional approach is you will ask, say, three different builders to price up a job against a specification that the design team have prepared. You'll get the prices back and pick one of them and they'll go off and build it. That's fine and it works but it also tends



to be very sequential ... you don't develop a relationship necessarily.” (Director, Buyer: Phase 2)

The relational aspect of this local open innovation was consistently emphasized by participants and contrasted with the previous transactional mode of interaction between sectors:

“What we do [now] is to get our subbies [colloquial: sub-contractors] ... our design partners if you like, more involved at the design stage. Get that specialist to sit with your design team and say if you use this product, you will get a better result, it might be more expensive but it will be a better solution.” (Director, Builder: Phase 2)

Hence, the shift toward a third sector contracting arrangement redirected the focus from best-cost optimization to regional value capture maximization. In this dynamic, the boundary between public and private sectors was opened for value innovation, with increased transparency. The selection of innovation partners became more relational than transactional, emphasizing long-term collaboration over short-term cost efficiency.

The inclusion of Inbound enabled us to explore this dynamic in greater depth. An adaptive practice demonstrated by Builder involved the early engagement of Inbound as the principal supplier for construction projects, along with other co-located complementors. This arrangement signaled a shift from transparency toward relational selection. However, it also allowed suppliers to contribute from the design stage through to project delivery, thereby enhancing overall regional value capture.

Here, we distinguish between open innovation used to create the business model and open innovation employed to drive innovation within the functioning business model. As the model evolved, a broader range of suppliers - including architectural, civil engineering, structural, and legal service providers - were engaged at the specification stage. Several participants described this value creation process, in which key business model participants functioned as complementors:

“We have a very big virtual team underneath us of expertise ... you know lawyers, architects... all the sort of stuff you need to do what we do ... these consultants don’t sit within the four walls of the building, but they’re linked to us.” (COO, Buyer: Phase 2)

Throughout the process of local value creation, Buyer was able to communicate several benefits that accrued to local businesses:

“Wherever we work we like to look local first for our supply chain partners. This helps to contribute to the local economy. Our minimum-spend within our local communities currently stands at ... at 89 per cent.” (COO, Buyer: Phase 2)

Thus, value capture within the business was framed in terms of broader regional value capture, rather than solely in terms of gains within the business model or by the orchestrator. Local purchasing preferences played a critical role, addressing ongoing concerns about Builder’s exclusivity at the core of the business model and contributing to the legitimization of that exclusivity within the model’s primary boundaries. This dynamic also incentivized non-local organizations to establish a local business presence.

#### **4.5. Opening societal participation**

There was a strong link between issue selling efforts of Builder and Buyer, aimed at simultaneously engaging both public and private sector stakeholders. As such, discursive practices were used to negotiate the ideals of level of openness between social and private sector involvement in local open value co-creation. The material aspect of these discursive practices focused on maximizing value capture for the local society.

Coming from public sector backgrounds, Buyer believed their core skill set lay in community building:

“Community engagement and comms [colloquial: communications], it’s a strength of ours ... it’s a strength of our business model. We involve communities throughout our

developments. That way we benefit from their ideas and energy, and they feel a sense of ownership and pride in their new facility.” (COO, Buyer: Phase 2)

A key intent of the interim formalization of the focal business model was to integrate the cognitively diverse knowledge bases of the public and private sector organizations - combining the public service ethos of the public sector with the commercial expertise of the private sector. However, this also required normative and cultural adaptation, as both sides of the platform had to open themselves to unfamiliar operational norms, particularly in relation to broader stakeholder engagement. Builder, for example, noted a clear evolution in their approach to working with communities:

“There is that feel good factor of doing something to help others, but it helps us as well. It gives us credibility, it gives us awareness out there, it’s good PR [colloquial: public relations] because, for some clients, it’s extremely important that you give back and it’s not all about profit.” (Director B, Builder: Phase 2)

Creating norms of openness was thus a core motivational force in the conception of the business model. Builder and Inbound were also highly active in establishing local skills training academies, aimed at generating community benefits that did not directly accrue to their own organizations. Both organizations further developed practices that encouraged individual employees, particularly those new to the area, to become actively involved with local community organizations.

Open societal participation in the functioning business model involved not only commercial actors but also social sector organizations in the development of individual projects:

“We’ve had really great responses from our local communities. There were usually good attendances at our community meetings and the residents were really keen to help us get

the most out of the project and in return they also... also felt that they had contributed to something great for them.” (Director C, Builder)

Open stakeholder participation had a genuine impact on the development of core value propositions at the project level. Identifying key local influencers and employing discursive competence to convert them into supporters proved essential. We tentatively propose the term social protagonist - alongside the established term practitioner - to capture the role of key social actors in open participation practices, particularly in securing local legitimacy. Such protagonists, including leaders of societal groups, exerted significant influence on commercial agents, encouraging a shift away from competitive norms.

Openness in the social dimension was expressed as a radical form of inclusion and was intentionally orchestrated within geographically bounded spaces. These social protagonists appeared to play a crucial regulatory role in determining the ideal levels of inclusion and transparency.

In these instances, such strategizing was not undertaken solely for the direct benefit of the firms involved in the study, as the apprentices trained could ultimately join rival organizations. However, these efforts were viewed as contributing to the broader benefit of the region and, by extension, as an indirect benefit to the business model. Research participants justified these initiatives as supporting a regional multiplier effect. This period further illustrates the importance of regional value capture:

“By the time you get towards the end of the thing, you’re building some pretty special places and all the mistakes you’ve made along the way, you’ve captured and translated, whereas if you follow a very conventional approach where you’ve probably got different design teams, different contractors on each job, then the end product probably isn’t going to be as good.” (COO, Buyer: Phase 2)

The principle of adaptive practices - and their eventual codification into normalization elements of the functioning business model - is succinctly captured by the following participant:

“By building relationships with all of your supply chain on the design side together with the construction team and their sub-contractors underneath them ... actually everybody’s in it together and the lessons that you learn from previous ones you can then take with you on that journey.” (COO, Buyer: Phase 2)

An advantage of conducting a longitudinal study is the ability to observe the emergence of a novel business model and the interplay between design and adaptive practices, through to the point at which the model becomes functional and its impact can be meaningfully assessed:

“Through our local multiplier model, we have created a legacy from our developments of more than just buildings... through LIFT [Local Improvement Finance Trust] and other PPPs [public-private sector partnerships], our developments have created... created a multiplier of 2.54 for [Builder’s city-region] and 2.97 for the wider region. This means that when we invest one million pounds, it has re-circulated 2.54 times through our supply chain partners and employees locally, and just short of three times regionally.”

(Director B, Builder: Phase 2)

In Table 3, we summarize the identified instances of opening-up for participation and value co-creation. In this section, we have shown empirical evidence of interim formalization and ongoing adaptive practices to find ideal openness at any given moment. Ideal openness, therefore, emerges as a further tension between intentional and emergent strategy. Furthermore, in this case, the absence of norms relating to opening and closing meant that there was a heavy reliance on adaptation and adjustment to find ongoing ideals in respect of each of the tensions identified in Figure 1.

**Table 3:** Summary of open participation practices in the later stages of the interim business model outline

KEY EVENTS AS THEY EMERGED	DISCURSIVE PRACTICES	CODE TO FIGURE 4 ARROWS	OPEN-CLOSED INTERTEMPORAL DUALITIES
<b>5.1: Opening for business participation</b> - Optimization between old competitive model and new participatory local open-innovation - Issue selling local value capture, and local sourcing practices - Transparency in specification development - Opening for tender specifications		3	Closing around the interim business model to open for local value-co-creation
		5	Opening (transparency) in value co-capture to close geographically around local value co-creation with local business
		6	Closing geographically to create local value-capture
<b>5.2: Opening for societal participation</b> - Radical openness with societal actors - Development of skills - Local staff induction practices - Inclusivity of social sector participation in project-by-project design and specification to create community ownership over health and social care infrastructure.		3	Opening (social inclusivity) to close (protection) of local value co-capture.
		6	Closing around the interim business model to open for societal local value-co-creation

## 5. Conclusions

### 5.1. Theoretical implications

Empirical research on open strategy remains in its early stages (Seidl et al., 2019), and studies that integrate open innovation with open strategy are still rare (Von Krogh and Geilinger, 2019). Applications of these combined perspectives within public-private sector partnerships are even more limited (George, 2025, Leckel et al., 2020; Quelin et al., 2019). Throughout this study, we have framed open innovation as a process of local open innovation. As Appleyard and Chesbrough (2017, p. 318) observe, “issues of whether and how [...] openness can be sustained have not received adequate attention.” The importance of gaining understanding in this area would be to guide strategists in designing openness and moving emergent strategies to formalized strategies and in creating norms of openness.

Addressing the gap outlined above, our study contributes to the constitutive perspective of open strategy (Dobusch and Dobusch, 2019), in which we consider open-closed dynamics as intertemporal dualities - OCIDs - rather than as irreconcilable dualisms. Within a constitutive perspective, norms of openness would denote a constant ability to sense and adapt to intertemporal tensions and understand when closure could later lead to opening and vice

versa. We also use an idea of interim formalization to illustrate how certain purposeful strategic elements such as value capture mechanisms may be fixed in the interim, whilst others remain fluid.

Our study presents a rare empirical analysis of the emergence of a novel business model, revealing iterative interactions between intentional strategy and emergence in the pursuit of ideal openness. By doing so, we both illustrate and dynamically explain (Splitter et al., 2019) these open-closed practices, contributing to the literature through a strong practice lens. Describing the material closure of the business model - particularly around the core value capture mechanism - allowed us to examine *adaptive* and *discursive* practices (Orlikowski and Scott, 2015) in the model's emergence. This focus on adaptive and discursive practices marks a step towards addressing our first research question regarding the emergence of 'ideals' of openness. We therefore offer this as a theoretical contribution to the development of the constitutive approach to open strategy (Dobusch and Dobusch, 2019).

Our central contribution lies in the core framework presented in Figure 1 and Figure 4, which offers potential for analytical generalizability in studying openness and closure across a variety of contexts. This objective aligns with our second research question. Our framework builds on Appleyard and Chesbrough's (2017) concept of off-diagonals and Dobusch and Dobusch's (2019) notion of exclusionary openness. In Figure 1, we illustrate all possible intertemporal flows, adding dimensionality to the concepts of openness and closure by incorporating inclusivity/exclusivity and secrecy/transparency - an extension beyond Appleyard and Chesbrough's original visualization. Considering interdimensional alongside intertemporality we suggest is an important step forward in empirically developing the constitutive perspective on open strategy. Figure 4 depicts our empirically identified open-closed intertemporal dualities. To support analytical generalizability in future research, Figure

1 also retains the open-open and closed-closed pathways, which, although not explored in depth in our analysis, remain conceptually important.

We find significant value in examining the intertemporal relationship between value capture and value creation, particularly in relation to closure around a central value capture mechanism. In our case, the LIFT contract served as the cohesive element that binds the components of the business model together. This contract became a central point of transparency within the value capture process, something that participants could clearly understand as a deliberate feature. The specific public-private sector partnership context studied also highlighted a key tension: the apportionment of risk and reward.

The business model elements themselves embodied a form of transparency, reflecting deliberate choices about the levels of openness and closure. A critical part of achieving an ideal state in this context involved legitimizing the new arrangement and fostering open participation from regionally embedded actors who were initially skeptical of Builder's exclusive contract. Legitimizing through issue selling (Bencherki et al., 2019) emerged as a key adaptive and discursive practice used to gain the support of potential complementors. One of the most notable achievements of the focal actors was their ability to shift the mindset of regional commercial actors from a focus on firm-level gains to one centered on regional value capture.

The discursive practices discussed in Section 4, particularly those aimed at achieving ideal openness, were closely tied to key pivotal points at both national and local policy levels. Strategizing in this context involved adaptive processes enacted to legitimize the business model and foster open participation in value creation. Transparency regarding the terms of the core value capture mechanism - specifically risk apportionment - was critical in establishing an interim ideal state. The ability to co-specify solutions with local actors, along with the tangible benefits made available through local supplier preference, played a significant role in enabling open value co-creation within the model.



In addition, we offer a methodological contribution by proposing a novel approach to theorizing across large qualitative longitudinal data sets. In Phases 1 and 2, we applied phenomenon construction (Alvesson and Sandberg, 2023) to identify emergent themes that were not necessarily the focus of our original research questions. In Phase 2, we narrowed our focus to a public-private sector partnership business model. We further adapted pattern matching (Bouncken et al., 2021a; Bouncken et al., 2021b; Sinkovics et al., 2019) to compare themes across phases, and employed abductive theorizing (Sætre and Van de Ven, 2021) to align these themes with relevant theoretical domains.

In Figure 4, we return to the conjectural intertemporal ideals introduced in Figure 1 and present our proposed open-OCIDs as arrows, corresponding to the analyses summarized in Tables 2 and 3. These arrows illustrate the temporal flows of OCIDs, capturing how strategic openings or closures at one point in time facilitated opposite dynamics at later stages. Table 2 provides a summary of discrete intertemporal dualities, presented as a series of episodes - acknowledging some overlap in their initiation and conclusion - that collectively reveal the emergent flow over time.

To clarify, the arrows in Figure 4 represent not a simple reversal (e.g., from open to closed or vice versa), but a more nuanced temporal flow in which an act of opening or closing strategically enables the opposite state at a later point. This differs from merely re-opening a previously closed element. In our analysis, OCIDs are defined by the presence of clear strategic and paradoxical intent. We anticipate that making this distinction will be valuable for informing future studies of openness and closure in organizational contexts.

## **5.2. Practical implications**

We suggest that the practical contributions of this study primarily relate to the strategy for public-private sector open innovation. Table 1 presents several nuanced findings that may inform local open innovation practices, particularly in contexts where the current practitioner

toolbox is limited. One such contribution is our proposal to extend the concept of the practitioner by introducing the term protagonist, representing key actors in open participation - beyond the typical categories of orchestrators, customers, and complementors - within public sector business models. These protagonists, often key community stakeholders, play a significant role in shaping the engagement of Builder's competitors within the business model.

### **5.3. Limitations and further study**

The temporal flows illustrated in Table 1 demonstrate that multiple iterative steps accumulate toward a perceived ideal state of openness, which must then be continuously adapted. We encourage future studies to replicate the episodes we identify and to uncover new ones, thereby contributing to the creation of public-private sector partnership business model innovations. Peripheral regions may benefit from strategic boundary setting and a local sourcing bias, especially in response to centrifugal forces emanating from core regions. Indeed, the ideas presented here could be further enriched by synthesizing them with broader frameworks such as 'constructing regional advantage' and 'regional innovation systems' policy frameworks (Boschma, 2005; Isaksen and Karlsen, 2013; Karlsen et al., 2013).

This is a single-case study, and inevitably as such, a clear priority for future research would be to replicate the study in other public and private sector contexts, using Figure 1 as a guiding framework. While our case focuses on business model emergence, we believe the approach is equally applicable to the study of business model emergence in a range of settings. Nonetheless, studies of established business models would be particularly valuable for comparative replication.

Our contribution here is mid-range theory. At this level of analysis, open-closed dynamics marked the level of analysis with transparency, inclusivity, value creation, and value capture as subordinate concepts. However, we do not assert these dimensions as exhaustive and further dimensions may be defined and explored. Both the programmatic and constitutive

perspectives proposed by Dobusch and Dobusch (2019) hold the promise of gathering mid-range theories into higher-level groupings with common epistemological assumptions. They further note that the open strategy literature “tends to neglect literature with similar concerns in the realm of diversity equality and inclusion” (p. 327). Hence, there are other literatures yet to offer further open-closed dimensions with similar mid-level concerns. Further research could then establish unifying higher-level principles that unite diverse fields of study (George, 2025) such as the principles of open society (Armbrüster and Gebert, 2002). Below, we suggest some promising areas for mid-level theory blending.

The definition of an emergent ‘ideal’ openness requires further semantic development and definitional agreement. Ideal, ideals and ideality may yet have different semantic understandings and other candidates like optimal openness, interim best fit and many others could be explored to define a point where a business model performs its purpose. We recommend that further conceptual discussion is needed in this area to provide an agreed language for use within the constitutive perspective.

Business model design has been the subject of extensive scholarly discussion (Amit and Zott, 2015; Zott and Amit, 2007, 2010), and our findings suggest that public-private contexts - and business model design more broadly - would benefit from greater attention to the role of *discursive competency* in strategy and design processes (Heracleous et al., 2018). Replicating this study could therefore contribute to ongoing calls for deeper inquiry into business model design (Zott and Amit, 2007, 2010; Zott et al., 2011).

Among the recognized approaches within the strategy-as-practice tradition, the lens of *sensemaking* (Kohtamäki et al., 2022) holds particular promise for further exploring adaptive practices and the emergence of ideals in openness. Future research could investigate the interaction between sensemaking, sensegiving, and design - potentially contributing to the

development of performative theories of business models as designed artifacts (Perkmann and Spicer, 2010).

There seems to be much more to learn about risk apportionment in open business model innovation, particularly in the context of public-private sector business model innovation. Risk apportionment defines an important aspect of value capture seldom discussed.

There is also value in extending the dynamic, attention-based view of strategy to further study discursive practices involved in achieving strategic openness (Splitter et al., 2024). In addition, Boschma's (2005) five dimensions of proximity - geographic, organizational, cognitive, institutional, and social - offer a useful framework for understanding opening and closing as practices of distancing and proximation. These dimensions could enrich our understanding of openness and closure in strategic contexts.

We argue that the elements of value capture and value creation within business models - particularly in relation to intellectual property protection, knowledge transfer, and platform orchestration - offer substantial opportunities for further exploration. Beyond the practice lens adopted in this study, these competencies could also be examined through the lens of dynamic capabilities (Teece et al., 1997), especially as boundary-spanning capabilities (Nicholson and Orr, 2016; Noble and Jones, 2006) that facilitate collaboration across public-private sector divides and between industries with diverse knowledge bases. Dynamic 'open' leadership capabilities would seem a promising avenue for further development as would their underlying microfoundations.

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