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An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A Creating Shared Value perspective

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Doctoral Research Dissertation (2022)

An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A Creating Shared Value perspective.

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Wits Business School (Wits University)

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ABSTRACT

The purpose of this study is to explore the Creating Shared Value (CSV) practices that the South African banking sector undertakes to create business opportunities out of solving societal challenges. Anchored on stakeholder theory, the study seeks to establish this potential link between the opportunity concept and societal challenges by deploying the qualitative multiple case study analysis of four major banks and the banking association of South Africa (BASA). The study proposes a CSV-opportunity conceptual framework. The research relied on a multi-method approach, including preliminary interviews, semi-structured in-depth interviews, document analysis, and field notes to collect qualitative data. Thematic content analysis and coding were deployed.

The empirical findings suggest that CSV is mostly motivated and driven from a responsive business case (regulatory compliance, risk management, societal contract and legitimacy), a compelling societal case (desire for societal change), corporate societal initiatives (CSR, corporate philanthropy, corporate sponsorships) and a compelling business case (business opportunity). However, the compelling business case comes as a by-product or an after-thought of these other motivating factors. These motivating factors are leveraged as transitional vehicle and enabler of CSV business opportunities. This means that within social constructivism view, business opportunities are created regardless of the motivating driving factors. Findings further indicate that CSV is seen and understood as an extension of other related concepts. Most importantly, CSV is understood as an extension of the transformation of the banking sector and society to ensure that it is inclusive of many previously marginalised as a result of the country's history of apartheid and its skewed economic activity.

The empirical evidence shows that the stakeholder co-creation nature of CSV is both internal and external. Unlike CSV pioneers who presupposed CSV as a Utopian concept, free of trade-offs and challenges, the empirical results indicate a CSV that is fraught with both internal and external challenges. Internal challenges include measurement and trade-off challenges between business and society. The external challenges include external stakeholder co-creation and other external issues such as the deep-seated structural challenges of unemployment, poverty and inequality facing South Africa, all of which appear to hinder CSV interventions. Through the newly proposed CSV-opportunity framework, this study contributes to theory and practice. The study further demonstrates that CSV is indeed a social constructionist phenomenon where opportunity is subjectively constructed through actions and interactions with the social world.

DECLARATION

I, Tsele Moloi, declare that this thesis is my own unaided work, and has not been submitted previously for the award of any degree. The sources used have been acknowledged and referenced accordingly. This submission titled “An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A creating shared value perspective” is in fulfilment for the award of the Doctor of Philosophy Degree in Management at the Wits Business School, University of the Witwatersrand Johannesburg, South Africa.

Signature …….

(Tsele Moloi)

Date…February 2022

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Ke ya leboha. Ngiyabonga. Asante Sana

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CHAPTER 1:

1.1 Introduction

A Creating Shared Value (CSV) proposition is grounded on a business case where a plethora of business opportunities can be created in the process of solving complex challenges facing society. This is an important value-creating proposition, however the link and association between business opportunities and societal challenges is not yet fully established.

A wealth of CSV literature focuses on business opportunities that are created through solving complex societal challenges and research in this area, uses case studies backed by anecdotal evidence (Porter and Kramer, 2011, Porter et al., 2012). Despite this potential association between the concept of opportunity and societal challenges, little effort has been made to fully explore the association. Nor has the question of how it should be incorporated into management practices received the attention it deserves. Effectively, the potential association between CSV and opportunity in management practice and in research has not been fully explored. Most importantly, in the banking sector – the cornerstone of every economy – this potential association has received little or no attention. Furthermore, there is a distinct lack of comprehensive framework enabling the depiction of this potential association between CSV and opportunity. This means there is lack of empirical studies of its theoretical conceptualisation and empirical application. Previous studies and literature in this area focused mainly on the developed world, with only scant research covering the developing world– a sector that is facing complex, deep-seated structural challenges while being in need of societal development. This research is intended to address these limitations to current knowledge.

The study sought to explore the banking sector's management practices that create business opportunities while solving societal challenges in the context of a developing country facing multiple societal challenges. A case study of four major banks, as well as the Banking Association of South Africa, was adopted. This is done by demonstrating how the banking sector actors make sense of their reality regarding the meaning of CSV and their businesses, and how banking opportunities are created from societal challenges and lastly challenges faced in the creation of these business opportunities.

This chapter presents an overview and the context of the study, both in the global and South African settings. The South African banking sector context is introduced as part of the global and regional banking environment. The problem statement, including aims and objectives, is outlined. The study then zeroes in on the research question and its sub-questions. This is followed by gap analysis, after which the contribution the study makes is outlined. The chapter next focuses on the assumption, delimitations and scope involved in fulfilling the research purpose and definitions, before finally the research structure is outlined.

1.2 Context of the Study

Many developing countries, including South Africa, face multiple societal challenges. These range from persistent poverty, illiteracy, poor-quality education, lack of access to higher education, skills deficiencies, non-inclusive growth such as lack of access to banking facilities and other financial products and services, a poor entrepreneurship culture, lack of support for Small and Medium Enterprises (SMEs) including support for women-owned businesses, high unemployment including youth unemployment, and hopelessness.

These societal challenges knows no boundaries, as they affect not only the poor – even the rich are affected. The world is crying out for help (Margolis & Walsh, 2003). This has intensified the long-standing question of the real role of business in society and its wayward behaviour of profiting at the expense of society – the point of reference for this being the economic crisis of 2008. These popular outcries and discontent have led to the growth of "Occupy" movements around the world. South Africa has seen its fair share of such happenings with the recent "Shut down Sandton" agitation and the looting of businesses.

At the centre of the global "occupy" movements is the fact that business is increasingly being seen as a major cause of social, environmental and economic problems (Porter & Kramer, 2011), resulting in a call for widely shared value and prosperity that will bring harmony in business and society. Most importantly, this call is aimed at the banking sector, which is seen as becoming too big and too rich – all at the expense of society. Indeed, the banking sector has been lambasted for turning into modern-day loan sharks with predatory lending behaviour and ripping off society (Porter, cited in Bockstette et al., 2015). Hence one political party calls for society to take their fight and discontent directly at the doorstep of the banking sector.

As a result, business in general and the banking sector in particular have responded through the introduction of societal initiatives such as corporate philanthropy and corporate social responsibility (CSR). However, the belief remains that those initiatives have failed to bring meaningful progress and change in society (Porter & Kramer, 2006).

Global leaders such as Bill Clinton, Nelson Mandela and Kofi Annan, as well as many others around the world, have weighed in, calling for businesses to start using their managerial practices and market-based strategies to attend to pressing societal challenges. Indeed, business acting as business – rather than as a charitable organization – is the only sufficiently powerful actor to help address the pressing challenges facing society (Porter & Kramer; 2011). Many now agree that it is not only in the best interests of society to solve these societal and environmental challenges, but also in the overall interests of business and capitalism. CSV has been promoted as the saviour and the transformer of capitalism (Porter & Kramer, 2011). It has been hyped as an opportunity-driven, profitable and bankable approach for businesses to attend to the complex challenges facing society (Pfitzer, Bockstette & Stamp, 2013).

The CSV concept is defined by Porter and Kramer (2011) as the "policies and operating practices that enhance the competitiveness of the company while simultaneously advancing the economic and social conditions in the communities in which it operates" (p. 6). In practice, this means crafting business models and launching products, services and markets that help satisfy the unmet needs of society, redefining productivity in the value chain and enabling local cluster development. Indeed, Creating Shared Value offers real opportunities for businesses to positively contribute to their competitive context while simultaneously bringing widely shared prosperity to society.

Literature demonstrates that there are in fact real business opportunities that can be created from solving societal challenges. Scholars have also suggested that to attend to societal challenges, business needs to look at these societal challenges as business opportunities (Drucker, 1984; Prahalad & Hart, 2002; Porter & Kramer, 2006, 2011; Carrol & Shabana, 2010; Crane, Palazzo, Spence & Matten, 2014; Bockstette et al., 2015). Indeed, business is urged to adopt management and operating practices that transform societal challenges into business opportunities for the purpose of creating shared value.

Business in general and the banking sector in particular have started to be judged on how well they effectively approach business, create management practices, build business models,

strategies and decision-making that are aligned with the complex challenges facing society while realising the shared value business case of creating business opportunities. However, despite this seductive depiction, the banking sector still struggles with the management tools and practices required to create business opportunities (Pfitzer et al., 2013) and this warrants further exploration of the management practices needed to create shared value, as a way of offering deeper understanding of how business opportunities are created out of solving pressing societal challenges.

As one of the pillars of the South African economy, the banking sector has been lauded for showing strong resilience during the financial meltdown of 2008, owing to its sound regulatory framework and adequate capitalisation. The South African banking sector is thus increasingly being urged to play a meaningful role in society by creating shared value, while actively encouraging a transformed, vibrant, globally competitive and safer financial sector willing to participate in social and economic development (Banking Association of South Africa, 2016; National Treasury, 2011).

The banking sector already occupies a privileged position, enabling it to play a pivotal role in enabling individual aspirations, fostering innovation and growing industries and communities (Pfitzer et al., 2013), most importantly in an emerging economy (Horne & Raliphada, 2017) such as that of South Africa. Indeed, the banking sector aspires to meaningful engagement within society and seeks to realign its management practices to issues that affect society, in order to create shared value. However, despite acknowledging a need for societal value creation, the banking sector lacks the necessary tools and guidance to help incorporate societal issues in its management practices and strategy so as to create banking opportunities. The banking sector likewise still lacks the necessary experience and competence to engage business issues and societal challenges simultaneously (PwC, 2016; McKinsey, 2006). Indeed, when it comes to creating banking opportunities in the process of solving societal challenges, there remains the problem of knowing doing gap (Burson-Marsteller/IMD, 2013).

Creating shared value (CSV), if thoroughly interrogated, offers a great opportunity for business in general and the banking sector in particular to adopt best practices that serve both business and society as a whole. However, owing to the reality of the CSV concept being at an early stage as a field of study, plus the lack of empirical evidence in the South African context, this presents a challenge to the banking sector, which lacks a point of reference to help implement

this kind of management practice. Indeed, this shortcoming leaves many in the banking sector unprepared and incapable of acting.

Traditionally the driving factors pushing business in general and the banking sector in particular to attend to societal challenges have been response to external pressures brought by external stakeholders. These pressures include loss of trust and legitimacy in business. These responsive practices have evolved to produce examination of issues around how business could be strategic and benefit from those responsive practices (Donaldson & Preston, 1995; Burke & Logsdon, 1996). This led to Porter and Kramer (2011) arguing for moving away from solving societal challenges as a mere reaction to external pressures and public relations and a way to improve a company's reputation, legitimacy and societal contract, instead treating it as a business case for creating business opportunities. It is therefore critical to further explore how these business opportunities are created in the process of solving societal challenges, in both theory and practice. To do this, the study adopted a social constructionism approach: this was firstly as a way of understanding how the banking sector and its social actors construct their reality pertaining to their understanding of creating shared value, and secondly, how they co-create this socially constructed reality in their social world, while thirdly, considering what challenges they face in achieving shared value management practices.

The study used the concept of opportunity, drawing heavily on Wood and McKinley's opportunity production model to explore how the banking sector creates business opportunities out of solving societal challenges. This framework states that the opportunity production model goes through different stages, from the "conceptualization of an opportunity idea, objectification of that idea, and enactment of the opportunity into a new venture*"* (Wood and McKinley, 2010, p. 66).

The unique contribution made by this study using the "opportunity production model" is to demonstrate the limitations of many scholars in the fields of business and society who persuasively advanced a proposition that, to create shared value, business should look at societal challenges as business opportunities. However, this was done without clearly articulating or offering guidance to practitioners and researchers alike on how this critical issue is enacted or carried out, both theoretically and empirically. For this reason, the current study sought to add to the body of literature on creating shared value by closing the gap between theory and practice, while harnessing the potential of CSV for bringing harmony between

business and society in the context of a developing country facing multiple societal challenges that carries potential to fuel tensions between business and society.

South African banking sector context

The South African banking sector plays a pivotal role in development while safeguarding both economic and societal wellbeing. South Africa faces complex societal challenges including poverty, low quality of education, lack of inclusive growth, joblessness, entrepreneurial challenges and many others. For this reason, safeguarding societal wellbeing becomes a major consideration for the South African banking sector.

The banking sector plays the role of financial intermediary by mobilising resources from the surplus sectors to the deficit sectors (Motelle & Biekpe, 2014) for the purpose of increasing banking capability (Oghojafor, Olayemi, Okonji & Okolie, 2010). However, the banking sector fall short in its duties and responsibilities as an intermediary by introducing risks in pursuit of short-term profits through practices such as reckless and unsecured lending and opaque fee structures, leading to financial crisis (National Treasury, 2011) that result in an overall deleterious effect on society. The need for a deeper understanding of the role of the banking sector in building widely shared prosperity has never been more important. In terms of this need, the current study is warranted.

The South African banking sector was ranked as one of the best in terms of its market capital-to-GDP contribution (World Bank, 2013). As a percentage of GDP, the South African banking sector's capitalization increased from 4 percent in 2005 to 12 percent in 2010, which makes it well-capitalised with a tier 1 capital ratio of about 11 percent higher than the 4 percent required by Basel 3 (Mohamed, 2006). Its total balance sheet relative to South Africa's nominal GDP amounted to R3 409 billion, which is 110,5 percent of the nominal GDP (ibid). This is a clear demonstration that the South African banking sector has grown deeper and larger in size and concentration (Mohamed, 2006). Simbanegavi, Greenberg and Gwatidzo (2012) suggest that by 2010 personal transaction accounts had become increasingly concentrated, with the top four banks controlling approximately 90 percent of market share. This amount of market share by four banks suggests that the sector remains exclusive and competitive. However, it still fell short in reaching out to the poor and solving challenges faced by society as required by the financial sector charter (Mlambo & Ncube, 2011). The reason behind this is that over the years the banking sector has been focusing on creating shareholder value (Friedman, 1970; Jensen,

2002), which resulted in a popular backlash for its deleterious effect on society, with many citing the 2008 financial crisis. The banking sector is accused of concentrating on practices and behaviours that are exclusively geared for short-term shareholder value maximization while eroding business ethics (Schoen, 2017; Blinder, 2013).

Members of the banking sector have of late faced a serious assault regarding their conduct towards society. The criticism has been directed at the sector's management practices and strategies, such as the reckless pursuit of short-term artificial profits and maximization of shareholder value (National Treasury, 2011). The problem of unsecured lending and the use of high fee structures that are not transparent are some of the problems hindering economic growth and keeping many trapped in poverty (ibid). These practices have not only affected society negatively but also the banking sector itself, with the point in case being the recent bailout of African Bank, when it was facing its demise. Indeed, a lot still needs to be done.

This clearly illustrates a compelling business case for the "South African banking sector as the engine of the South African economy" (National Treasury, 2011) to consider creating societal value as a way of constructing banking opportunities for the maximization of shareholder value. The financial sector charter, together with the UN Global Compact, are urging business, including the banking sector, to come up with management practices and strategies geared towards creation of shared value. In practice, this is done through launching banking products to satisfy unmet societal and environmental needs, banking the unbanked or under-banked people, showing concern for employees, creating direct and indirect employment opportunities, and helping the poor and vulnerable, all of which will lead to the concomitant creation of bankable opportunities for improved profitability, productivity and market share (Islam, Rahman, & Hossain, 2020).

The South African banking sector can play an important and indeed catalytic role in addressing society's complex and unmet challenges by strategically considering those challenges as business opportunities. However, the banking sector seems to lack guiding principles and tools aimed at making CSV a gateway to the creation of bankable opportunities. Horne and Raliphada (2017) find that societal issues are not regarded as a major part of the core operations of the banking sector, instead are being side-lined in the form of corporate responsibility initiatives. This lack of guiding principle within the banking sector has led to many bankable opportunities being overlooked (Porter & Kramer, 2011).

1.3 Problem Statement

Many developing economies and South Africa in particular faces complex societal challenges such as the persistent poverty, poor-quality education, illiteracy, lack of access to higher education, skills deficiencies, non-inclusive growth such as lack of access to banking facilities, financial products and services, a poor entrepreneurship culture and lack of support for Small and Medium Enterprises (SMEs) including support for women-owned businesses, and high unemployment including youth unemployment. According to Bockstette et al. (2015) the projected value of business opportunities that exist out of these challenges globally will amount to at least US$3 trillion annually by 2050, with an estimated $2,1 trillion financing gap for small and medium-sized businesses (SMEs). Another opportunity is the market of 2,5 billion unbanked and under-banked people globally, who desire quality banking services.

Many researchers have put forward persuasive proposition urging business and the banking sector in particular to begin looking at societal challenges as prodigious business opportunities (Porter & Kramer, 2006, 2011; Prahalad, 2011; Drucker, 1984). Yet these opportunities appear to be left unattended and ignored by the banking sector, with Porter and Kramer (2011) asserting that "opportunities have been there all along but have been overlooked" (p. 4).

CSV has been put forward as the opportunity driven management practice to attend to societal challenges. What these scholars are suggesting is that there is a direct association between business opportunities and CSV. However, there is no available research that has fully explored this potential association between the concept of opportunity and CSV. No research has yet demonstrated the process needed to attain this opportunity proposition, depicting how it is done from conceptualization to implementation. This study seeks to close that gap.

Porter and Kramer (2011) further suggest that this proposition should be incorporated into management practice and corporate strategy. However, evidence suggest that the South African banking sector is still struggling and lack the necessary engagement tools and frameworks, to incorporate this proposition in their management practice and strategy. The conceptualisation and understanding of the shared value concept have not been fully explored, it's co-creating nature and the challenges faced in the delivery and implementation of the concept has not received the attention it deserves within the banking sector. Furthermore, the concept of shared value and the opportunity concept, or the opportunity-CSV proposition, for incorporation in management practice, has not been fully explored by the banking sector. Indeed, there remains

a widening gap between theory and practice, rendering the concept merely theoretically appealing, while lacking practical and empirical rigour. The purpose of this study is to close this gap.

Based on the problem articulated above and the increased interest and relevance the topic has in society, further research, specifically within the South African context, is clearly warranted.

1.3.1 Aim and objectives of the study.

The main aim of the study is to explore the management practice that creates shared value within the banking sector. This is done through exploring how business opportunities are created from pressing societal challenges, as posited by Porter and Kramer (2011) in their seminal paper. The study thus proposes a conceptual framework to be used in practice or in an approach for the creation of shared value in the banking sector and in business in general. As such, this research represents a persuasive proposition for linking societal challenges to business opportunities through management practice and approaches within the banking sector.

For the reasons cited above, the objectives of the study are five-fold, being:

1. To explore the understanding and conceptualisation of CSV within the South African banking sector.

2. To explore the CSV co-creating nature of the South African banking sector.

3. To explore the challenges and hindrances faced in the implementation and delivery of CSV within the South African banking sector.

4. To establish the potential association, or link, between the concept of opportunity and the CSV concept, using the opportunity production model.

5. Lastly, to propose a CSV-Opportunity conceptual framework.

Building on the research objectives provided, the study seeks to resolve the following research question and its sub-questions.

1.4 Research Questions

The central question of this paper involves exploring how the CSV concept could be used to create business opportunities out of solving societal needs and challenges in the South African banking sector.

1.4.1 Sub-questions.

1. How does the South African banking sector conceptualize and define the CSV concept within the local context?
2. How is the banking sector creating bankable opportunities by implementing CSV concept?
3. How is the CSV co-creating nature of the South African banking sector?
4. What are the challenges or hindrances to CSV management practice faced by the South African banking sector and how are they being addressed?

1.5 Gap Analysis

The relevant literature mainly focuses on different strategies needed to create shared value (e.g., Saenz, 2019; Fraser, 2019; Spitzeck & Chapman, 2012; Moon, Parc, Yim, & Park, 2011), with a lack of focus on the traits needed for social actors in the process to create shared value management practices. This study seeks to close this knowledge gap.

Many studies in the CSV field have focused on the opportunities that exist as a result of societal challenges and the importance to business in harnessing those opportunities (Lichtenthaler, 2021; Awale, & Rowlinson, 2014; Pfitzer, Bockstette, & Stamp, 2013; Porter, 2012). However, such studies have failed to involve management practices required in harnessing those business opportunities. To close this gap, the current study focuses on management practices as a way of demonstrating the process undertaken by banking sector to create business opportunities through solving societal challenges. It runs from the conceptualisation stage of an opportunity to the implementation stage. Arguably, there is negligible extant CSV research in the banking sector that has focused on societal challenges as business opportunities. There is indeed a space

for the banking sector to consider attending to societal challenges in a profitable way by creating bankable business opportunities from solving those challenges. The current research seeks to close this gap. Different studies in shared value scholarship focus more on finding ways of measuring societal value created by business (Laudal, 2018; Peterson et al., 2014, Porter et al., 2012) while others focus more on finding the relationships that exist between societal value and shareholder value as a way of interrogating the performance of business in creating societal value (Kitsamphanwong, 2020; Welbeck-Sabah, 2020; Fernández-Gámez et al., 2019; Jones & Wright, 2018). However, the problem becomes the lack of understanding of management practices needed to drive societal value as a starting point. The current study can further argue that even with novel measurement and evaluation tools to measure value created, however without understanding the drivers of that value created, it will be difficult for practitioners to manage it. The purpose of this study was therefore to close this critical gap in understanding the best management practices that drive performance towards shared value.

There has been much case study research depicting businesses successfully implementing and delivering on CSV (e.g., Andelin, Karhu & Junnila, 2015; Lee et al., 2014; Kruschwitz, 2013; Michelini & Fiorentino, 2012; Lapiņa, Borkus, & Stariņeca, 2012; Florin & Schmidt, 2011). However, such studies are set in developed countries (e.g., Khurshid & Snell, 2021; Jones & Wright, 2018; Toon et al., 2018), without offering contextualised studies from developing countries. Most importantly, there is a lack of studies giving South African perspectives on this topic. In fact, few studies if any look at the banking sector in South Africa. This is to say that there has been relatively little research attempting to analytically frame and carefully analyse the banking sector's CSV management practices. The current study seeks to close this critical gap by focusing on the lived experiences of the banking sector and its practitioners who have the responsibility of ensuring that CSV practice become a lived reality within the sector.

Many scholars and practitioners alike have promoted CSV as a strategy to create win-win situations (Motilewa et al., 2016; Pfitzer et al., 2013; Bockstette et al., 2015; Porter & Kramer, 2006, 2011) without giving attention to the contextual challenges faced by business in the implementation and delivery of CSV strategies. This has led to a widening gap between knowledge and practice in this topic, as many businesses including the banking sector still struggle to understand how the relationship manifest itself in practice.

This study seeks to explore the challenges faced by business and the banking sector in their day-to-day business lives. Furthermore, many critics of shared value, among them Aakhus and

Bzdak (2012), Brown and Knudsen (2012) and Crane et al. (2014), have found fault with the concept for its deliberate lack of recognition and acknowledgement of the inherent tensions and conflicts that exist in business and society. For this reason, the study intends to close this gap in theory by bringing to the fore those inherent tensions and conflict that exist in the creation of business and societal values. Furthermore, most CSV scholarship is unitarist in its managerial perspective, focusing on shared value champions or managers, or top management teams, who are working in unison to ensure CSV strategies are successfully implemented and delivered. However, organizations with multiple internal actors, having competing interests and motives, are rarely unified practitioners, and many CSV studies fail to capture such nuances and complexities. This limit understanding of how CSV unfolds in practice within organizations. The present study seeks to close this gap.

1.6 Contributions of the Study

This study makes a significant contribution to the development of management practices in creation of shared value for both business and society. The study makes theoretical and practical contributions, described hereunder.

Extant CSV literature has put forward a business case where business opportunities could be created out of solving societal challenges, suggesting a potential association or link between CSV and the opportunity concept. However, there is a distinct lack of theoretical conceptualisation or comprehensive framework to depict this potential association between the CSV and the opportunity concepts. In order to address these limitations in theory, the current study offers a conceptual association between the CSV concept and the opportunity concept by proposing a conceptual framework anchored on the opportunity production model of Wood and McKinley (2010).

Several management scholars have attempted to investigate societal injustices using the opportunity concept (Short, Ketchen, Shook & Ireland, 2010). Others have focused on sustainable entrepreneurship theory (Cohen & Winn, 2007), sustainable corporate entrepreneurship (Atiq & Karatas-Ozkan, 2013; Atiq, 2014) or even environmental economics (Dean & McMullen, 2007) and social entrepreneurship (Korsgaard, 2011) using the opportunity construct. Almost no research has explored the CSV concept using the opportunity

construct, and so the relationship between the CSV concept and opportunity is still missing. Through its proposed conceptual framework, this study aims to enhance the theory and understanding of CSV as an emerging field of study.

Extant literature has demonstrated a situation where businesses have acknowledged prodigious opportunities capable of being created through solving societal challenges. Few systematic management studies have attempted to focus empirically on how the CSV concept is practically implemented in business (Awale, 2016; Maltz & Schein, 2012). CSV conceptualization and its management practices are still effectively naive (Crane et al., 2014), and in their infancy (Porter et al., 2012). For this reason, it is still a struggle for business to embrace these opportunities because of the lack of guiding principle on how business opportunities could be created out of solving societal challenges. Proposing a new conceptual framework as a guiding principle helps to close the knowing-doing gap surrounding many business practitioners, and in the process makes a practical contribution.

Few studies have explored the CSV concept from a banking perspective and in the South African context. The current study was thus worthy of exploration and able to make an empirical contribution to this effect.

This study also seeks to contribute to the debate by providing empirical evidence from the South African perspective – one that boasts unique characteristics offering additional insights into the question. Looking at South Africa, the debate is still at the infancy stage, so an added contribution will be to deepen debate and understanding within the South African perspective.

The current study adopts a social constructivist approach as a research paradigm in exploring the process undertaken by the South African banking sector in creating or constructing CSV-opportunities from solving societal challenges. In the process, the study makes significant methodological contribution and enhances understanding in an emerging field of study by demonstrating how the banking sector, in a social setting, constructs its perception of social reality, and in the words of Atiq (2014), "how and why they enact this socially constructed reality in their social world" (p. 233).

Based on the reasoning offered above, it is clear there is a significant void that can be filled by the new insights and contributions the study intends to make. These insights and contributions will provide business with the tools to generate or create business opportunities while solving societal challenges or creating and sustaining shared value that the country desperately needs

in order to move society forward. The study therefore deserves special attention from management scholars, academics, practitioners and management consultants as a result of its challenges to conventional thinking within the management discipline.

1.7 Assumptions

The following assumptions are presented as a guiding orientation for the current study.

1. Instrumental perspective holds that business will always take an opportunistic stance of building economic value and competitive positioning.

2. Ethical perspective holds that business will always take into consideration the interests, wellbeing and livelihoods of every stakeholder and society at large.

3. Shared value as a construct of instrumental stakeholder value rather than moral stakeholder value.

4. The belief that business should effect societal change through its productive capabilities rather than corporate social responsibility, that business should engage in strategic corporate social responsibility (Porter & Kramer, 2006).

1.8 Delimitations of the Study

Despite the careful preparation, and the clear contributions to knowledge offered by this study, it has certain limitations. The study depended more on interviews with business managers, who ensure that their claims to solve society's complex problems are manifest, for which reason such business managers might engage in impression management (Atiq, 2014) of a bank's involvement in alleviating societal challenges.

In the document analysis process, the study acknowledges there are instances where what Caulley (1983) called "perversion of the truth" (p. 24) might exist in reporting a bank's involvement in alleviating societal challenges.

According to Stephan, Patterson, Kelly and Mair (2016) most shared value scholarship focuses inwards on organizational activities and rarely explores how these activities may have external effects stimulating societal wellbeing beyond organizational boundaries. This research perpetuates a similar trend. Indeed, the study is incomplete, lacking societal perspective on the impact of these management practices as implemented and delivered by the banking sector. The study uses the views of involved banking managers and not their clients or society's perception of how the banking sector is solving the complex challenges facing clients and society at large. The study focused on business managers from one sector, and not all companies within that sector, which might provide only a limited picture of practices within the sector. The study acknowledges that this might have a direct bearing on the results (Calmorin & Calmorin, 2007): future research is urged to help address these limitations through considering exploration of clients' and society's perceptions about how business is solving its problems in their way to maximizing shareholder value. The study also suggests future research could consider looking at other sectors, to offer a bigger picture of management practices.

The study focuses only on societal challenges. Environmental challenges are beyond the scope of its research.

1.9 Research Design and Methodology

The aim of the study is to explore CSV management practices in the banking sector from perspectives of the social actors, through demonstrating how banking managers make sense of their reality regarding the meaning of CSV in their everyday experiences. For this reason, a qualitative method was employed to study banking managers' practices, experiences and behaviours in Creating Shared Value. According to Rhodes, Hart and Noordegraaf (2007), to enable a deeper understanding of how banking managers make sense of their lived experiences, there is a benefit of "being there" (p. 14) rather than from developing a survey and analysing it while sitting in the office (Ybema & Kamsteeg, 2009). The data was thus collected using in-depth interview questionnaires with meetings conducted in the banks' premises. This approach was supplemented through content analysis.

1.10 Structure of the Study

The current study comprises eight chapters as follows:

Chapter 1: INTRODUCTION

Contextualizes the study while including the research problem and justification for its delimitation, while presenting assumptions that include the contribution the study makes.

Chapter 2: LITERATURE REVIEW

Critical theoretical and conceptual debates on value creation, shareholder value, stakeholder value, CSR and shared value, and opportunity concepts are considered from the relevant literature. The study discusses the conceptual framework adopted for the current study and, through consideration of the literature, demonstrates the alignment of two conceptual frameworks used in the study.

Chapter 3: RESEARCH METHODOLOGY

Here the research methodology adopted for the current study is discussed. This includes justification for social constructivism as a guiding research paradigm and the use of qualitative research methodology. The study further discusses the use of case studies as a research design, including multi-method data collection for preliminary interviews, semi-structured in-depth interviews, document analysis and field notes. The sampling method, ethical considerations including reliability and validity considerations for the purpose of data analysis in the current study are also discussed.

Chapters 4, 5 and 6: CASE ANALYSIS

These chapters explore the South African banking sector's CSV practices within the micro-level represented by four major commercial banks as case organizations, plus the macro-level represented by BASA as another case organization. Overarching emergent themes per chapter are used to structure the case analysis.

Chapter 4 provides case analysis pertaining to the first research question: How does the South African banking sector conceptualize and define the CSV concept within the local context?

Chapter 5 presents case analysis relating to the second research question: How is CSV co-creating nature of the South African banking sector?

Chapter 6 presents case analysis relevant to the third research question: What are the challenges and hindrances to the CSV management practice faced by the South African banking sector and how are they being addressed?

Chapter 7: PRESENTATION AND DISCUSSION OF RESULTS

This chapter presents and discusses the empirical results achieved in the current study within the context of relevant current literature covered in Chapter 2. Chapter 7 further presents and discusses the established linkage and the proposed conceptual framework inductively derived from the empirical data. This is done for the purpose of resolving the research problem.

Chapter 8: CONCLUSION

The final chapter wraps up the study, including its theoretical, practical and methodological implications, and explains how the study enhances CSV as an emerging field of study. The chapter further notes any limitations, offers recommendations and suggests areas for future research.

1.11 Definitions

1 Societal Challenges: The term *societal challenges* is used interchangeably with the term societal problems, with Curran and Renzetti (2000) defining them as "a condition caused by the factors built into the societal structure of a particular society that systematically disadvantages or harms a specific segment or a significant number of the society's population" (p. 3). Mooney, Knox and Schact (2007) define it "as a social condition that a segment of society views as harmful to members of society and in need of remedy" (p. 3).

2 Societal value: According to Mulgan (2010) *societal value* refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. Porter et al (2014) perceive it through the lens of societal progress, which they define thus: *"*Social progress is the capacity of a society to meet the basic human needs of its citizens, establish the building blocks that

allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential" (p. 7).

3 Shareholder value: According to Fernandes (2002) "A company creates value for the shareholders when the shareholder return exceeds the required return to equity. In other words, a company creates value in one year when it outperforms expectations". (P.6). It refers to the value enjoyed exclusively by shareholders.

4 Stakeholder value: The value of organization enjoyed by a group or an individual such as employees to suppliers, creditors, the environment and local communities "who can affect or is affected by the achievement of the organization's objectives". (Freeman, 1984, p.46).

5 Shared value: Porter and Kramer (2011) presented to the world a new concept of shared value, defining this as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates" (p. 6).

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Relevant literature is reviewed to demonstrate researcher's ability to position and create space for the work in respect of existing knowledge, as a way of providing rationale and justification for the study. Such literature is critically examined to find pertinent knowledge gaps that can be addressed in order to contribute to new knowledge production (Atiq, 2014). The purpose of this study is to explore the South African banking sector's management practices that create business opportunities from solving societal challenges.

The study began by exploring the question of value creation with the starting point being the traditional view of value creation from shareholder value to stakeholder value. It considered how value creation has evolved to include society as one of the prominent stakeholders. This led to a focus on corporate social responsibility (CSR) and how this has evolved in theory. Particular attention was given to key studies with the aim of providing insight on how these theories have influenced management practices. The chapter also includes the limitations of these theories. It focuses on the CSV concept as analysed in the literature. Working definitions of the theories are provided, with limitations and gaps that exist within the literature being analysed.

The study further explores the general understanding of the opportunity construct from different ontological and epistemological perspectives, proceeding to assess the different constructs that make up this theory. Finally, the study zeroes in on the proposition of looking at societal challenges as opportunities, through theoretically establishing the link between CSV and opportunity frameworks as a way of understanding how societal challenges are identified, objectified and enacted as business opportunities.

2.2 Value Creation and Stakeholder Theory

The concept of value is an elusive one in social science and management scholarship (Ramirez, 1999). This is due to value being a multifaceted phenomenon, making it difficult to define, hence the argument that *"*reality is full of fuzzy phenomena and …efforts to make objective,

complete and rigorous definitions fail*"*, so social science and management researchers should understand that despite its inconvenience, reality should be accepted for what it is (Gummesson, 2008, p. 144). An interaction of value and value creation is synergistic (Sarrami et al., 2020), however, value creation is at the core of management and organizational scholarship, although the concept "is not well understood*"* (Lepak, Smith, & Taylor, 2007, p. 180). Pitelis (2009) defines it "as a dynamic process of creating a product or service that is valuable to be subjectively appreciated by the user based on user criteria of value" (p. 6). Lautermann (2013) meanwhile defines it as *"*the creation of value as a way conducive to achieving a good life, a wide variety of goods – goods that can be traded to make their materials or goods aesthetic, cultural, spiritual and material – produced by subsistence activities such as gardening or community work, must be taken into account*"* (p. 192). Value creation is most important in the strategic decision-making process of business (Burke & Lodgson, 1996).

Two main factors determine the proper measure of value in a business setting, these being the company's strategy and the actions needed in implementing that strategy for achieving required value (Jensen, 2002). The question of value creation has been an intellectually confusing experience (Dora, 2015) and contested territory, most importantly among management and organizational theorists. Differing and competing theoretical arguments are forwarded about value creation. Some scholars have persuasively argued that the true definition of value creation is the value created exclusively for shareholders (Friedman, 1962, 1970) with some counter-arguing that the true definition of value creation involves balancing the interests of every stakeholder of the business (Freeman, 1984).

2.3.1 Shareholder value theory.

The shareholder value concept as creation of value emanates from the Chicago school of free market economics led by Milton Friedman. It states that the social responsibility of business is to create shareholder value and anyone failing to adhere to that should be deemed a corporate delinquent who is opening a floodgate for socialism (Friedman, 1970). The central argument of such free-market economists is that the business of business is business, and so shareholder value should be the exclusive focus of management with everything else being left to the capable hands of governments and NGOs (Levitt, 1958).

The reasoning behind this proposition is that when business is allowed to oversee social issues, this leads to poor performance in the stock market and dividend reductions, harming the

business (Henderson, 2009). Indeed, as wealth gets diverted to issues outside the core expertise and know-how of business managers (Pfarrer, 2010), this leaves them confused and unsure of what they are doing (Ho, 2010; Jensen, 2002). Shareholder value maximization should be the only guideline for best management practices (Byerly, 2014). It helps business managers to focus on making intelligent business decisions in pursuit of a singular goal, rather than balancing many interests, which makes it impossible to optimize several things at once without trade-off (Jensen, 2002).

Since then, Shareholder value has achieved preference and legitimacy in corporate governance (Lazonick & O'Sullivan, 2000*)* as the OECD accentuates that corporations should be run chiefly in the interests of shareholders (OECD, 1999). It has also been put forward as the organizing principle and central tenet at management education and business schools around the world (McDonald, 2017; Saint & Tripathi, 2006). This belief has been reinforced through practice in the U.S. Securities and Exchange Commission (Levitt, 2000), with the engrained understanding among business managers being that by serving shareholders first, ultimately everyone in society benefits (Rose, 2007; Gentile, 2004; Bainbridge, 2002). In pursuit of its singular goal of shareholder value, business inadvertently serves society better without explicitly pronouncing on the intention of creating societal value (Martin, Petty & Wallace, 2009).

Shareholder value has become the yardstick of how corporate value, purpose and success are understood, created, and measured (Singh & Pattanayak, 2014). Prioritising shareholder value has led to management practices that prioritise short-term earnings and strategies that maximize shareholder value. Short-termism is defined as the characteristic by which corporate managers succumb to pressure from shareholders to act in their own interests of achieving short-term results (Duruigbo, 2011; Laverty, 2004). Short-term practices are anchored on the short-term drivers such as stock price, pension funds and mutual funds, because these create short-term awareness of the business (Padró, 2014).

An increase in short-term stock price is viewed as proof of greater financial performance and conformance to shareholder value maximization (Stout, 2012, 2013). This short-term practice manifests itself through corporate strategies such as share buybacks (Lazonick, 2014, 2017) and workforce downsizing (Jung, 2012). Obsession with quarterly earnings strategies has led to increases in earnings per share being used as a benchmark for stock market performance (Freeman, 2007).

The dogma of shareholder value maximization has not gone unchallenged, as opponents suggest that there is no evidence to support it (Mitchell, O'Donnell & Ramsay, 2005). In fact, it has been labelled as opportunistic, myopic and detrimental to other stakeholders, especially the wellbeing of society, and therefore cannot be put forward as a measure of corporate value creation (Stout, 2012; Jung, 2012). According to Lazonick (2014) it is "not value creation but value extraction*"* (p. 3) and is regarded as a problematic and illegitimate principle (Padró, 2014; Stout, 2012, 2013; Ronnegard & Smith 2010; Campbell, 2007; Mitchell et al., 2005; Evan & Freeman, 2003; Agle, Mitchell & Sonnenfeld, 1999; Freeman, 1984).

Shareholder value maximization has been further labelled "the dumbest idea in the world" (Jack Welch, cited in Denning, 2011). It is inconsistent with the 21st century world, with fatal flaws such as its resistance to change, divergence from the law, and the fact that for the most part, it simply ignores matters of ethics (Freeman, 2007; Padró, 2014).

Insistence on shareholder value maximization has been blamed by Freeman (2007) for recent scandals and the demise of businesses such as Enron, WorldCom, Tyco International and Arthur Andersen, which were in part caused by management practices to that effect, sometimes going directly against accounting rules and the law. The concept also fails to recognise and acknowledge the importance of other stakeholders, remaining silent about its deleterious effect on the interests of other stakeholder and society at large (Stout, 2012). This invites discussion of stakeholder theory as an alternative form of corporate value creation.

2.3.2 Stakeholder value theory.

According to Evan and Freeman (2003), stakeholder theory should redefine creation of value into a value created for the interests of every stakeholder in the firm. The firm itself should be perceived as a grouping of stakeholders: its purpose should be the creation of value for all stakeholders such as shareholders, creditors, employees, customers, suppliers, regulators and local communities, plus impact on society at large (Freeman, 2007).

The prevalence and popularization of the term stakeholder value is credited to Ed Freeman, from his 1984 seminal paper *"Strategic management: A stakeholder approach"*. However, Freeman acknowledged that stakeholder theories emerged from pioneering work in the 1960s at the Stanford Research Institute (SRI) which found that in order to gain buy-in from all stakeholders in respect of their corporate goals and objectives, business managers needed to consider their interests as a starting point (Hitt, Freeman & Harrison, 2001).

Definition of stakeholder value theory has led to many questioning what constitutes a stakeholder. The response of Donaldson and Preston (1995) is that *"*stakeholders are those 'persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity*"* (p. 67). In 1963 the Stanford Research Institute (SRI), cited in Freeman (1984), defined stakeholders as *"*those groups without whose support the organization would cease to exist*"* (p. 31). Freeman (1984) further defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization objectives" (p. 46). However, the definition of a stakeholder remains unclear, being an evolving concept: even the "father of the stakeholder concept" changed his definition over time (Fontaine, Haarman & Schmidt, 2006). According to Freeman (2007) stakeholders are *"*those groups who are vital to the survival and success of the corporation*"* (p. 58).

A more comprehensive definition is offered by Atiq (2012) that *"*Stakeholders are all those individuals and organizations that have a direct or indirect interest in an organization, they include owners, governmental agencies, customers, suppliers, society and the community, employees, lenders, and special interest groups" (p. 33).

Stakeholder management is the best way for business to create greater value, taking more than just shareholders' interests into account (Freeman, 1984; Carrol, 1979). According to Donaldson and Preston (1995), there are different perspectives from which stakeholder value theory could be approached – the descriptive, instrumental, and normative approaches. While Donaldson and Preston (1995) have argued for normative stakeholder theory based on ethics and morality, other scholars have argued for instrumental stakeholder management that manages the interests of other stakeholders in pursuit of maximization of shareholder value (Waddock & Graves, 1997; Jones, 1995).

Business managers use ethical and moral principles for guidance during their interaction with stakeholders (Agle et al., 2008) in pursuit of interests of salient stakeholders (Mitchell et al., 1997). Those that do this on the "basis of mutual trust and cooperation will have a competitive advantage over those that do not" (Jones, Harrison & Felps, 2018; Jones, 1995; p. 422) and avoid future competition by deterring new entries (Laplume, Walker, Zhang & Yu, 2021). However, if the discretionary power of instrumental stakeholders is exercised in a self-serving manner (Cennamo, Berrone & Gomez-Mejia, 2009) that marginalises other stakeholders, this will open the floodgates to new entrants and competition (Laplume et al., 2021).

Stakeholder theory has its own dark side of giving more discretionary power to business managers and directors to devote the firm's resources towards self-interest, which might lead to over-investment in self-serving societal causes and negatively affect the long-term competitiveness of the company (Cennamo et al., 2009; Jensen, 2002). To address this dark side of stakeholder theory Cennamo et al. (2009) and Laplume et al. (2021) propose a stakeholder innovation as a new way of serving the interests of those disillusioned and marginalised stakeholders by ensuring their interests and conditions are improved. Addressing the interests of society as one of the most marginalised stakeholders has been argued to be the best form of stakeholder theory (Latridis, 2011). Indeed, stakeholder theory has been widely used as a framework for the best management practices and corporate strategy with which to respond to societal problems (Atiq, 2014), with CSR being put forward as the best way for businesses to solve such challenges and thereby create value for society.

Numerous scholars have used stakeholder theory to study CSR (Jamali, 2008; Harrison & Freeman, 1999; Mitchell et al., 1997; Donaldson & Preston, 1995; Freeman, 1984). The reason for this usage is that society, including other stakeholders such as customers, employees, shareholders, community and the environment, form part and parcel of CSR (Davis & Frederick, 1984).

2.3.3 Corporate social responsibility (CSR).

According to Emerson, Bonini, and Brehm (2003) societal value creation holds the potential to balance the interests of different stakeholders because of its ability to create blended value of financial, social and environmental value. For this reason, corporate social responsibility (CSR) has been promoted as the best business practice at the disposal of business managers to balance the interests of other stakeholders and, most importantly, as the best way to attend to complex societal challenges.

Many scholars contend that CSR as a concept emerged in the early 20th century in the U.S, as a fiduciary duty of business to be responsible to other stakeholders (Yang, Lin & Chang, 2010; Camilleri, 2012). The concept was popularized by Carroll (1979) who acknowledged the concept could be traced back to the seminal work of Howard R. Bowen, *"Social responsibilities of the businessman"* (Bowen, 1953). Since then, books, academic articles and journals on CSR have proliferated, while projects and consultancies offer CSR services. Companies, business schools and universities have created stand-alone units to promote and

teach CSR and as part of this policy, some companies have also adopted new CSR codes of good practice and guidelines (Carrol, 1991).

The 1990s saw CSR gaining traction as a socially responsible initiative offering solutions to societal and environmental problems, with business managers beginning to embrace the idea (Atiq, 2014; Lee, 2008; McAlister & Ferrell, 2002). As a result, companies are now producing annual reports detailing their CSR engagements.

The World Business Council for Sustainable Development (WBCSD) maintains that businesses in their economic development should be inclusive of societal issues, defining CSR as a business commitment to ethically create economic value while improving the wellbeing and livelihoods of workers, their families and society at large (WBCSD, 2006). According to Carrol (1979) *"*corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive" (p. 608). For Carrol (1979) the central tenets are "the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). However, Dahlsrud (2008) insists that CSR has five dimensions, not the four depicted by Carrol, namely the environmental, social, economic, stakeholder and voluntariness dimensions. Atiq (2014) defines CSR as corporate initiatives geared towards addressing environmental degradation while pursuing value accrual for business and society.

A closer look at the definitions presented above clearly shows that there is still a "lack of an all-embracing definition of CSR" (WBCSD, 2000, p. 3). This demonstrates that CSR is essentially a contested space with a variety of opinions (Moon, 2001). Nevertheless, the consensus is that CSR plays a major role in today's corporate world and cannot be neglected (Babiak & Trendafilova, 2011; Turker, 2009).

The importance of CSR practice became significance during the outbreak of a series of corporate scandals such as the Enron, the Nike sweatshop, the BP oil spill, WorldCom, Xerox and Merck (Iqbal, Sarwat, Hasan, Baloch & Salim, 2014; Yang et al., 2010) and indeed during the banking sector led scandal of global financial crisis of 2008. Indeed, CSR has been used as a reactive strategy to external pressure from corporate scandals and satisfying stakeholders' needs (Kanter, 2011a).

The banking sector has been a driving force behind the economic growth and development of many countries around the world (Chaudhury, Das & Sahoo, 2012). The banking sector does

business within society and its members should consider themselves an integral part of society (Kanter, 2009; Porter & Kramer, 2011). It thus becomes the responsibility of banks to deal with calamities brought about by their operations (Yang et al., 2010). They are therefore called on to reinvest a part of their profits for the betterment of society by solving problems such as pollution, poverty, fraudulence, and lack of financial and economic inclusivity for many in society (Iqbal et al., 2014). According to Kanter (2011b) the banking sector should have a societal contract in which its existence and purpose is ultimately to serve the interest of society.

CSR has been criticised as a marketing, reputational or public relations tool, described as "feel good" philanthropy that serves mostly for image-building public relations (Morsing, 2003). It has been blamed for camouflaging the most toxic corporate activities by providing a rationale for business to pursue shareholder-value activities (cladea.org, 2013).

There is evidence to suggest that corporations are masquerading as socially responsible, while in fact concealing socially irresponsible behaviour, such as lobbying to influence decision-making or tax avoidance measures (Doane, 2005). CSR is designed to project a romantic image in order to placate critics while ensuring it is business as usual (Hamann & Kapelus, 2004). Most companies that engage in earnings manipulations are significantly more likely to also engage in CSR activities, and those found to have poor environmental and product safety performance are the most philanthropic (Prior, Surroca & Tribó, 2008). Friends of the Earth International suggest that the world's most polluting corporations are in fact the ones that pride themselves on having the most sophisticated PR tools to communicate corporate environmental messages (FoEI, 2002).

Management scholars such as Porter and Kramer (2006, 2011), Burke and Logsdon (1996) have gone to the extent of distancing their theories from CSR theory. They argue that CSR and its philanthropic activities are uncoordinated and only focus on the tension between business and society by creating a generic rationale, disconnected from a company's core strategy and operations (Porter & Kramer, 2006). The assertions by these scholars highlight the limitations of CSR practice. This has led to the CSR concept being urged to transition from a passive harm minimization into a more active form of value creation (Luetkenhorst, 2004, Young, 2006).

The proposition of connecting CSR practices to the core strategy and operations of the company has appeared over time to be extremely appealing. Levitt (1958) agrees that it will only make sense for business to engage in societal responsibility if – and only if – it makes

clear business sense, adding that "corporate welfare makes good sense if it makes good economic sense" (p. 42).

Business managers have cut back on many CSR programmes because of the lack of rationale and clear articulation behind those programmes (Burke & Lodgson, 1996). Businesses must therefore find a way of integrating their organizations' market and nonmarket strategies (Baron, 2006; Husted & Allen, 2001).

The CSR concept has transformed from a shallow concept of "window dressing" to a strategic orientation (Camilleri, 2016, p.17), pushing management scholarship to new heights in the process. Many deem this to be the strategic corporate responsibility (Burke & Logsdon, 1996; Porter & Kramer, 2006).

According to McWilliams and Siegel (2011) Strategic CSR is defined as "any 'responsible' activity that allows a firm to achieve a sustainable competitive advantage, regardless of motive" (p. 1480). Strategic CSR is also seen as being those corporate activities embedded in the company's core competencies to achieve competitive advantage while at the same time benefitting society (Burke & Logsdon, 1996; Porter & Kramer, 2002, 2006; Bruyaka et al., 2012). Strategic CSR can create competitive advantage by contributing toward strengthening valuable partnerships (Pearce & Doh, 2005). Business can use CSR as a strategy to differentiate itself among its peers at the product, business and corporate levels (Orlitzky, Siegel & Waldman, 2011; McWilliams, Siegel & Wright, 2006). Indeed, rather than strategic CSR presenting a cost to the business, it leads to synergistic value creation (Porter & Kramer, 2006; Waddock & Graves, 1997). CSR that is designed to create shared value needs to be at the core of corporate strategy and competency and should be part of day-to-day operation (McElhaney, 2008).

2.3.4 Creating shared value (CSV) concept.

In his *Harvard Business Review* article *"Profit without prosperity"*, William Lazonick laments the fact that five years after a major recession, corporate profits are growing ever higher – without translating into widely-shared economic prosperity (Lazonick, 2014). This has led to business being seen as a villain that is prospering at the expense of society and in the process, it has eroded the trust, legitimacy and licence to operate while creating a chasm between business and society (Porter & Kramer, 2011). CSV has been promoted as the best strategy to

harmonise business and society as it holds the power to unleash the next wave of global growth while redefining capitalism (Porter & Kramer, 2011).

The CSV concept was first developed by Porter and Kramer after a chain of articles beginning with *"Philanthropy's new agenda: creating value"* (Porter & Kramer, 1999), *"The competitive advantage of corporate philanthropy"* (Porter & Kramer, 2002), a response to Steve Bailey's column titled *"Pluses of corporate philanthropy"* (Porter & Kramer, 2003) and *"Strategy and society: the link between competitive advantage and corporate social responsibility"* (Porter & Kramer, 2006) which culminated to the breakthrough *Harvard Business Review* article published in 2011. According to Porter and Kramer (2011) CSV is defined as "policies and operating practices that enhance competitiveness of a company while simultaneously advancing economic and social conditions in the communities where it operates" (p. 66). Pfitzer et al. (2013) defines it as a concept for *"*innovating to meet society's need and build a profitable enterprise*"* (p. 3). The concept is visualised as an ideal place where economic progress sits alongside societal progress (Porter, Stern & Green, 2014) and indeed business managers should be able to identify and connect the relationship between economic and societal progress (Porter & Kramer, 2011).

Strategic decisions taken by business managers should be geared towards long-term investments that address societal and environmental issues while creating shareholder value (Scagnelli, Corazza & Cisi, 2014). Since its development as a concept, it has received considerable attention from commentators and practitioner community alike. It has also become part of management education around the world.

The concept has also been turned into a business consultancy, such as FSG Consultancy, a shared value consultancy firm founded by Mark Kramer and Michael Porter with forums and platforms that host conferences around the world, including in South Africa. It has also won accolades as the 2006 and 2011 McKinsey's HBS best article awards. The concept has been adopted as official European Union strategy for CSR (EU Commission, 2011).

The CSV concept has been made part of many leading global business practices such as Nestlé, Unilever, Discovery and many other multinationals claiming to embrace it. It has also led to *Fortune Magazine's* Change the World List, which focuses on businesses that are Creating Shared Value and make profit by changing the world for the better. It has achieved first-class status and gained so much scholarly attention as to become a highly cited topic – all this in a

short space of time (Crane et al., 2014), with some asserting that this is due to its authors' celebrity status (Beschorner & Hajduk, 2017). The concept is now recognised as an "umbrella concept" in the field of business and society (Crane et al., 2014; Aakhus & Bzdak, 2012). This recognition has been achieved because at its core, CSV understands that the health and success of business are closely intertwined with that of society (Porter & Kramer, 2011).

For creating shared value to work properly, societal issues should not just be at the periphery of the business but must be integrated into its core strategy, processes, people and the whole culture of the business (Porter & Kramer, 2011). It must be positioned as a differentiation strategy (Spitzeck & Chapman, 2012) that offers competitive advantage while saving lives (FSG, 2012) and alleviating human suffering. Indeed, a company can choose a societal challenge located well within its core competency and is well placed to offer the company competitive edge (Porter & Kramer, 2006). This unequivocal elevation of societal challenges to a strategic level is one of the critical strengths making CSV what it is today (Crane et al., 2014). According to Porter and Kramer (2011) business managers have at their disposal three strategic way of Creating Shared Value: reconceiving products and markets, redefining productivity in the value chain and enabling local cluster development**.**

2.3.3.1 Three strategic ways of CSV.

- **Reconceiving products, services, and markets**

Creating shared value through reconceiving products, services and markets means focusing on products and services that emanate from addressing societal and environmental challenges in a way that creates opportunity for competitive edge such as growth, plus new revenue streams (Porter et al., 2012) and is based on improvement of access to products and services that attend to unmet societal needs and thereby create opportunity for new market and revenue (Porter & Kramer 2011). Unmet societal needs range from matters such as access to quality education, financial inclusion, lack of entrepreneurial culture and unemployment: businesses are now working towards the development of products and services to meet these unmet needs in society. Varadarajan and Kaul (2018) illustrates this through an example of a partnership between Danone Inc., a French multinational corporation and Clover, a South Africa based dairy products firm, where two companies have identified an unmet societal challenge of malnutrition among children in several emerging and less developed country markets including South Africa. They decided to address the challenges by reconceiving a product and market for

a nutrition fortified yogurt with a mix of key nutrients such as zinc, vitamin A and iron formulated for children in the 3 to 10 years age group.

- **Redefining productivity in the value chain**

Creating shared value from redefining productivity in the value chain focuses on improving a company's operational capabilities through environmentally friendly products and resources, including employee development (Porter et al., 2012). Indeed, focusing on environmentally friendly products helps reduce costs, while ensuring that increased volumes are supplied, thus improving efficiency within the company (Porter & Kramer, 2011). An illustration of this argument is offered by Porter et al. (2012) with the case of the InterContinental Hotels Group (IHG) noting there is a water and waste challenge within communities and society at large, while also understanding that energy represented its second largest cost, while the group's environmental footprint was untenable. IHG launched its Green Engage programme, using solar panels, computers and other technology to reduce energy use, water consumption and waste disposal: these initiatives helped IHG to reduce its costs and environmental footprint in the communities where it operates.

- **Enabling local cluster development**

Creating shared value from enabling local cluster development means enhancing company's productivity levels through improvements to the environment around the company, such as developing communities where the company operates, plus development of local suppliers and infrastructure (Porter et al., 2012). Businesses can help improve the effectiveness, quality and performance of other businesses in their value chains, which in turn helps improve their productivity and revenue. Lüdeke-Freund et al. (2016) illustrate this through a case of Woolworths South Africa where the organization focuses on helping previously disadvantaged communities build economically viable future for themselves and ecological value by integrating them into Woolworths's supply chain while simultaneously creating business opportunities for the organizations. This is done through undertaking an initial, small-scale trial into the viability of commercially growing rooibos tea in Cape Agulhas, South Africa, by supporting small scale farmers. The organization supports small, local community-based enterprises like the Strandveld Tea Farmers Association by packaging and selling the product from the Strandveld. Woolworths further supports others such as Ubuntu Linen at The Crags

near Plettenberg Bay, Mokodeni Pottery in Limpopo, and Isikhwama near Cape Town through production of many Woolworths's reusable shopping bags.

Pfitzer et al. (2013) finds that there are also five mutually reinforcing elements that accompany the three dimensions of CSV strategy, these being: embedding a societal purpose, rigorously defining the societal need, measuring the societal and business value, creating the optimal innovation structure, and co-creating with external stakeholders.

2.3.3.2 Five mutually reinforcing elements of shared value.

- **Embedding a societal purpose**

According to Pfitzer et al. (2013), consideration of solving major societal challenges in a way that creates opportunities for growth and profit should be a "the raison d'être" for business (p. 4). For this reason, the company must embed societal purpose within its culture and focus resources on innovation geared towards solving societal challenges (Pfitzer et al., 2013). A neatly embedded societal purpose helps guide business strategy and actions (Ward, Roy & Edmondson, 2016, Kanter, 2011) while opening new sources of innovation. A case in point is Discovery Health which developed a corporate purpose centered around societal challenges- "To make people healthier and enhance and protect their lives". Then the company leveraged on this societal purpose and reshape its core business towards addressing this identified societal need and challenge while finding new source of business opportunity (Rodriques, 2017). This was done through a Discovery's Vitality program an incentives-based program where members are encouraged to adopt healthy lifestyles to improve their health by adopting better diet, exercise, and regular check-ups. The company have partnered healthy food supermarkets and the technology companies to provide smart watches to monitor healthy lifestyles. Smith et al. (2022) report that this resulted in a societal value of longer life expectancy among its members and a source of business opportunity of 15% lower medical costs, "dominant market share in both health and life insurance, and above-industry-average profitability while offering its products at a lower price than competitors" (p.1048). This is a demonstration of a company that has adopted a new corporate societal purpose which led to a fundamentally different strategic direction from its peers, while positioning the business for future growth and profitability (Ward et al., 2016).

- **Defining a Societal need**

According to Pfitzer et al. (2013), gaining deeper insight and a more comprehensive view are critical in identifying and defining societal challenges while finding ways to solve them. Having a clear societal purpose helps business gain deeper insight and understanding of the challenges faced by society, what needs to be improved and by how much, and the value of that intervention to the business (Islam, Rahman, & Hossain, 2020). Hence the importance of environmental societal scanning to understand the problems faced in society in terms of people affected, barriers to entry and progress (Atiq, 2014). This is demonstrated through the case study of Nestlé's focus on malnutrition. Societal scanning was conducted through research on the nutritional situation in Nigeria and India with the most alarming prevalence of micronutrient deficiencies capable of causing health challenges for people living in poverty (Crutchfield, Bakule & Pfitzer, 2013). The Nestlé researchers discovered that in Central and West Africa 90 percent of children are anaemic, while more than 75 percent of preschool-age children in Nigeria suffer from anaemia. The researchers then visited poor households to gain deeper understanding and insight of the challenge faced, realising that the major problem of iron deficiency should be addressed in a way that would not alter or increases prices, to ensure the product remained affordable to the poor. After the societal need and challenges were fully defined, they were placed within the competitive context of the company. This eventuated in the launch of new product called Maggi seasoning, a micronutrient-reinforced spice product priced for low-income consumers.

- **Measuring the social and business value**

In order to reach the required scalability of the societal initiative Pfitzer et al. (2013) recognises the importance of monitoring and measuring the shared value programme. The purpose of measuring shared value is to track social and economic progress, such as the improved health and education, etc., and the revenue or increased market share, or improved profitability respectively (Porter et al., 2012). The central benefits of measurement are to inform refinement of the CSV strategy and to provide a roadmap for understanding and unlocking further shared value (ibid). Bockstette et al. (2015) illustrate this through a case of Standard Bank South Africa where the bank focuses on empowering SME's by investing in product innovation to meet societal challenges while creating opportunities for profitability and risk targets. The bank focused on having deeper understanding of the challenges faced by SMEs such as inaccessibility of bank branches, lack of collateral, and access to funding. The bank began

developing a new strategic intervention such as meeting SME's at their market place to assess credit worthiness in non-traditional ways, different way of providing non-collateralised loans and the bank consistently tracked societal and economic progress such as portfolio performance in terms of loan uptake, default rates, graduation to larger loan sizes, and cross-sales of other bank products.

- **Creating the optimal innovation structure**

This refers to business creating semi-autonomous organisational structure, shielded from a company's normal operation to promote innovation, experimentation and allowance for failure, with financial support sourced through philanthropic or government funding (Pfitzer et al., 2013). The authors demonstrate this point through the Novartis case study. After identifying societal challenge of a lack of access to healthcare and life saving medication faced by millions of people in poor and emerging markets, as a result of not being affordable, the company decided to establish Arogya Parivar ("healthy family" in Hindi) to solve the problem and work towards reaching these millions of potential customers. The company realised that the project would require large investments and it would have to charge low prices, given the low-income customers. It was estimated that the business would take longer to break-even than Novartis typically demanded of new ventures and that its ultimate profit margins would be lower than those expected of other businesses. For those reasons, Novartis placed Arogya Parivar in its social business group, which operates with seed funds from corporate and has its own management team and processes. The venture became profitable after 31 months, more quickly than anticipated. The company established a network of local distributors to ensure dependable supplies and enlisted hundreds of local educators to teach people how to improve their health and refer them to physicians for treatment. Businesses that have already managed to champion societal value creation for new projects should find it easier to integrate with an existing project (Pfitzer et al., 2013).

- **Co-creating with external stakeholders.**

Engaging complex societal challenges requires collaboration and collective impact (Kania & Kramer, 2011) rather than working in silos. Deeply involving other stakeholders such as governments, foundations, universities, NGOs and other companies in solving societal challenges helps to identify and further enhance understanding and problem-solving capabilities (Pfitzer et al., 2013). Indeed, businesses now seek to cushion the collective impact

of enlisting different stakeholders as a strategy to solve complex societal challenge while simultaneously creating business opportunities for growth, profit and competitive positioning (Kania & Kramer, 2011).

Kania and Kramer (2011) demonstrate how the collective impact concept creates shared value through a case study involving Hewlett-Packard (HP), which created a scanning device to print and transmit data quickly and easily over cellular networks. The company collaborated with different partners, internally with several business units and externally through involvement with the Clinton Health Access Initiative and Kenya's Ministry of Health, to speed up the diagnosis and treatment of young children with HIV in Kenya. HP had been working to develop and build an IT infrastructure that would allow national reference laboratories to receive, process and send HIV test data reliably and efficiently. In the Nestle micronutrients case study, the authors offer an example of how Nestlé leveraged other stakeholders' capabilities such as the Drishtee Foundation which foster the social and economic development of communities in rural India using its information and communication technology capability. The company leverage on the Drishtee Foundation's established distribution system at the remote retail shops in Uttar Pradesh, one of the regions most affected by micronutrient deficiencies, to help in distribution of its Maggi Masala-ae-Magic spices.

2.3.3.3 Motivating driving factors of CSV.

According to Porter and Kramer (2011) CSV is driven not from a mere defensive strategy of reputation and risk avoidance, instead it is driven from a societal contract and legitimacy view, where business managers "utilize their skills and management capability to lead to social progress and in the process, business can earn the respect of society" (p. 77). Chandra et al. (2016) asserts that drivers of shared value in the health sector are characterised by mind-set and expectation, sense of connection to community and sense of civic engagement. CSV is further driven from a business opportunity perspective of releasing business from the daunting operational cost and constraints that come with societal and environmental needs and challenges. Solving these needs and challenges further presents business opportunities for the creation of new markets, plus new customer bases for business growth, profitability and competitive advantage (Bednarski, 2019; Awale, 2016; Pfitzer et al., 2013, Porter & Kramer, 2011).

CSV is also driven directly from a creation of business opportunities for profits, increased sales and revenue, savings, increased productivity, access to resources (which include raw materials and increased numbers of employees), and an improved competitive position. Alternatively, CSV is driven from a sheer desire to solve societal needs and challenges viewed in terms of better quality of the natural environment, nutrition, access to water and housing, improved health and education, and improved income in society such as increased savings, increased employment and improved entrepreneurial activities (Dembek et al., 2016).

2.3.3.4 Challenges and limitations of shared value.

According to Aakhus and Bzdak (2012) the major challenge of CSV is it *"*lies less with what it highlights about the business and society relationship and more with what it hides*"* (p. 235). CSV has been lambasted as nothing more than a buzzword (Dembek et al., 2016) or a management fashion that is conceptually vague (Menghwar & Daood, 2019). CSV has even been depicted as a naïve concept focusing on whitewashing and conveniently ignoring the tensions and trade-offs that exist in the business and society relationship (Crane et al., 2014; Lock, Seele & Heath, 2016; Aakhus & Bzdak, 2012), while blocking transformative innovation (Beschorner & Hajduk, 2017). Indeed, "telling companies how to look for shared value opportunities does not prepare them for the complexities and trade-offs that are entailed in addressing social issues" (Brown & Knudsen, 2012), p. 5). Bednarski (2019) argues that CSV is guilty of venturing beyond simple economics, making the concept misunderstood and difficult to assess in theory and in the practice of business-society relations.

According to Dembek et al. (2016) there is indeed a discrepancy relating to which one is prioritised – business or society. Some assert that societal needs should be prioritised (e.g., Pavlovich & Corner, 2014), while others have a firm belief that creation of business value should be a priority (Maltz & Schein, 2012). Then there are those, such as Pirson (2012) who agree there should be a balance between business and societal values. Even in the South African scholarship the concept was not spared, as it has been labelled a less novel concept with unnecessary jargon used to rehash what has always been in use (Visser, 2013). The CSV framing of profit purpose has been slated as a major excuse for not keeping the poor in mind, but instead, focusing on promoting more sophisticated strategies of "greenwashing" (Crane et al., 2014), or possibly a niche "nice-to-have" strategy rather that developing a meaningful mass-market "must-have" concept (Visser, 2010). CSV has also been called a "neoliberal logic" that does not work in the context of the poor as it leaves the poor poorer than before

while only proving beneficial for the affluent (Prafitri, 2017, p.171; Crane et al., 2014). Another challenge highlighted is CSV's misplaced underlying assumption of a clear alignment with the objectives, values and identities of all stakeholders, as this is not accounted for in the concept (Crane et al., 2014).

A further major challenge faced in CSV scholarship is that, according to Laudal (2018) *"*there are very few attempts to measure CSV at the corporate level in the literature*"* (p. 918) as there is no existing matrix and general model by which to measure CSV progress (Pfitzer et al., 2013; Szmigin & Rutherford, 2013; Spitzeck & Chapman, 2012). CSV has a clearly defined economic value, this being the bottom line, however there is no clear analysis of its operationalization and measurement, which leaves analytical gaps and significant questions unanswered (Meyer, 2018, Wójcik, 2016). Indeed, CSV is presented as a Utopian concept, which does not suffer from any challenges, tensions and trade-offs in its implementation. It is thus offered as a direct principle with which to solve those inherent trade-offs and tensions that come with CSR in business and societal relations.

2.4 CSV, CSR and Other related concepts

CSV differs from CSR with the overriding distinguishing factor being that CSR is characterised by a single goal of creating societal value out of already created economic value, while CSV comprises the twin values of economic creation through creation of societal value (Wójcik, 2016; Porter & Kramer, 2011). This means that CSR becomes an extraction of value already created while CSV is a value creator (Kramer, 2011), making it a direct solution to the relationship trade-offs between business and society (Porter & Kramer, 2011).

In addition to the distancing of the CSV concept from the CSR concept by CSV proponents, other opponents argue that in fact the concept is unoriginal and dates back to the 1980s in corporate culture (Spitzeck & Chapman, 2012). The concept is strikingly similar to strategic CSR and stakeholder theory (Menghwar & Daood, 2019, Beschorner & Hajduk, 2017). These opponents counter-argue that the concept is in fact reactionary, rather than being a transformational response to the crisis of capitalism and a case of simply rehashing the extant literature regarding Ed Freeman's "stakeholder theory" and Rosabeth Moss Kanter's "social innovation", Jed Emerson's "blended value" and Stuart Hart's "capitalism at the crossroads".

Hart is at pain arguing that CSV is a case of ‘‘intellectual piracy” as it provides no acknowledgement of extant literature (Crane et al., 2014, p. 135). Furthermore, the agenda of philanthropy is a precursor and a driver for the development of the CSV concept (Aakhus & Bzdak, 2012) while further overlapping concepts such as Prahalad and Hart’s Bottom of the Pyramid (BOP) concept (Awale, 2016), which indeed render the concept unoriginal. These opponents further argue that Porter and Kramer are being disingenuous in contrasting CSV to traditional, outdated and simplistic CSR that is not aligned to core business. This is an empty critique that evades contemporary debates about CSR and merely scapegoats CSR “as a strawman to rhetorically justify author’s contribution” (Beschorner, 2013, p. 109). Indeed, the CSV side’s narrow reading of a broad CSR literature is disingenuous, with simplistic claims that are “distortions at worst and optimistic at best*’’* (Crane et al., 2014, p. 11).

2.5 Concept of opportunity in the banking sector

Banking as a sector plays a critical role in the economic, social and financial wellbeing of every country. A thriving banking sector should be about value creation for shareholders, reaching for competitive advantage (Titko & Lace, 2011) while also leveraging its comparative advantage within society (Sutton & Jenkins, 2007). In order to achieve this, the banking sector should rely heavily on innovative business models and management practices that present business opportunities in development challenges such as infrastructure financing, quality education, access to finance for entrepreneurial activities and financial inclusion and creation of job opportunities. An opportunity theory grapples with the issue of how firms create value by leaning towards active search and recognition of opportunities, followed by execution of those opportunities (Baron, 2006; Gilad, Kaish & Ronen, 1989). A thriving and value-creating banking sector therefore relies on creation of business opportunities.

2.5.1 Nature of opportunity.

A massive body of literature exists dealing with the concept of opportunity. Traditionally the concept has been studied in the field of economics and management (Urwyler, 2006), including international business opportunities (Soderqvist, 2011). It is increasingly researched from the entrepreneurship perspective (Shane & Venkataraman, 2000).

Opportunity construct is a highly contested space with no agreement on its definition (Hansen & Shrader, 2007). Scholars in the field define opportunity as consisting of a set of ideas, beliefs and actions that enable the creation of future goods and services in the absence of markets for them (Venkataraman, 1997, cited in Sarasvathy, Dew, Velamuri & Venkataraman, 2003). Dimov (2007a) defines opportunity as the product of a creative process from the initial occurrence of an idea to its further exploration and elaboration. Short et al (2010) define it as the discovery or creation of an idea by an entrepreneurial organization that shows potential for being profitable.

The origins of entrepreneurial opportunities are a long-standing question for researchers. According to Sarasvathy et al. (2003) entrepreneurial opportunity involves three views, which is the allocative process, the discovery process, and the creative process. These three views lead to another debate on the nature of opportunity (Hechavarria & Welter, 2015; Wilson & Martin, 2015). Opportunity possibly exists objectively, just waiting to be discovered (Alvarez & Barney, 2008; Shane, 2003; Shane & Venkataraman, 2000). Alternatively, opportunity is created or constructed (Wood & McKinley, 2010; Alvarez & Barney, 2008; Sarasvathy, 2001, Shumpeter, 1934). Opportunity discovery holds that opportunities exist as a result of market disequilibria between an individual's level of aspiration and her/his appraised value in the labour market (Lee & Venkataraman, 2006) and that it is an objective phenomena awaiting discovery by alert entrepreneurs who are searching for these market inefficiencies (Shane, 2003; Kirzner, 1979). Such market disequilibria arise exogenously as a result of changes in technology, political and regulatory changes, and social and demographic changes including consumer preferences that lead to the existence of opportunities (Shane, 2003; Kirzner, 1973).

The objectivist ontological stance referred to above has been criticised for overlooking and not acknowledging human awareness and the social constructive nature of opportunity creation (Kauppinen & Puhakka, 2010). It has been further criticised for downplaying the importance of entrepreneurial actors or individual social actors' interaction with a social world that plays a part in the creation of opportunities (Wood & McKinley, 2010; Weick, 1979). The central thesis and feature of the constructivist view of opportunity is the importance of the social actors in the creation and enactment of opportunity. Individuals or organizations actively engage in a process of creative imagination in which opportunities are endogenously created through actions, reactions and enactment (Baker & Nelson, 2005; Alvarez & Barney, 2007) or by

continuously combining and recombining intermediate goods to produce consumer goods (Chiles, Bluedorn & Gupta, 2007).

Proponents of social construction maintain that the world, as presented, is a product of social construction (Giddens, 1984; Weick, 1979), making opportunity a product of subjectivist processes of social construction (Ramoglou & Zyglidopoulos, 2015, Alvarez et al., 2014; Sarasvathy, 2008). The subjectivist view includes an assumption that there is no pre-existing market equilibrium rather it is an issue of detecting latent needs and translating those into effective demand, making it an opportunity to be exploited (Hang et al., 2013). Theories such as "creative destruction" (Schumpeter, 1942) and "disruptive innovation" (Christensen, 1997) counter the opportunity discovery argument by demonstrating a process where new opportunities are created and introduced to the market at the expense of existing ones.

Wood and McKinley (2010) favour the social constructivist paradigm for production of opportunity since this paradigm strives to fill the gaps that opportunity discovery is unable to answer. Social constructivist asserts that opportunity production is a three-stage process, consisting of opportunity ideation, opportunity objectification, and opportunity enactment.

2.5.2 Opportunity as a social construction.

- Opportunity ideation

Recent studies have argued that opportunity does not exist independently of entrepreneurs but rather arises endogenously as entrepreneurs interact with the social world (Wood & McKinley 2010, 2017; Short et al., 2010; Alvarez & Barney, 2008, 2010). This means that from a social constructivist view, opportunity arises as an idea in the cognition of the entrepreneurial actor in the course of interaction with the social world (Sarasvathy, 2001; Shackle, 1979; Weick, 1979). This makes social constructivism a function of cognitions that is adaptive, serving to organize the experiential world (Von Glasersfeld, 1981 as cited in Wood and McKinley, 2010).

The path of opportunity creation is unclear and full of unknown factors (Kim & Wilemon, 2002). In this instance the future is unknown, yet most actors behave as if they have imagined a real future (ibid) and form beliefs regarding the viability of opportunity ideas, with their actions then reflecting those beliefs (Wood and McKinley 2010). Entrepreneurial opportunities are built upon those ideas, beliefs and actions that enable the creation of imagined future (Puhakka & Stewart, 2015). Those beliefs, expectations, preferences and the surrounding

environment shape and construct the final form of the opportunity idea (Puhakka & Stewart, 2015; Dimov, 2007a), suggesting that opportunity creation is influenced by collective, institutionalized belief systems (Dimov, 2007a). The viability of an opportunity idea is based on those goals and future value (Haynie, Shepherd & McMullen, 2009) where entrepreneurial actors imagine and envision how the future would look like if they acted in a certain way (Shackle, 1979). According to Dyer, Gregersen and Christenson (2008) the ability to generate novel ideas is a function of questioning, observing, experimenting, and idea networking behaviour. Experimentation is about finding new and relevant assumptions and testing them, which makes experimentation an essential and key function of opportunity ideation (Dahlstrand, Andersson & Carlsson, 2019; Shane, 2003). This is the intuiting stage where entrepreneurial actors or individual social actors imagine and conceptualise their opportunities. Then the conceptualised opportunity transitions to an interpreting stage of clarifying and objectifying the opportunity idea by engaging with third parties to further refine and gain support for the ideas (Dimov, 2007a; Dutta & Crossan, 2005) which is termed the objectification stage.

- Objectification stage

According to Wood and McKinley (2010) objectification of an idea becomes an integral part of opportunity creation. At the early stage of ideation there are high levels of uncertainty, where the individual is not yet sure about the opportunity idea (Henriksson, 2013) and how to exploit it, and is starting to make sense of a potential opportunity and forming commitments by exploring it further (McMullen & Sheperd, 2006). This is the stage of making sense, reducing uncertainty and testing the feasibility of the opportunity idea in conjunction with other relevant stakeholders (Sarasvathy & Dew, 2005b; Sarasvathy, 2001) or through interaction with industry peers, family members, mentors and other associates who are close to the entrepreneur and whom he or she trusts (Wood & McKinley, 2010). Fletcher (2006) agrees that when exploiting an opportunity, the support of social actors such as peers, associates and suppliers, etc., is particularly important. For an idea to be objectified successfully and free from interaction with external stakeholders requires a sense-making exercise with more knowledgeable and experienced individual, entrepreneur or associates (Wood & McKinley, 2010; Dubini & Aldrich, 1991). Indeed, the more experienced the entrepreneur, the more they can deal with the uncertainty that afflicts them at the opportunity objectification stage (Shane, 2003). Thus, the major work of managing uncertainty involves individuals or organizations

engaging with opportunities that are complementary to their existing knowledge resources or experience (Haynie, Shepherd & McMullen, 2009) or that are aligned to their core business operations or experience. Existing organizations are better positioned to efficiently manage and exploit opportunities that are more aligned to the core activities of the organization (Johnson & Lederer, 2010). However, if there is a problem with managing uncertainty or making sense of the viability and feasibility of the opportunity idea, this might lead to inadequate objectification followed by abandonment of the opportunity idea (Atiq, 2014; Wood & McKinley, 2010). This suggests that the outcome of sense-making is either objectification of the opportunity idea or its abandonment (Wood & McKinley, 2010). If an opportunity idea is objectified, it then moves to the enactment stage.

- Opportunity Enactment

Opportunity enactment is a perspective of opportunity construct that is defined by Wood and McKinley (2010) as "the enlistment of stakeholder supports sufficient to transform an objectified opportunity into a working venture*"* (p. 72). The constructivist view holds that the enactment process requires active interaction with the social world through enlisting potential stakeholders from a wider range than the initial peer group involved in opportunity objectification (Wood & McKinley, 2010; Johannisson, 2007). Individual or entrepreneurial actors must be able to absorb other stakeholders into their own plans for the purpose of reaching a shared future (Shackle, 1979). Coalition and consensus-building form the shared and collective commitment that reinforces the buy-in of each stakeholder and further supports consensus that the collectively enacted opportunity will bring results (Wood & McKinley, 2010). Such shared and collective commitment, according to Johannisson (2007) ensures that a proposed opportunity will be *"*enactable*"* and possible to realise (p. 8). For the opportunity to be enacted, it takes an iterative process of talking and influencing potential investors and contacting possible employees and potential customers in the move towards making the vision a reality (Wood & McKinley, 2010; Alvarez & Barney, 2010, 2007; Shackle, 1979).

Entrepreneurial opportunities are not readily available forms that emerge in a final stage, but instead require an iterative process of shaping and development (Dimov, 2007a). The other important factors in determining coalition and consensus-building with other stakeholders are social ties and reputation (Wood & McKinley, 2010; Sarasvathy et al., 2008; Dew, Read, Sarasvathy & Wiltbank, 2008). The term "social ties" refers to relations between the entrepreneur and his or her peer group of family, friends, colleagues and teachers (Sharma &

Salwan, 2016; Wood & McKinley, 2010; Dimov, 2007a). Strong social ties build influence in stakeholders and legitimacy in the enactment of an opportunity (Dimov, 2010; Wood & McKinley, 2010; Johannisson, 2000). The weaker the social ties, the weaker is stakeholder influence (Sharma & Salwan, 2016; Ozgen & Baron, 2007) when it comes to enactment of opportunity.

The literature suggests that reputation emanating from previous success and the endorsement of important insiders reduces uncertainty and influences the consensus building with stakeholders and enactment of a new opportunity (Wood & McKinley, 2010; Burton, Sorenson & Beckman, 2002). In exploring the relationship between entrepreneur and seed investment, Shane and Cable (2002) found that reputation played a mediating role and witnessed that as entrepreneur's reputation grew, investor confidence also grew to a point where they were willing to invest while consulting fewer outside sources.

As has been argued, opportunity phenomenon is not limited to entrepreneurship theory or economics. In recent times there has been a strand of opportunity literature that interrogated the opportunity construct from a societal perspective, such as social injustices (Short et al., 2010), environmental economics (Dean & McMullen, 2007) or sustainable entrepreneurship theory (Cohen & Winn, 2007), sustainable corporate entrepreneurship (Atiq, 2014; Atiq & Karatas-Ozkan, 2013) and social entrepreneurship (Muñoz & Kibler, 2013) and social purpose business ventures (Hockerts, 2010). The central argument in these studies is that societal contradictions or imperfections could be a great source for the creation of business opportunities. This current study argues that the wider the field to which the construct applies, the broader its scope and range, and thus its generalizability. However, these emerging strands of literature have yet to focus systematically on societal challenges and shared value creation. This leads to the discussion of opportunity theory grounded within societal challenges and the Creating Shared Value (CSV) realm.

2.5.3 Opportunity-centred model of societal challenges.

Developing societies are facing tough, complex challenges, with development aid and governments failing to solve these challenges. Business thus finds itself being increasingly called upon to intervene and address these challenges and heal society. The competitive pressures are also forcing business to re-examine the nature and extent of activities geared towards these societal challenges (Porter & Kramer 2006, 2011) and by being more aware of

the benefits accruing to both the business and its stakeholders, business managers can make better decisions about their corporate societal activities (Burke & Lodgson, 1996). What is required is understanding that the hope of tackling major societal challenges facing developed societies today is directed at business (Porter & Kramer, 2006; 2011), and business needs to understand that to do well, it has to do good (Drucker, 1984).

The clarion call is for business to begin looking at societal challenges as a source of business opportunities (Atiq, 2014; Porter & Kramer, 2006, 2011; Prahalad & Hart, 2002; Prahalad, 2011, Jenkins, 2009; Grayson & Hodges, 2004; Drucker, 1984). This has led to initiatives such as the United Nations Global Compact urging business to take the opportunities presented by societal challenges and gradually align their business operations and management practices to these societal challenges. Meanwhile a Swedish government agency, the Vinnova research and development company, launched a programme, "Challenge-Driven Innovation-Societal Challenges as opportunities for growth" (e.g., Fuenfschilling, Bauer & Clemente, 2017). Concepts such as CSV have also been integrated with the business case for creating business opportunities out of the process of solving societal challenges.

2.6 Integration of CSV concept with opportunity production concept to create business opportunity out of solving societal challenges.

Numerous scholars propose the existence of a link between societal challenges and business opportunities. The CSV practice has been suggested as a viable strategy that could be employed to establish this link, with Porter and Kramer (2011) arguing that *"*the solution lies in the principle of shared value*"* (p. 4). CSV is not only a viable strategy, but also a differentiation strategy used by the banking sector to uniquely position itself for competitive edge among competitors (Bockstette et al., 2015) and create business opportunities for new sources of revenue, growth and profitability (Prahalad, 2011; Porter & Kramer, 2002, 2006, 2011; Jenkins, 2009; Grayson & Hodges, 2004; Prahalad & Hart, 2002; Drucker, 1984). The proposal suggests there is a conceptual link between CSV and opportunity creation. The current study therefore establishes this link through theoretical underpinnings of opportunity concept and the CSV concept. Table 4 below begins with alignment between CSV concept and Opportunity concept as a process that links societal challenges with the creation of business opportunities. In establishing this alignment, Wood and McKinley's opportunity production model becomes

particularly critical as part of the theoretical framework. The model is centred on three dimensions: the conceptualisation of opportunity idea, objectification of opportunity idea, and the enactment of opportunity idea. The opportunity production model follows constructivist logic and suggests that social actors play an integral part in constructing the environment that leads to the viability of business opportunities, and their actions reflect those beliefs (Wood & McKinley, 2010). Businesses that are innovating to meet society's needs while creating vast business opportunities for growth and profitability rely heavily on five mutually reinforcing elements (Pfitzer et al., 2013). For this reason, the study begins by illustrating the alignment or overlapping factors of the two frameworks at a theoretical level, why they are relevant to the current study and how they take this study forward. Table 4 depicts how the CSV concept could be anchored into opportunity concept using the opportunity production model of Wood and McKinley.

Table 1: CSV-opportunity linkage source

<table>
<tr><th>Mutually reinforcing element of CSV
(Pfitzer et al., 2013)</th><th>Opportunity production model
(Wood & McKinley 2010)</th></tr>
<tr><td>1. Embed social purpose</td><td rowspan="2">Opportunity Ideation
1. Experience of current social world or reality

2. Forming cognitive evaluation of that reality</td></tr>
<tr><td>2. Gaining insights into targeted societal challenge (Societal Scanning)</td></tr>
<tr><td>1. Measurement results (Societal value)</td><td>Opportunity Objectification

Sense-making and assessing the viability</td></tr>
<tr><td>2. Creation of innovative structure</td><td rowspan="2">Opportunity Enactment
Assessing distribution channels and the scanning resource space to assess the availability of capital.

Enlistment of coalition of stakeholders</td></tr>
<tr><td>3. Co-creating with external stakeholders</td></tr>
</table>

Source: Author's own work

- ***Conceptualisation of Opportunity Ideation***

*"*It includes experience of current social world or reality by the individual*"* (Wood & McKinley, 2010). This refers to the process of understanding and experiencing the current social world or reality, which is littered with human misery and complex societal challenges and acknowledging that indeed business needs a clear purpose and a role in meeting societal challenges. This results in the "embedding of experienced societal challenges into the corporate purpose, i.e., corporate societal purpose" (Pfitzer et al., 2013) as shown on the five mutually reinforcing elements model framework above.

This "includes forming of cognitive evaluation of that reality" (Wood & McKinley, 2010), which refers to the process of "rigorously defining the societal needs and challenges to gain deeper insights" (Pfitzer et al., 2013), as demonstrated in the five mutually reinforcing elements model framework. The gaining of deeper insights ensures that societal challenges within the competitive context of the business are clearly targeted and prioritised (Awale, 2016).

- ***Objectification of opportunity idea***

This "includes sense-making and assessing the viability of the opportunity idea" (Wood & McKinley, 2010), which refers to the process of estimating the social and business value to be created, meaning estimating how much social change will be required to unlock business value and opportunities as shown on the five mutually reinforcing elements model framework.

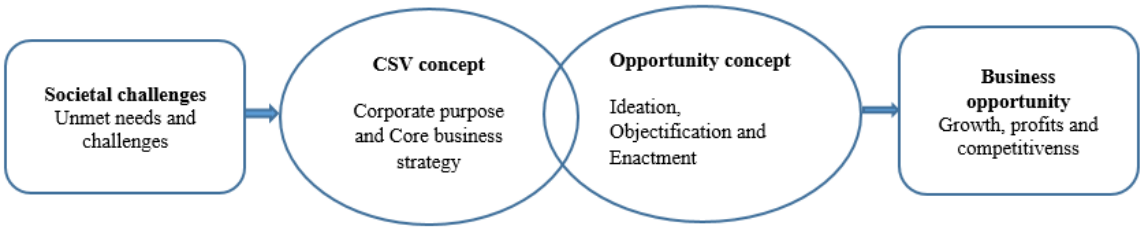
- ***Enactment of opportunity idea***

This "includes a coalition of stakeholders, such as assessing distribution channels and the scanning resource space to assess the availability of capital" (Wood & McKinley, 2010), which refers to another process "of assessing the required optimal innovation structures between creating autonomous structure or leveraging on philanthropic funds or government funding or direct integration into the core business" (Pfitzer et al., 2013), as demonstrated on the five mutually reinforcing elements model framework.

It "includes the enlistment of a group of external stakeholders support sufficient to transform an objectified opportunity into a working venture" (Wood & McKinley, 2010), which refers to "the process of co-creating with external stakeholders*"* (Pfitzer et al., 2013) in seamlessly implementing and delivering the CSV as shown on the five mutually reinforcing elements model framework.

The conceptually established alignment between the opportunity production model (Wood & McKinley, 2010) and the five mutually reinforcing elements of shared value (Pfitzer et al., 2013) become a social constructivist linkage between societal challenges and business opportunities, as depicted in the conceptual framework in Figure 2 below. This is a demonstration of how business opportunities are created out of solving societal challenges, as argued by scholars that societal challenges could be transformed into business opportunities. The link as shown in Figure 2.1 below demonstrates the process undertaken in ensuring that societal challenges are transformed into business opportunities.

Figure 2.1: CSV-Opportunity linkage



Source: Author's own work…

The current study demonstrates – guided by the literature consulted – that the opportunity production approach is not limited to entrepreneurship only but could also be harnessed to assist in different disciplines to contribute new knowledge. The idea of the current study is to bring theory and understanding to opportunity concept from a shared value perspective. The new conceptual framework seeks to deepen the understanding and demonstrate that complex societal challenges can still be leveraged as a source of business opportunity to bring shared value outcomes. It is indeed a tool for business and society researchers to investigate the relationship between opportunity production and societal challenges.

In taking a closer look at the literature reviewed above, the alignment between CSV and opportunity concept emerged, particularly, the alignment or linkage between five mutually reinforcing elements of CSV (Pfitzer et al., 2013), with the Opportunity production model (Wood & McKinley, 2010). The theoretical alignment or linkage between the CSV concept and the opportunity concept established through literature above is part of the study's aim of exploring the CSV management practices implemented by the banking sector to create bankable opportunities out of solving societal challenges.

2.7 Conclusion

A theoretical review of relevant literature on value creation was undertaken in this chapter. A critical review on two value creating theories of shareholder value and stakeholder value theories was undertaken. The theories are defined and critical scholarly arguments in extant literature were revisited. Literature on CSR and how it has evolved was also revisited in the chapter. Then the chapter focused on the concept of CSV and its three-dimensional strategy framework and other relevant theoretical framework were reviewed. Challenges and limitations of these theories were also presented. The chapter turned its focus on the opportunity constructs, its origin and the nature of opportunity were also reviewed, including its theoretical frameworks. Lastly, the chapter focused on theoretical integration of the CSV concept and the opportunity construct to demonstrate in theory the opportunity creation from societal challenges.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The main aim of the chapter is the provision of research methodology and rationale of the study. The chapter begins by outlining the social constructionism as the research paradigm underpinning the current study, then followed by outlining multiple case study as the research design the study adopts, and subsequent sampling methods is outlined. Data collection and analysis is also presented, including the research validity and reliability. Lastly, ethical issues pertaining to the study are further outlined.

According to Kawulich and Chilisa (2012) every researcher has his own views on what constitutes knowledge and truth. These views guide a researcher's thought process and beliefs (and assumptions about them by both researchers and society) and frame how researchers view the world around them, which is what social scientists termed a paradigm (Schwandt, 2001).

3.2 Research Paradigm

A research paradigm is a philosophical assumption that guides action (Guba, 1990) or a "set of basic beliefs (or metaphysics)" that is based on ontological, epistemological and methodological assumptions (Patton, 2002, Guba & Lincoln, 1994, p.107). The underlying philosophical assumption held by a researcher dictates the choice and selection of research strategies and influences the actual research methods used to investigate the research problem (Saunders, Lewis, & Thornhill, 2012). For this reason, a researcher should decide prior to undertaking any research project which methodological paradigm or research philosophy will be followed (Awale, 2016).

3.2.1 Social constructionism as a research paradigm.

The social constructionism worldview was adopted by the study. Social constructionism entails an understanding of how individuals and groups in a social setting construct their perception of social reality (Nwafor, Naing & McLean, 2012), which suggest perception of reality as constructed rather than discovered (Scwandt, 2003).

The aim and objective of the current study is to explore and gain deeper understanding of the South African banking sector's CSV practices that create or socially construct banking opportunities out of solving societal challenges: this is done by focusing on socially constructed realities of social actors within the local banking sector. Social constructivism holds that multiple subjective realities are constructed through the actions and interaction of social actors (Kim, 2001).

The study focuses on banking managers' experiences acquired through action and interaction with their social and physical environment (Simina & Hamel, 2005). Meaning the study relies heavily on the views and perceptions of multiple participants (Creswell, 2003) as social actors making sense and meaning out of their social actions and interaction. For this reason, social constructionism is adopted by the current study as a research paradigm. The process of achieving a clear understanding of CSV practices in local banking sector, and how it is enacted in the banking environment, makes the whole matter a social process. This social process comprises different social actors interacting with each other in the course of social activities (Prawatt & Floden, 1994). This is thus the social process of constructing an understanding of CSV management practices within the banking environment.

The local banking sector as a powerful actor within society can change the narrative and construct a new business view of societal transformation and development as part of hegemonic management practice (Laine, 2005). Therefore, social constructionism is critical to organization science as it brings creative ways to actualize actionable knowledge that truly transforms management practices and impacts society (Yu & Sun, 2012). In the process of exploring CSV management practices in the local banking environment, the researcher acknowledges the importance of using the social constructionist approach to extend understanding of how the sector create banking opportunities out of solving societal challenges.

3.3 Research design

Research design is a plan for approaching a research topic from the starting point to the desired destination (Greener, 2008; Yin, 2003). The research design adopted for the current study is a multiple case study design.

According to Yin (2014) the case study research method is “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon (the ‘case’) in depth and within its real-world context” (p. 16). Case study research design is widely used for the exploration of complex issues and social behaviours that seeks in-depth explanations (Zainal, 2007) such as answering the ‘how’ and ‘why’ research questions (Yin, 2014). The study sought a deeper understanding and detailed understanding of the research problem at hand (Yin, 2009; Eisenhardt, 1989), which is to understand the CSV practices that create banking opportunities out of solving societal challenges. This deeper problem intends to explore the ‘how’ research questions focus, which makes a case study design more appropriate.

Case study design is a relevant research design particularly for a new area of research for which existing theory is limited (Eisenhardt, 1989). Since CSV is a new concept for management literature (Nicholson, 2017) and has been labelled more of a buzzword than a theoretical concept (Dembek et al., 2016). This makes case study a more relevant research design for the current study. As highlighted above that the study adopted a five multiple case study of four major commercial banks, including the Banking Association of South Africa. The current study has a firm belief that five multi case serves the purpose of demonstrating interaction among social actors as they construct their experiences and the meaning of those lived experiences and the world around them as the benefit will be limited with multi-cases fewer than four (Stake, 2013). According to Yin (2003) unlike in a single case analysis if multiple case analysis has been chosen the researcher should be able to conduct within case analysis as well as across case synthesis and analysis, since another reason for multiple case study is to facilitate comparison between cases (Cruzes et al.,2015). The study conducted cross case analysis and synthesis by using the within-case themes to compare and contrast them and suggested categories that formed the broader concept for consideration of cross case synthesis (Miles and Huberman, 1994). In conducting the cross-case synthesis, the multiple individual banks cases were then clustered into matrices and table to facilitate comparison and contrasting of cases (Cruzes et al., 2015) which involved categorisation that represent interpretations of meaning (Miles & Huberman, 1994). The comparing and contrasting of cases helped in understanding the relationships that are in existence among cases and helped to refine and develop concepts (Khan, & VanWynsberghe, 2008). This led to themes that cut across cases being retained and stand-alone themes being discarded (Vohra, 2014)

4.4 Qualitative research Method

In exploring an emerging field, qualitative research method becomes relevant in offering deeper understanding (Atiq & Karatas-Ozkan, 2013). Since CSV is still at its infancy and less understood specifically in the South African banking sector, as the concept has been around for 10 years and in South Africa it has been in practice for less than five years with scant academic research to deepen the field. Therefore, this makes a qualitative research approach more appropriate in exploring, discovering new themes, and patterns and its relation to each other for the purpose of proposing a conceptual framework (Bernard & Ryan 2010). Qualitative research uses a naturalistic approach that seeks to understand phenomena in its natural settings to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Creswell 2007, Denzin & Lincoln 2003, Patton, 2001). The study focuses on how the banking sector managers as social actors construct their experiences and the meaning of those lived experiences and the world around them and this is done in their workplaces at the corporate head offices, as the researcher had to go to their offices to conduct the study. The benefit of exploratory qualitative approach helps the current research with deeper understanding of how the banking sector 'make sense of their lived experiences, with the benefits of 'being there' (Rhodes et al., 2007, p.14) or in their natural setting, rather than developing a survey and analyse it sitting in the office (Ybema & Kamsteeg, 2009), attempting to manipulate the phenomenon of interest (Patton, 2001). Hence the adoption of the qualitative research method.

3.5 Data Collection Methods

As noted above, this study relies on a case study research design that calls for a use of multiple sources of information (Yin, 2003). Meaning a multi-level data collection method which include interviews, reports, archival data analysis and observations (Eisenhardt, 1989). In order to reduce potential bias in a single study, the qualitative researcher is expected to employ multiple data sources to seek convergence and corroboration (Bowen, 2009b). Hence the study relied heavily on multi-method data collection to explore the raw data. The process began with preliminary interviews, followed by semi-structured in-depth interviews, document analysis and the researcher's field notes.

3.5.1 Preliminary interviews.

According to Buschle, Reiter and Bethmann (2021) qualitative interview depends on asking relevant questions to answer the research question, therefore the preliminary interview is one way of ensuring that researcher "formulate questions in such a way that they are understood adequately and produce answers that we can consider valid" (p.824). The preliminary interviews instrument was used to conduct preliminary interviews as a way of identifying key issues needed for the semi-structured in-depth interviews utilised to collect the data while also gaining some practice in conducting interviews (Majid et al., 2017). The preliminary interviews also played a critical role in refining interview guide by providing needed insight and direction (Bernard & Ryan 2010).

Since the study is exploring an infant and emerging field of study, beginning with an in-depth interview becomes nearly impossible to determine exactly how participant will respond to the instrument, therefore preliminary interviews help with identifying indicators for probing in each interview (Krauss et al., 2009). Preliminary interviews were conducted with three industry experts at the Africa shared value summit and with three CSV practitioners in one financial sector company. This was done using snowballing techniques. The interviews were conducted to give simplest and basic viewpoint to build from, by the practitioners and the experts of the creating shared value (CSV) and how it is leveraged to create business opportunities out of solving societal challenges. After the preliminary interview the researcher reflected on his experiences of conducting those preliminary interviews (Krauss et al.,2009), so as to ensure that the researcher becomes cognisant of his interviewing techniques required in maximizing interview results (Ryan, Coughlan, & Cronin, 2009). This was done while also reflecting on the study's literature to compare with what is emerging from the preliminary interviews as a way of strategizing and further improving the interview guide and helping to improve the criteria used in selecting participants (Krauss et al.,2009; Majid et al., 2017)

3.5.2 Semi-structured in-depth interviews.

The study conducted the semi-structured in-depth interviews to explore the viewpoint (King, 2004), behaviours and experiences of the social actors such as the banking managers, transformation and sustainability managers and the meaning they place on those behaviours and experiences (Seidman, 2006). An advantage of conducting semi-structured interviews is

that the researcher does not have to over-prepare the key interview questions in advance, which allows for flexibility and additional probing and clarity seeking questions in exploring new insights (Myers & Newman, 2007). Key interview questions were prepared beforehand and allowed a space for probing and clarity seeking question.

Each interview session took not more than one hour, one reason being "to minimize fatigue for both interviewer and respondent" (Adams, 2015, p. 493). All interviews were conducted at the head offices of the banks concerned, except for one interview that took place at the business school where a banking manager was studying. Before the interviews could take place, participants were assured that their anonymity would be protected, and details would remain confidential. Interviews were recorded except for one case where a participant objected: extensive notes were taken in lieu of recording. Recordings were transcribed verbatim into MS Word to facilitate the researcher's understanding, as some were difficult to understand (Nascimento & Steinbruch, 2019).

3.5.3 Document analysis.

Document analysis is a systematic procedure for reviewing or evaluating documents that can be used to provide context, supplement other types of research data and corroborate other data sources (Bowen, 2009a). It refers to the processes of collecting and analysing data in already existing documents (Witkin & Altschuld, 1995), which include newspaper articles, press releases and summaries, radio and television programme scripts, and organisational or institutional reports (Bowen 2009a). The study relied heavily on internal banking reports such as reports to society, citizenship reports, sustainability reports and annual financial reports. The study also focused on content analysis of online newspapers and magazines, press releases, websites and podcast scripts and ensured that the content was relevant and specific to the phenomenon under study (Altheide & Schneider, 2013). The study used document analysis to provide supplementary research data to the in-depth semi-structured interviews (Smulowitz, 2017; Bowen, 2009a) to verify and corroborate evidence of interviewees (Bowen, 2009). Document analysis was further used as an effective means of gathering supplementary data, as many participants kept on requesting the researcher to download and read their reports, as they might have forgotten to mention some of the work (Bowen, 2009), while some provided hard copies of their reports.

The benefit of using document analysis for this study to complement other data was that it helped in providing reach data and gaining insights in banking practices, interactions, events and key decision-making (Smulowitz, 2017; Altheide & Schneider, 2013. It was also a way to elicit meaning and provide understanding of participants' social reality, to be able to develop empirical knowledge (Rapley, 2007; Corbin & Strauss, 2008) relevant to the research problem (Merriam, 1988). In this study the document analysis involved reading and re-reading of documents to fully acquaint with their content (Smulowitz, 2017). The purpose of this was to identify and uncover pertinent information (Corbin & Strauss, 2008; Strauss & Corbin, 1998).

The study engaged in a comprehensive process of data coding to uncover pertinent themes and develop them into categories for analysis (Fereday & Muir-Cochrane, 2006). These two processes are termed content and thematic analysis (Bowen, 2009a). This was done critically, with the purpose of establishing meanings and other items of significance in order to contribute to the field of study (Smulowitz, 2017; Bowen, 2009a). The study adhered to four steps of document analysis, beginning with preparing (locating and sorting relevant documents), followed by skimming (superficial examination), reading (thorough examination, focused re-reading and determination of ideas), and interpretation (grouping and construction of case examples from the ideas) (Pershing, 2002; Bowen 2009a).

3.5.4 Researcher's field notes.

Field notes are observations recorded in the data collection process in the field and are considered critical to understanding pertinent information of a phenomenon under study (Tenzek, 2017). Field notes is defined as permanent produced record of the phenomena under study (Pacheco-Vega, 2019) or put it differently it is an 'authored representations of ongoing social life' (Emerson, Fretz, & Shaw, 2011, p. 132). The study made use of the field notes as another form of data collection process used to enhance and enrich the primary data collection method (Creswell, 2003; Patton, 2002) and in helping to make sense of the participants' meaning, while also increasing rigour and trustworthiness in qualitative research (Phillippi & Lauderdale, 2018; Emerson et al., 2011).

The field notes process began with the researcher jotting (Emerson et al., 2011) manually the field note with title of the study, time, date and place (Phillippi & Lauderdale, 2018) to make it easier to understand when going back to expand and make sense of the shorthand (Lönngren, 2021). In jotting the field notes, the researcher made it a point to write hurriedly (ibid) as a way

of multi-tasking of jotting field notes while listening to the participant. The jotted field notes are an important reminder of social actors behaviours and interactions which becomes possible connections to emergent overarching themes of the study (Saldana, 2009), therefore becomes an important text to be processed down the road for the purpose of capturing critical insight at some point in time (Pacheco-Vega, 2019). In capturing important insight from the field notes the study ensures that triangulation with interviews and document analysis is possible in order to reduce researcher bias and significantly improve credibility (Guba, 1981), rigour and trustworthiness (Phillippi & Lauderdale, 2018; Emerson et al., 2011).

3.6 Population and Sampling

The current study targeted the South African banking sector as unit of analysis with a population of top ten retail and commercial banks based on asset size compiled in 2019 by EDUCBA (Katara, 2019) used to select cases. Furthermore, the study focused on those banks that are regarded as socially responsible as per the FTSE/JSE socially responsible index. Given the number of cases selected random sampling is not a viable technique to be employed in the current study (Seawright & Gerring, 2008). Therefore, the study employed a non-probability sampling method "(i.e., judgemental, critical) case-sampling approach" based on the exploratory nature of the study which requires a small number of relevant cases, n= 5 (Mehera, 2019, P.42).

The first criteria for selection were selecting banks with retail banking presence. The second criteria were selecting those institution with clear footprint and a mandate for transformation of South African economy and society at large, such as those taking mandate from the Financial Sector Conduct Authority (FSCA). Furthermore, the banking sector is also urged to ensure financial inclusion by building a sustainable financial sector that is inclusive of many in society. South African banking sector as the bellwether of building sustainable and transformed economy and society has a duty safeguard the well-being and livelihoods of society, however the South African banking sector has been found in an unsustainable activities that has left calamities in society. This contradiction is also one of the reasons that prompted the current study selecting the banking sector most importantly the retail banking sector that supposedly should be at the forefront of financial inclusion that help build sustainable and transformed

society. This led to six retail banks being selected for the study with four offering positive response of partaking in the study while two objected.

Sample members were drawn from selected banking managers working for four major banks and the Banking Association. A sample size of fifteen interviews that comprised of 3 interviews from the macro level was conducted, then followed by 12 interviews for micro level comprising of three interviews per commercial bank. Theoretical saturation refers to a point in interview where no more valuable ideas are emerging from analysis of qualitative data (Sandelowski, 2000). It suggests that researchers collect data until a point where no more information or themes are arising from collection of raw data from interviews (Awale, 2016; Guest et al., 2006). Researchers argue that in an in-depth qualitative study a theoretical saturation among relatively homogeneous population occurs with a sample size of ten (Sandelowski, 1995) or twelve and between 15 and 30 for case study research (Boddy, 2016). With the South African banking sector dominated by the four banks which makes sector highly oligopolistic (Simatele, 2015) or homogenous in nature, therefore the current multiple-case study of 15 in-depth interview is appropriate for reaching theoretical saturation.

First interview targeted the bank's top management responsible for strategy, second the CSV champions such as CSR managers, sustainability managers and the third was with those in charge of the SME's segment of the banks. The focus was on the core banking activities and not on peripheral philanthropic programmes, as the central question of the study was on how the banking sector solve societal challenges through creating banking opportunities. Therefore, the focus was on the banking managers that are considered to be information-rich and are relevant as unit of analysis for the phenomenon being investigated and serve the purpose of doing an in-depth study (Stake, 1998; Patton, 2002). Some of the interviews were as per referral as the study adopted snowball sampling (Cooper & Schindler, 2011). Snowball sampling refers to a selected group that might refer the researcher to other subjects who might possess similar information or characteristics, and who might in turn identify even more (Cooper & Schindler, 2011). The reason for adopting snowball sampling is the study is exploratory in nature and snowball sampling is mostly used for exploratory purposes (Gujral, 2017).

The study note that the participants identified as possessing relevant knowledge and experience on shared value practises might be difficult to locate, which might lead to some of them refer the interviewer to their colleagues who possess necessary experiences in the subject matter. The participant were added until the theoretical saturation was reached (Creswell and Clark,

2014). Following on the promise of anonymity and confidentiality to interviewees, their demographic information has been omitted to prevent possible identification.

3.7 Data Analysis

Qualitative data analysis is an on-going, iterative process that involves "examining, categorising, tabulating, testing, or otherwise recombining evidence, to produce empirically based findings" (Yin, 2014, p.132) or a process that involves coding, recoding and thematic network analysis (Maxwell, 2005; Gizir, 2014). According to Kawulich (2005) there is no prescribed technique for analysing data, however it is informed by a combination of factors such as the research question, the theoretical foundation of the study and appropriateness when making sense of data, which requires the researcher to immerse and familiarise himself in the data by looking for patterns and themes while searching for various connections to explain the story being told.

The study relied on thematic analysis. Thematic analysis is defined as a "process of identifying patterns or themes within qualitative data" (Maguire & Delahunt, 2017, p. 3352). The benefit of thematic analysis is its flexibility as it is not tied to a particular epistemological or theoretical perspective and is compatible with both essentialist and constructionist paradigms (Braun & Clarke, 2006, 2013). Researchers find it difficult to distinguish thematic from content analysis because of their many similarities (Vaismoradi, Turunen & Bonda, 2013) "cutting across data, philosophical background, attention to both description and interpretation in data analysis, consideration of context of data, and searching for themes*"* (Vaismoradi et al., 2013, p. 101).

Many researchers who use thematic analysis fail to provide sufficient description of the analysis followed (Braun & Clarke, 2006), suggesting some confusion. According to Kiger and Varpio (2020) thematic analysis is designed to explore common or shared meanings. It is also appropriate to use when the research aim is to extract a set of experiences, thoughts, or behaviours across a data set (Braun & Clarke, 2012). The current study sought deeper understanding of the shared meaning of the actions and interactions of the banking sector through its social actors. Hence the study draws heavily on the 6-step framework of Braun and Clarke (2006) as illustrated in Table 3.1 below.

Table 1: Braun & Clarke's six-phase framework for thematic analysis

Step 1: Become familiar with the data	Step 4: Review themes
Step 2: Generate initial codes	Step 5: Define themes
Step 3: Search for themes	Step 6: Write up

Braun and Clarke (2006) and Boyatzis (1998) suggest there are two types of themes: semantic or explicit and latent or interpretative. Semantic or explicit defines those themes in which analysis is explicit and does not go beyond raw data or what is said in the interviews, while latent or interpretative themes are those that go beyond raw data, needing interpretation to identify underlying ideas. Qualitative data collection is usually dependent on interpretation and several explanations (Alhojailan, 2012).

Since the study is within the constructionist paradigm (Burr, 1995) and involves qualitative research, the researcher resorted to identifying latent themes by interpreting and explaining the raw data to identify underlying ideas, assumptions and conceptualisation. As defined by Alhojailan (2012), "good qualitative research needs to be able to draw interpretations and be consistent with the data that is collected*"* (p. 40). The study made use of semi-structured interviews that were typed, organized and prepared for data analysis. Maguire and Delahunt (2017) assert that computer-assisted qualitative data analysis software (CAQDAS) such as ATLAS.ti or NVivo can be useful for coding, particularly with large data sets. Some researchers prefer CAQDAS for coding, while others prefer traditional manual methods (Alhojailan, 2012).

The current study's coding process was done manually, working through hard copies of the transcripts with pens and highlighters. The reason for this was that the researcher did not have access to the software, owing to the hard lockdown restrictions imposed by government over the Covid-19 pandemic. Non-usage of CAQDAS is not in itself a weakness of the current study, taking guide from Smulowitz (2017) that a "computer software package can never replace the mind of the researcher and should be used with caution", it is the researcher's responsibility to decide what constitutes a code, category and theme (p. 7). In preparing for analysis, data was first transcribed, then tabulated in MS-Word to elicit any significant patterns or themes (Miles & Huberman, 1994). As illustrated in Table 3.1 above, the process began with the researcher taking time to read the transcript multiple times to ensure deeper understanding and familiarity

with the data while identifying key words and their connections with other key words, and constantly jotting down initial ideas and potential coding schemes (Braun & Clarke, 2006).

The researcher's second step was generating initial codes (as per Step 2 in Table 3.1) by coding interesting features of the data in a systematic fashion across the entire data set, while collating data relevant to each code. Coding is the process of categorization and sense-making by attaching labels to portions of text (Patton, 2002). The coding process was done with the research aim and objectives in mind as this assisted in identifying excerpts that were relevant to the research objectives. This was done through using different coloured markers to highlight the identified relevant text, as advised by Ryan and Bernard (2003): *"*We highly recommend pawing through texts and marking them up with different coloured highlighter pens*"* (p. 11).

The researcher proceeded to Step 3 by using the highlighted text in searching for themes and collating identically coloured text or identified codes as potential themes. After this the researcher moved to Step 4 to review or compare themes in relation to the coded extracts and the entire data set, searching for information that had not appeared in the first level of the themes (Ryan & Bernard, 2003) in order to generate a thematic map of the analysis (Braun & Clarke, 2006). The researcher was doing this while returning to Step 3 with a highlighter to further search for patterns that might have been missed in the process. In defining the themes, the researcher then clustered related codes to form higher-order themes which would assist in developing overarching themes. This was tabulated in an MS-Word document. The higher-order themes were further developed through contrasting and comparing them with other related higher-order themes to finally form an overarching theme.

Finally, on completion of the data analysis, overarching themes correlating the research aim and objectives were used in Step 6 to write up the research report. The overarching themes were used with the provision of evidence from "quotable quotes" or excerpts from the different data sources, which were used as examples reflecting the prevalence of the overarching theme. These examples or excerpts from different data sources help as a strategy to test the validity of the study. This thematic analysis process is demonstrated in appendix 1.

3.8 Reliability and Validity

Reliability and Validity are commonly used in quantitative research (Gibbert & Ruigrok, 2010). However, it is also critical for qualitative researchers to be concerned with these two factors (Patton 2001). Hence, they are continuously given considerable attention in the qualitative research paradigm in order to align with constructivism view (Golafshani, 2003). In order to ensure credibility and defensibility of the current study (Johnson, 1997), the study tested for credibility and trustworthiness by employing few procedures, which may help lead to generalizability of the study (Stenbacka 2001). In ensuring that this research is rich, robust and well-developed (Thurmond, 2001) while strengthening validity and reliability and a "diverse construction of realities" the current study engaged in a triangulation strategy (Yin 1994, Creswell and Clark 2014) of interviews, documents and field notes (Golafshani, 2003, p.604).

To further ensure rigor, credibility or trustworthiness in the current study at least two verbatim quotes from the interviews, document and field notes were used as a way of illustrating participant's reflections and leave trail of evidence (Koch, 2006, 1994). This is also done to demonstrate in an orderly manner event of what the researcher has done and how it was done to arrive to its interpretation (Bowen, 2009b). The analyses of raw data is done through convergence of multiple data sources as a way of testing validity (Carter et al., 2014) whereby the data from interviews is analysed in parallel with documents, and field notes to corroborate each other, such that concepts/themes would emerge across all three data sets in parallel (Bowen, 2009b). The use of triangulation strengthens the accuracy of each data set, provide consistency, coherence, and clarity of the ideas (Awale, 2016; Patton, 2001) by maximizing trustworthiness (Golafshani, 2003), which is "defensible" (Johnson, 1997, p. 282) and helps in establishing confidence in the findings of the study (Lincoln & Guba, 1985).

3.9 Research setting: Focus areas of societal challenges

3.9.1 Education and skills development.

Every country's economic development and prosperity depend heavily on educated society, as education is one of the strongest predictors of health worldwide (Freudenberg & Ruglis, 2007). Indeed, no country can achieve sustainable economic prosperity without substantial investment in human capital. The South African education sector is plagued by many challenges, ranging from high school dropout rates and sub-optimal annual pass rates, which have severely restricted future talent and human capital for many corporates and, most importantly, the banking sector which thrives from the presence of a new, educated and talented workforce.

Many have blamed the apartheid regime for South Africa inheriting an unevenly educated population, with Asmal and James (2001) pointing out that "its effects are still evident in a population that is desperately undereducated and, in many respects, miseducated" (p. 186). The education challenges faced by South Africa not only affect basic education, with its high dropout rates, but also lead to high failure rates and subsequent dropout in tertiary education (Wilmot & Merino, 2015; Cassim & Oosthuizen, 2014). The international comparative reading assessment, the Progress in International Reading Literacy Study (PIRLS) (2019), found that out of 50 countries surveyed, South Africa came last in terms of reading for meaning (McBride, 2019), which demonstrate that the country has lost the plot (Rule and Land, 2017). These early experiences that include absolute and relative poverty have severe impact on education outcomes, and lead to high dropout rates in in schools (Dieltiens & Meny-Gilbert,2009).

According to the Department of Basic Education, a total of 1 052 080 learners were enrolled in Grade 10, yet only 409 906 eventually passed matric in 2019 (Department of Basic Education, 2019), with many dropping out of the education system entirely. Out of those who passed matric, only 44.6 percent passed with a grade high enough for admission to study for bachelor's degrees and again, not all are fortunate enough to be able to go to institutions of higher learning. As a result, they end up falling into the same category as those who form part of the unemployed society, following a similar route to those who dropped out. Dropping out of school has severe psychological, physical, social and economic impacts on the health of society (Lamb & Markussen, 2011). Many such individuals are likely to engage in risky behaviours, including the use of tobacco, alcohol, marijuana and other drugs (Townsend, Flisher & King, 2007), leading in the direction of a life of crime. This situation leaves many in

society far behind. Lack of formal education hampers prospects of financial education, literacy, and inclusion within society. This has a deleterious effect on the future human capital and workforce and severely impacts the economy, leading to high rates of unemployment and other societal ills.

The banking sector is left with many unfulfilled roles because of the lack of an aligned, skilled workforce. Some scholars have suggested that early childhood development could be an ideal place to begin responding to early literacy challenges and the resulting societal issues faced in later years. According to Abadzi (2013) and Brennan et al. (2013), early childhood is the ideal time to develop the basic skills for reading fluency, and the degree to which children acquire language skills and become motivated, habitual readers is a strong predictor of future academic success, educational attainment, employment and income.

For the reasons given above, the South African banking sector has decided to play a role in early childhood development by ensuring positive educational outcomes at an early stage as a way of future-proofing human capital, talent and the upcoming workforce. The South African banking sector, as the bedrock of economic development, assist with early childhood development and the tertiary level as a way of improving education outcomes. The other role of the banking sector is to ensure that as many in society as possible can be included in the formal financial services. Financial inclusion is thus at the centre of the banking sector's management practices.

3.9.2 Financial inclusion.

Despite rapid progress in the banking industry, financial inclusion remains a challenge, with 66 percent of the adult population in sub-Saharan Africa remains unbanked and underbanked (Demirguc-Kunt et al., 2015). Financial inclusion promotes the adoption, accessibility and usage of financial services in a sustainable way for the marginalised members of society who are under-banked or unbanked and this generally lead to socioeconomic development. There has been a call for inclusion of the poor in the mainstream economy, most importantly a constant call to secure the marginalized through financial inclusion. Research has shown repeatedly that even the poor are hungry for sustainable financial products and services. The National Consumer Financial Education Strategy indicates that there is a lack of ability among consumers to evaluate the correct financial product aligned to personal circumstances, a high level of consumer debt, low savings rates, financial scams, and a limited knowledge of recourse

mechanisms – just some of the challenges that impede meaningful financial inclusion in South African society.

Another study by the global consulting firm Boston Consulting Group (BCG) indicates that while more than 70 percent of adults have transaction accounts, only 24 percent make more than three monthly transactions such as withdrawals, deposits or card swipes. Many people are willing to run the risk of loss and theft associated with cash to avoid fees, resulting in more than 60 percent of all purchases being paid for in cash (Kessler et al., 2017). More than 40 percent of South African households still believe and value trust-based community models such as stokvels (Ikdal, 2017).

South Africa's poor are particularly vulnerable due to widespread financial illiteracy, exacerbating a sense of mistrust and high levels of exploitation. The major reasons for this lack of trust are cited as fraud and familiarity issues in using the mobile and Internet banking, and even ATMs, with some 33 percent of people in the low-income bracket still preferring to transact in cash (Kessler et al., 2017). This presents big business opportunities for the banking sector to include the large unbanked population and start offering learning and education material to enhance financial literacy and bring about inclusion of the unbanked market.

All these financial inclusion challenges not only seriously impact societal wellbeing, but also the financial wellbeing of the banking sector, which is losing out on opportunities for new market and streams of revenue from previously untapped clientele. The banking sector has a major role to play in ensuring many are not left behind, while also increasing their share of revenue. One of the ways that banks initiate the process of financial inclusion is through financial literacy, which leads to the development of financial products and services for under-banked and unbanked members of society. The importance of financial inclusion is that it helps with tackling poverty, unemployment and inequality through banking and offering entrepreneurs appropriate products and services to help the empowerment and development of small and medium entrepreneurs in South Africa.

3.9.3 SMME development.

According to the IFC report (2018) there are an estimated 2,3 - 2,8 million SMMEs in South Africa, employing between 50 and 60 percent of the country's workforce and contributing around 34 percent of GDP. This is a clear demonstration that the small business sector is a

bedrock of the South African economy and societal development. However, from a global perspective, South Africa's performance on key entrepreneurship activity drivers has been disappointing, even when looking at different rankings, with the country being placed a lowly 49th out of 54 economies on GEM's NECI and 60th out of 141 economies on the Global Competitiveness Index, or 84th out of 190 economies in the World Bank Doing Business 2020 study (GEM, 2020). Local perspectives such as the GEM SA 2019/2020 results also suggest there have not been any tangible changes. In fact, since 2017 the country has been regressing on key entrepreneurship activity drivers (Bowmaker-Falconer & Herrington, 2020). Indeed, SMMEs face many challenges to their development and growth. These challenges range from access to funding, access to markets, lack of entrepreneurial support for the under-banked and financially excluded SMEs, youth-owned businesses and women-owned businesses. The role of the banking sector in ensuring that this status quo does not persist has never been more important. The banking sector needs to ensure that its members help support and create a vibrant and dynamic entrepreneurial culture that will guarantee the many challenges facing society, including unemployment, are alleviated.

3.9.4 Unemployment.

The level of unemployment in South Africa is remarkably high and widespread (Kingdon & Knight, 2001), most importantly the state of youth unemployment is so dire that 30 percent and 36 percent of male and female youth respectively are disconnected from employment opportunities (Cassim & Oosthuizen, 2016). The official unemployment rate was 34,4 percent in the second quarter of 2021, while the official unemployment rate among youth (15-34 years) was 64,4 percent and 42,9 percent of those aged 25 to 34 were unemployed, with the unemployment rate, according to the expanded definition of unemployment, sitting at 44,4 percent (Statistics South Africa (QLFS), 2021). This means that 7,8 million South Africans are unemployed (ibid). If this scourge is not urgently addressed, youth unemployment has the potential to erode future human capital, adding to societal exclusion, hopelessness and indeed, societal instability. The banking sector, as a bedrock of the South African economy, has a role to play in transforming society for the better, for which reason the sector has committed to creating employment opportunities.

3.10 Ethical Issues

According to Gratton and Jones (2010) all researchers are urged to hold to high ethical considerations in conducting research. Consideration cannot be given to quality of knowledge production in neglect of the actions of researchers in interacting with the people being researched (Miles & Huberman, 1994). Important ethical consideration should be no "harm to participants, lack of informed consent, invasion of privacy, and deception" (Bryman and Bell, 2007, p.149). This high ethical standard was ensured by the researcher through getting approved ethical clearance by the university ethics committee and further placing precaution by ensuring that no one feel violated by taking part in this study. The consent letters were prepared for the interviewees and the researcher refrained from coercive act to the interviewee.

3.11 Conclusion

The chapter outlined the research methodology. The study followed a social constructionist research paradigm for an exploration of the CSV concept within the South African banking sector context. The chapter further outlined a research design which is a multiple case study design that includes multi-method data collection that includes preliminary interviews, semi-structured in-depth interviews, document analysis and the field notes. The multi-method data collection method also assisted in ensuring the quality, rigour and trustworthiness of the current study as this was also used as a triangulation strategy with trail of evidence included through quotations from the raw data. All this were discussed in detail including the research settings. Ethical issues regarding the study were also detailed in full.

CHAPTER 4: CASE ANALYSIS

4.1 Introduction

The purpose of this chapter is to present the case analysis for the conceptualization of Creating Shared Value (CSV) in the South African banking sector. The study sought to explore how the concept of shared value is perceived and understood within the sector. According to Gustafsson (2017) there are different ways of narrating cases study, and one is through story telling while the other is by attending to each intension. The current study chose the latter.

The data analysis process for chapters 4, 5 and 6 comprises within-case and across-case synthesis and analysis (Vohra, 2014). The study begins with within-case analysis as a way of making sense of the data, and then moves to a cross-case synthesis and analysis (Yin, 2014). The within-case analysis yielded necessary information on the actions and interactions of the banking sector and case examples (Pershing, 2002; Bowen, 2009a) to uncover within-case themes. Themes are developed through inductive coding guided by the research questions. Lowest order themes derived from the perception of participants or raw data are collated and clustered to form middle-order themes and subsequently overarching themes are formulated.

4.2 Macro-level of banking sector

The macro-level synthesis and analysis of the banking sector begins with the within-case synthesis of the Banking Association. Macro-level means the study begins by seeking the broad perspective and views of the participants from the national association that oversees the work done by domestic and international banks operating in South Africa. The researcher deemed it prudent to obtain the perception of the national association first, to understand what it advocates and how this manifests itself within individual commercial banks. This was followed by within-case analysis of individual banks' perceptions and views as advocated by the national association.

A closer exploration of the case data demonstrates that at the macro-level BASA focuses on advocacy work for the transformation agenda for the national interest. This is done through advancing the interests of the banking sector by creating an environment where commercial

banks can become profitable, responsible and sustainable businesses that contribute to the societal, economic and transformation of the country. This is undertaken through advocacy work with regulators, legislators and other stakeholders, as depicted in the participant's view below:

First of all, you have got to understand the world of banking association. We are not operational; we are the trade association for commercial banks. So as an association what we look to do is promote long-term interest of the sector and to promote the competitive sector in a vibrant sector in which banks can do for business, so a lot of the work we do is advocacy work where we lobby for a conducive environment. We also deal with industry matters that are non-competitive matters. – Interviewee BASA 1

In setting the context for the qualitative research, the data analysis of the macro-level provides a platform for the conceptualisation of Creating Shared Value (CSV) and how it is defined and understood within the macro-level of the South African banking sector as per the first research question: How does the South African banking sector conceptualize and define Creating Shared Value within the South African context?

4.2.1 Case study 1: The Banking Association.

The Banking Association is a South African banking sector association representing domestic and international banks operating in South Africa. The banking association was established in March 1992 as an amalgamation of four separate associations (The Association of Mortgage Lenders, Merchant Bankers Association, Clearing Bankers Association and Association of General Banks) to form the Council of South African Banks (COSAB). Then the structure changed its name in 1998 to the Banking Council South Africa with a mandate of addressing challenges in the banking sector (AUHF, 2020). In 2005 the Banking Council South Africa changed its name to the Banking associations of South Africa (BASA) as representative body of all domestic and international banks operating in South Africa. Its mandate is to advocate for the views and interest of the banking sector with regulators, legislators and other stakeholders to ensure a sustainable and profitable sector that positively contribute to the socio-economic development and transformation of the South African society. This mandate has led to the association becoming a first African association to join United Nations Environment Programme Finance Initiative (UNEP FI) as a supporting partner to advocate for sustainable finance in South African banking sector. This led to the association formulating the implementation of the "Principles for Managing Environmental & Social Risks" urging

financial institutions as responsible corporate citizens to align its core business operations, lending, investing and reporting practices in the protection, promotion and fulfilment of social, economic and environmental rights.

The Banking Association was the first case interviewed to provide macro-level understanding of the banking sector in South Africa. This allowed the study to conceptualize key concepts like CSV such that when the four commercial banks were engaged, a common understanding of what CSV involves was established.

Conceptualisation of Creating Shared Value (CSV).

Theme 1: <u>CSV is understood and interpreted from a context of transformation with its roots from Corporate Social Responsibility (CSR)</u>

The data indicates that from the macro-level, CSV is understood as a project of transformation of the financial sector. Respondents allude to the fact that the CSV concept speaks directly to the transformation of South African financial sector to be inclusive to many in society and enable access and meaningful participation of blacks in general and women in particular in ownership of the financial sector, executive level engagement, transformation of racial and gender composition of the staff and management within the financial sector. It also speaks to how the banking sector lends to small- and medium-sized businesses, procuring goods and services from black- and women-owned companies, helps farming communities and ensures that black- and women-owned farmers are assisted and financed, providing access to banking products and services to townships and rural areas, and ensuring that banking and financing is done in an environmentally responsible manner while also ensuring that the financial sector remains profitable, as can be witnessed from the raw data excerpts below:

> *So what we encourage our members to do is to do business in a way that has positive transformation of society and the environment, so we see shared value as a way of transforming the South African financial sector in relation to the black and women participation and ownership, executive level, speaks to how we transform racial and gender composition of the staff and management, it speaks to how we lend to small and medium-sized businesses, providing services to townships and rural areas, how do we help farming communities and ensure that black- and women-owned farmers are assisted and financed, procuring goods and services from black- and women-owned companies, and how do we ensure that everything*

is done in an environmentally responsible way while at the same time we remain profitable as a business. – Interviewee BASA 2

In terms of the organizational document reviewed, the same understanding of CSV from a transformation perspective is articulated. This is highlighted from the raw data excerpts below:

Transformation is, and must always be seen as, a multidimensional project. It encompasses the need for rising black and women equity participation and ownership of financial institutions, transformation of the boardrooms, financial inclusion, lending to small and medium-sized businesses, providing services to townships and rural areas, procuring goods and services from black- and women-owned companies, and changing the racial and gender composition of the staff and management of banks and financial institutions. – BASA Transformation in Banking Report, 2019

There is also a view expressed by participants that sees CSV through the Corporate Social Responsibility (CSR) lens and through core business, as can be witnessed from the raw data excerpt below:

To me the whole issue of shared value and societal interest: one is through CSI and two is the way in which you actually do your business and the impact that it has in society. – Interviewee BASA 2

Theme 2: <u>Intersection of national interest and business interest</u>

Closer examination of the data suggests that from the macro-level, the overwhelming understanding of CSV is that it is at the intersection of banking as a business and the national interest, which reflects the interests of society, as alluded to by the participant below:

We need to work on the national interest and working on national interest means work on business interest, linking national interest to business interests. So, the bulk of my board meeting are taken up by the role of banks on the national interest. – Interviewee BASA 3

A similar sentiment is shared by another participant who opined that CSV is a link between developed and inclusive financial sector that lead to better economic performance and indeed economic growth:

> *You will be familiar with the literature on the link between financial sector development and economic growth, so having a financial system that is inclusive is an important part of development of financial sector, which should lead to better economic performance.* – Interviewee BASA2

All the viewpoints above, explained in differing ways, show that the overwhelming consensus is that CSV is at the intersection of banking and society, as alluded to by the field note below:

> *CSV is at the intersection of banking and society*. – Field note, January 30, 2020

Theme 3: <u>Banking is an integral part of successful economy, and its long-term sustainability is closely intertwined with that of society.</u>

An exploration of the data further indicates that there is an understanding within the bank that banking is an integral part of society, as the organizational document shows below:

> *Banks are an integral part of any successful economy and make an invaluable contribution to the wellbeing of our economy and society.* – static.pmg.org, 2017

This means that banking as an institution is an integral part of any successful economy, and this should inform the bank that playing a meaningful role in developing society is the only way to sustain long-term success and profitability. This is supported by the excerpts from the raw data below:

> *It's a question of business beginning to understand, beginning to adopt long-term approach to profitability and to sustainability and that long-term approach to profitability and sustainability should tell business that playing a role in developing societies does enable them in a long term to become more sustainable and more profitable*. – Interviewee BASA 1

Theme 4: <u>Driving factors of CSV.</u>

- <u>Responsive to external pressure as driving factors of CSV</u>

As part of the conceptualisation of CSV, the current study sought to also understand the motivating driving factors of CSV management practice within the banking sector or the motivating drivers for the banking sector to attend to societal challenges. Macro-level data indicates that the banking sector is driven by regulation and compliance to engage and

implement CSV management. The Banking association acknowledges that there are rules and regulation such as the financial sector charter that require banks to commit to the transformation agenda of the country and to contribute to developing society rather than focusing solely on profit maximization and as an advocacy group that oversees the work of the banks, the association ensure that banks comply with these regulations, as demonstrated in the data excerpts below:

> *Banking is a highly regulated business. I cannot think of anything as regulated as…, so banks are subject to regulations and in the case of financial sector charter, banks are required to obviously contribute to socioeconomic development (SED) and the transformation of the financial sector and ensure that many black people play important role in the financial sector*. – Interviewee BASA 2

A similar sentiment, where the banking association ensures that the banking sector complies with regulations as part of the motivating and driving factor for banks to solve societal challenges, is articulated through the document below:

> *The Financial Sector Charter commits its participants to "actively promoting a transformed, vibrant and globally competitive financial sector that reflects the demographics of South Africa and contributes to the establishment of an equitable society by effectively providing accessible financial services to black people and by directing investment into targeted sectors of the economy*. – banking.org, 2021

On the macro-level the data further indicates that the other driving factor for the banking sector to solve societal challenges is a recognition that the sector has a role in the national interests and indeed in helping government whenever there is a gap in governance or shortcoming in service delivery. This can be witnessed in the raw data excerpts below:

> *We do lot of advocacy work, policy implements, we do lot of work with governments on specific areas on the impact of the industry, whether industry can add value. We do lot of work on staff that are of national interest that we don't necessarily need to do but where government ask for help, we do help.*
> – Interviewee BASA 3

BASA encourages its members to adopt CSV for national interest and helping government where government have shortcomings in order to achieve its goals and objective of transformation agenda in society. – Field note, January 30, 2020

4.3 Micro-level of the South African banking sector

Cases 2 to 5 represent the micro-level of the South African banking sector's conceptualisation of CSV. Representatives of four commercial banks were interviewed and the pseudonyms Bank A, Bank B, Bank C and Bank D are used for the participating banks.

4.3.1 Case study 2: Commercial Bank A.

Commercial bank A is one of the South African big four banks and the oldest bank in South Africa. Its roots can be traced back to Eastern Province Bank in Grahamstown in1838 with a purpose of financing the wool industry. The bank became a wholly owned subsidiary of a Bank A Holding Group in 1998 after it was delisted from the JSE and relisted as a wholly owned subsidiary of the Bank A Holding Group. The bank represents the commercial and retail segment of the group. Commercial bank A is the second biggest lender in South Africa (The Banker, 2021) and has also been selected as the second most valuable banking brand in Africa (Brand Finance South Africa 100, 2022). The bank has also won individual accolades such as the loyalty rewards programme as the best Programme of the Year 2021 (financial services) and the Most Innovative Use of Technology at the South African Loyalty Awards (Bank A press release, 2022) in tracking customer banking behaviour and providing loyalty points. The bank was also selected as the best SME bank in South Africa and the rest of Africa, the 'Best Bank for Women Entrepreneurs' category (Bank A press release, 2021) and the best employer brand in South Africa (Bank A press release, 2021). The bank has recently launched new brand communication campaign called "TheChangeables", where they are celebrating "South Africans who take challenges in their stride, transform obstacles into opportunities, and embrace change as a way of building a better future for themselves and others" (Bank A press release, 2021)

Theme 1: <u>CSV as an emerging concept used in deploying core business to solve societal needs.</u>

A closer exploration of the raw data indicates that CSV within Bank A is seen and understood as an emerging concept that has been recently adopted and at a nascent stage of packaging and framing to redefine its role in society. This can be witnessed through the bank crafting a new strategic shared value proposition.

> *Look, we have just recently started with the shared value from group perspective, as we are busy trying to package it, frame it, so that all our bank's brands can use or operate from the same framework.* – Interviewee A2

> *The bank has recently redefined its role in society by crafting a new strategic shared value proposition and this demonstrate that Creating Shared Value is still a nascent and emerging field of enquiry*. – Field note, February 3, 2020

The document analysis below supports the point of CSV being an emerging concept and further highlights another caveat where the bank acknowledges there are still no clear-cut measurement tools in place for shared value within the bank, as can be witnessed in the excerpts below:

> *The impact of the size and scale of the bank and the measurement landscape and tools are new compared to financial reporting*. – Report to society, 2018

> *This report …outlines how the group defines its shared value contract with broader society. The bank continues to refine its thinking and processes to better determine and measure this contract*. – Bank A report to society, 2018

An exploration of raw data further indicates that within the bank, CSV is understood as a new way of deploying its balance sheet and core business activities to challenges facing society. This can be understood from the raw data excerpts below:

> *How we understand shared value around here is as a bank, we believe in deploying our balance sheet and core business activities to solve societal challenges*. – Interviewee A3

Deploying the group's balance sheet to drive economic growth and inclusion. – Bank A report to society, 2018, 2019, 2020

So, it's when you understand the social challenges and you don't move away from your core business to solve that social challenge, for me that is shared value. – Interviewee *A2*

Theme 2: <u>CSV at the intersection of financial and societal value creation and seen as part of stakeholder theory and Environmental and Social Governance criteria (ESG).</u>

The raw data suggests that CSV concept within the bank is understood as a place where financial value intersects societal value, where the needs and interests of all parties involved intersect, including improving the lives of the people. This mean CSV is also seen as part of stakeholder theory, as the raw data excerpts demonstrate below:

Shared value to me is what the business does, how the business does it, has to have an effect or be beneficial in all parties that are involved and improving lives of the people. – Interviewee A1

It is at the intersection of financial and societal value creation where the bank should strive to operate, and we call this zone of intersection our shared value contract with society. – Bank A report to society, 2018

The Bank A shared value contract to society as a proposition means the bank recognizes that it has a responsibility to deliver shared value to multiple stakeholders. – Bank A report to society, 2018, 2019, 2020

CSV is also seen as an extension of Environmental, Social and Governance framework (ESG) as the bank suggests that CSV is a call for the financial sector to begin operating in a way that addresses societal and environmental challenges. The document excerpts below support this:

Shared value calls on financial sector to begin addressing environmental and social issues and as a bank we have always been cognizant of the environmental and societal impact our corporate governance framework. – Interviewee A3

Our bank is a natural role player in addressing many social, economic and environmental needs. – Bank A report to society, 2018

> *The bank has shown to be socially and environmental conscious in how they govern their operations. The ESG is regarded as an extension of Creating Shared Value*. – Field note, February 5, 2020

Theme 3: <u>Banking is an integral part of the nation, and its long-term health is closely intertwined with that of society.</u>

An exploration of the current case data produces similar results as in the previous case, where the role of banking in society begins with the understanding that banking is an integral part of the nation and society at large and its long-term priorities should be closely aligned with those of society. This is shown through the raw data excerpts below:

> *Within our organization there is clear understanding among everyone that banking is an integral part of this nation, and its long-term health will determine how we succeed as the bank*. – Interviewee A1

For this reason, aligning business value with societal value is key to the bank's success and its long-term sustainable growth, as shown through the document below:

> *Creating both financial and societal value is key to our success and long-term sustainability, and we define this as our "shared value contract with society"*. – Bank A website, 2020.

An additional caveat to CSV highlights the importance of taking a long-term view or mind-set on implementation of CSV management practice as the raw data suggests there needs to be a focus on long-term growth. The raw data appears to suggest the importance of having a long-term mind-set within the CSV concept.

Theme 4: <u>Strategies needed for CSV concept.</u>

- <u>Reconceive markets, products, and services.</u>
- <u>Reconceive products and services to enable education component.</u>

The previous section indicates that banks are able to reconceive products and services, to meet the daily needs and challenges of many in society. These include the lack of access to higher education as a result of lack of funding, for which the bank has reconceived a product and service in the form of loans that enable many previously disadvantaged individuals to have access to higher education. As a result of enabling this previously unserved market it has in

turn created opportunity for reconceiving new market for the bank, as demonstrated in the participant's view below:

> *Here at Bank A, one of the things that we do is firstly: how many challenges facing the country? Then you might say access to education, you might also say further than that, it's not so much about access to education but: How do I pay tuition fees? Then the bank on the other side can come with a product that will enable whoever wants to study to go to the university. It doesn't mean this is a grant, this is not for free*. – Interviewee A2

As part of ensuring seamless access to higher education free of other challenges such as enabling financial inclusion, the bank reconceived a zero-fee account for students to accommodate their needs during their student years, as demonstrated in the organizational document below:

> *As a student coming into a completely new environment, you need all the help you can get. We've all experienced it: money is critical at this stage in your life, and you need to find helpful ways to stretch your buck with rewards that matter. It is with this in mind that we've designed the Bank A Easy Account with zero monthly account fee that automatically gives you access to the Bank A ecosystem where you can maximise on different benefits and learn how to make money work for you during your student years and beyond*. – Bank A press release, 2020

- <u>Reconceive products and services to enable financial inclusion component.</u>

This bank further reconceives products and services to ensure it meets the challenges of financial inclusion faced by many in society. As such, the bank created an electronic money system to enable those with bank accounts to instantly pay those with no bank accounts, enabling them to instantly withdraw cash from the ATM without using a bank card. This is depicted in the raw data excerpts below:

> *The example of shared value is, let's say from a Bank A perspective, one of the challenges faced by SA Inc is people struggle with money and one would say: I don't work I get piece jobs and don't have bank account but now I need somebody to pay me asap. Then the question would be: How do we enable that to happen? And as Bank A what we did was electronic money because you don't need to have*

> *a bank account but have a phone, therefore the transaction can take place*. – Interviewee A1

The case data suggests that the bank has also developed products that assist with formal savings as part of solving the financial inclusion challenge. This is done through the development of a no-fee stokvel account. Beyond the challenge of formal saving, the stokvel account also solve the safety and trust challenges in the stokvel market to help move members away from entrusting an individual with large sums of money held on their behalf. This can be seen in the raw data excerpts below:

> *Few years ago, the bank also looked at entering the stokvel market, seeing that our people are just trusting an individual with large sums of money to safe for them and there might be a danger there. Also, they are losing on opportunity to earn interest and invest the money on other investment vehicles we have, and for us looking at the stokvel economy it is worth a lot and there are potential opportunities that exist within that market. Then we decided to tap into the market and created Stokvel saving account*. – Interviewee A3

> *Bank A has announced the launch of new digital stokvel accounts that carry no monthly fees*. – Bank A press release, 2021

The above excerpts indicate that there are missed societal opportunities of earning interest and investment if money is held by an informal stokvel savings. The bank further acknowledges there are also banking opportunities that motivates the bank to enter the stokvel market, such as cross-selling through offering different investment vehicle provided by the bank: this demonstrates a banking opportunity being a motivating factor.

There is also the additional factor of a bank's willingness to engage in a continuous improvement of reconceived products and services to ensure it meet the continuously evolving needs and challenges faced in society. This ensures the reconceived product and service remains relevant and fit for purpose of creating societal value while continuously creating bankable business opportunities. This is done through the provision of the next level of electronic money that ensures a financially wider reach and access to many who were previously financially excluded, as depicted in the interview, organizational document and field notes below:

We believe that financial inclusion as a vital cog in transforming and scaling and changing most importantly in the informal sector market so we have created technological platforms to deliver on our promise of including those in the informal sector market and you know to transact you don't even need this modern smartphone, so this ensures that everyone with any type of a phone can use it. – Interviewee A3

The bank provides access to financial services for the unbanked through digital innovation. Its flagship digital channel offering is an extension of the bank's digitisation strategy, which provides secure and efficient payment solution to the unbanked segment of the population. – Bank A report to society, 2019

Harnessing the power of technological innovation to deliver financial inclusion to broader society. – Field note, February 5, 2020

The same can be witnessed through the bank harnessing the power of technology by developing a new no monthly fee digital stokvel account that includes the funeral cover for stokvel members. The organizational document below explains this feature:

Bank A has launched a new no monthly account fees digital account for stokvels to better manage their administration, deposits and distribution of funds using its award-winning digital channels. The account allows stokvels to start earning interest from just one Rand. Stokvels using the account will get an opportunity to also buy funeral cover on behalf of its members, where a premium discount will be based on the number of contributing stokvel members. The funeral cover pays out double the cover amount on accidental death of a contributing stokvel member. – Bank A press release, 2021

Critical analysis of the raw data points out how the stokvel account – through the inclusion of an additional product and service in the form of funeral cover – demonstrates real bankable opportunity from cross-selling and up-selling while simultaneously solving other societal challenges such as burial costs.

- <u>Reconceive products and services to enable SME development component.</u>

The case data suggests the bank has also developed products and services focusing on SMEs' development and growth. These include credit facilities tailored to support the development

and growth of SMEs through access to credit facilities tailored to their needs and challenges, including necessary capital, such as agriculture and franchising. Raw data from participants and an organizational document depict this below:

> *I am dedicated and focused on SME support and growth looking at SME support system, products and services that will help SMEs to grow*. – Interviewee A2

> *The bank's strategy encompasses four primary objective of providing innovative and market-leading solutions across all business segments, with a strong focus on fast growing niche areas such as agriculture, franchising, medical businesses and education*. – Bank A press release, 2017

> *We have designed this product to solve challenge of applying for credit early in the business life cycle… No security or audited financials are required if the loan is approved, with only requirement being that the business owner provides a personal surety. As a result, this loan has been increasingly taken up by SMEs who would never have qualified before*. – Bank A press release, 2021

The case data further indicates that the bank is able to harness the potential brought by technology to create platforms and digital products and services for the unbanked and under-banked SMEs as part of the transformation agenda of increasing entrepreneurial culture and activities while also formalising the informal economy. This can be seen from the raw data excerpt below:

> *We also have also innovative products and service and technological platforms created for SME development, to help remove barriers faced by entrepreneurs while enabling them to transact everywhere they are, we have created an app to enhance the culture of entrepreneurship and increase entrepreneurial activities around the country*. – Interviewee A3

> *Rapid technological developments have allowed financial institution to reach previously unbanked and under-banked segments of the population and financial inclusion for small and medium-sized enterprise is vital to transform and scale the informal economy*. – Bank A report to society, 2019, 2020, 2021

Harnessing the power of technology and digital products and service to serve the SMEs sector. – Field note, February 5, 2020

The bank has also reconceived products and services to bring value to SMEs by developing a digital business bank account with no monthly fees, including airtime and provision of data. The latter feature ensures that SMEs can use and interact with the digital platform without any of the data hindrances faced by many. The account provides the SMEs with management tools to ensure they focus on being productive and growing, as can be seen from the raw data below:

We have recently launched a bank account for SMEs and small businesses and the good thing about this account is it does not have monthly fee, [and offers] free data, limited free calls per month, which is good for business as it removes the burden of paying fees, airtime and data costs, so it makes things easier for small businesses on growing their businesses without worrying about banking fees. – Interviewee A2

The key features of the new account proposition includes no monthly account fee; Unlimited free point-of-sale card swipes; Inter-operable QR code; Linked saving pocket; A Bank A Connect SIM card. It will also provide support for small businesses and entrepreneurs, around accounting practices and other financial related activities. Businesses will get free access to Bank A Business's unique suite of free value-added services, including Instant Accounting software, Invoicing, Cash Flow and Payroll. – Bank A report to Society, 2019

- <u>Redefining productivity in the value chain</u>

A closer exploration of the raw data suggests the bank redefines productivity in the value chain through providing skills development and training to its employees to ensure they are fully equipped to deliver services to customers. The bank also provides leadership skills and empowerment programmes for women employees and people with disabilities, as described in the raw data below:

The bank has continued investing extensively in equipping its people with the skills and learning they need to deliver on behalf of our customers. This is done through skills development and training programmes for employees. The bank has a leadership development programme to help nurture leaders who promote change.

The bank has also empowerment programmes to help unlock careers and potential of women employees and those living with disability. – Bank A report to society, 2016

We are doing quite a lot providing training for our people who are our greatest assets… We do all of this because we believe we need to invest in them to be competent in performing their responsibilities. – Interviewee A1

- CSV strategy: Improving local clusters and businesses.

- Improving local clusters for access to education

A closer exploration of the case data suggests the bank helps solve education challenges facing society by offering access through bursaries for undergraduate students and post-graduate students who wish to study abroad. This is shown in the raw data except giving a participant's views below:

We have a scholarship programme that enables education for the poor who qualify to attend universities and on the group level, if I am not mistaken. We also have more than five different types of scholarships – mainly funding for post-graduate education – which will help with the country's transformation goals and this will help to bring back competent individuals who will do great things for the country and for the bank as some, we can look into bringing them on board. – Interviewee A1

The raw data above highlights transformation as a motivating driving factor of CSV and the creation of banking opportunities – bringing future competent banking leaders on board – as another motivating driving factor for implementation and delivery of CSV.

The data further notes that the bank pays school expenses for the children of their employees, with these expenses funded through a trust and a foundation, as shown in the organizational document below:

Bank A has a staff assistance trust that pays for schooling of employees' children, from Grades R to 12. In 2019, the trust assisted 6 205 employees with their children's school expenses, to the value of R46,5m, R8,6m more than in 2018. It

also provides extensive funding through the Bank A Foundation and the FirstRand Empowerment Foundation. – Bank A report to society, 2019, 2021

Furthermore, the bank helps to improve local clusters for financial inclusion by providing financial literacy through road shows targeting low-income markets, as shown below:

We have done a great deal of work on the financial literacy front, conducting road shows and empowering many previously disadvantaged with financial skills. – Interviewee A1

Bank A conduct financial education initiatives, which target the low-income market. The programmes aim to help consumers make informed financial decisions. An on-going focus is providing basic financial literacy education on digital platforms. – Bank A report to society, 2019

The bank has also created a banking application for financial education and advice, which empowers their customers with personal and contextual money management insights, making banking easier for the customers. – Field note, February 3, 2020

The bank also helps to improve local clusters by supporting, developing and growing SMEs, township businesses and small business in general, as shown below:

I'm focusing on teaching people how to start businesses…, doing a lot of events in townships, and then building solutions to help small businesses in South Africa just become better, grow and be profitable. – Interviewee A3

The bank's strategy encompasses the objective of enabling, growing and supporting financial inclusion and access to market for SMEs through Structured Lending, Enterprise Development, Supplier Development and Preferential procurement initiatives. – Bank A press release, 2017

Bank A's BBGF initiative seeks to provide financial and non-financial support to black-owned and black women-owned private equity fund managers operating in the financial services sector. All black fund managers supported are 51 percent or more black women-owned, with one exception being 49 percent black women-owned…. – Bank A report to society, 2020

Case data indicates that the bank is able to harness the potential brought by technology to develop technology-based interactive learning tools to help improve the development of SMEs while providing free interactive business lessons and coaching. This helps SMEs run their businesses, as per a participant and an organizational document below:

> *I focus on SME support and growth looking at SME support system and products to help SMEs grow, so we've built an electronic learning development application which is completely free to use and it's a bit of like business coach in your pocket because it teaches you how to become an entrepreneur*. – Interviewee A3

> *A free interactive e-learning platform developed inside the Bank A banking app, comprises multimedia content such as videos, podcasts, quizzes, templates and tools for all Bank A customers to learn about entrepreneurship and running a business. SMEs can also actively share and provide feedback on various educational chapters to constantly increase the effectiveness and relevance of the content*. – Bank A press release, 2019

- Improve local cluster for employment creation.

Part of the bank's work on improving local clusters focuses on youth employment programmes. This is in response to the plea by the South African President for corporate South Africa to consider offering work-based training to young, unemployed people as a way of giving them work experience. The organizational documents below describe this work:

> *The job programme continues to create work experiences for unemployed matriculants and graduates. Learnerships focus on acquiring scarce, critical and/or future skills (including entrepreneurship, various ICT skills, business analysis and project management*. – Bank A report to society, 2020

> *Since inception, a group-wide absorption rate of 42 percent has been achieved and the programme has improved youth employability. The programme runs across the entire group to ensure that the youth are provided with meaningful work experience and are supported by dedicated line managers*. – Bank A report to society, 2020

The case data further highlights where the bank goes beyond improving and enhancing local clusters by also helping to improve government work or closing governance gaps in service delivery, as advocated by the transformation agenda of BASA. The bank does this through

partnering its efficient infrastructure with the Department of Home Affairs to deliver smart IDs, as shown in the raw data below:

> *We have a partnership with Department of Home Affairs where we have hosted them in our branches to help them with dispatching of IDs and passports for those who have applied for them. This is done to at least help improve delivery of services by our government as it allows clients to conveniently apply for their IDs, passports, even their car licences at some of our selected branches*. – Interviewee A1

> *The bank's public-private partnership continued to produce great results and improved experiences for clients. Particularly noteworthy is the 185 000 IDs and passports issued for clients through working partnership with the Department of Home Affairs. nav» Car continues to facilitate clients' license renewal and traffic fine payment*. – Bank A press release, 2019

The bank further partners with the Department of Rural Development and Land Reform to manage a grant-funding project for farmers. This was previously done by the department on its own, but the project was not effectively managed. This led to the bank bringing its infrastructure support, training and mentoring to ensure the project works well. This strategy is depicted in the raw data excerpts below:

> *Emerging farmer grant management programme: Historically, government made grant payments directly to emerging farmers who were expected to manage large sums of money without any formal financial support or mentorship. Most agricultural projects failed, resulting in government having to refinance projects multiple times. In partnership with the Department of Rural Development and Land Reform, Bank A Agriculture developed a solution using Bank A's 3PIM* [third party investment manager] platform: Allows government to transfer grant funding to each individual farmer ensuring that ownership sits with the farmer… Bank A is looking to enhance this by offering financial wellness and SME training. Instant accounting is provided*. - Bank A press release 2022

Theme 6: <u>CSV management practice calls for esoteric thinking or mind-set.</u>

A closer exploration of the case suggests there is a paradigm shift from traditional management thinking to a different kind of thinking or mind-set needed for CSV management practice. One participant calls this esoteric thinking or mind-set, as recorded below:

> *So, let's take our instant money for example… so it was born out of a very esoteric thinking in terms of how are we broad in the scope of banking and how do we touch more people's lives*. – Interviewee A2

The study further sought to understand the meaning of this requisite mind-set or esoteric thinking, or mind-set needed to implement CSV management practice. The case analysis suggests there are different explanatory themes or mind-sets that make up the requisite or esoteric mind-set. Societally conscious mind-set, long-term thinking or mind-set, and lastly ambidextrous mind-set are some of the requisite or esoteric thinking needed**.**

- **<u>Societally conscious mind-set</u>**

An exploration of raw data indicates a requisite or esoteric thinking of a deeper care for humanity and unrelenting commitment of making a meaningful change in people's lives. It primarily means having a societally conscious mind-set, as depicted in the participant's view, supported by an organization document and a field note:

> *So as I said, I think it comes back to the human factor, deeply understanding what people need. So when I do my work it first starts with surrounding myself with people who are passionate about bringing change and who are truly interested in making people's lives better.* – Interviewee A2

> *Our organization understands that delivering shared value requires innovation, deep thinking, constant change and unrelenting commitment. We believe the outcome will be a sustainable, growing business, which has proven it consistently delivers value, both financial and social, thus earning the trust for all our stakeholders*. – Bank A report to society, 2018

> *In order to achieve shared value, the individual banking managers deeply believe that having societal conscience mind-set as one of the major prerequisite or core value needed by champions of the CSV management practice*. – Field note, February 3, 2020

- **Long-term mind-set**

As shown in the previous section, there is a requisite or esoteric mind-set of a strong focus on the long-term view in implementation and delivery of CSV management practice. A long-term view is a requisite mind-set when attending to CSV, as noted by a participant below:

> *Bank A's purpose is to build shared prosperity. This is the foundation to a sustainable future and will preserve the group's enduring promise to create long-term value and superior return for its shareholders*. – *Bank A* financial and strategic update, 2021

> *If you look at the bottom-of-the-pyramid or grass root market where people are struggling to make ends meet and lack resources because many are not working…. So to get this market right you need to have a long-term mind-set, respect and patience for this market and they will reward you dearly*. – Interviewee A2

The raw data from the interview highlights an additional point where the interviewee seems to equate CSV to the Bottom of the Pyramid (BOP) market, where the long-term mind-set is seen as a requisite mind-set for the BOP market where there is a lack of resources and the struggle to make ends meet. This view appears to also see CSV concept as an extension of the BOP concept.

- **Ambidextrous mind-set**

There is also a recognition within the bank that beyond having a deeper commitment to solving societal challenges, there is also a need to think of how the bank will simultaneously remain profitable when solving those challenges. Meaning beyond having societally conscious mind-set there is a need for an ambidextrous mind-set – being able to think of societal agenda while simultaneously thinking of positioning that agenda in a way that will create profit opportunities for the bank. This view is supported by the raw data from participants and a field note excerpt below:

> *As much as it is important to solve problems of society, but as a banker you have to also think of how you are going to make money for the bank in the long run or you might as well go sit at our foundation, it does great work feeding the poor. I mean we speak of SDGs and if you not gonna think of, of making money, how are you going to be able to incorporate and align them to the core activities of the*

business, without that thinking you are going to struggle? Hence I say, just be in our foundation. – Interviewee A2

It depends how you frame your proposal to senior management. As a profit-oriented business, you spend time on things that will make money. So, in order to change social agenda, even internally, you need to position societal agenda in a way that you can make money. Otherwise as a business proposal [it] will not see the light of the day, as it will even be rejected by a committed executive who believe in the good of society. – Interviewee A3

There is a need for banking manager as a CSV champion to be ambidextrous as a business leader, understanding that as much as there is commitment for societal value or societally conscious mind-set there also need to be balanced with shareholder value. – Field note, February 5, 2020

Theme 7: <u>Motivating driving factors of CSV concept</u>

The case data indicates that the CSV concept consists of three types of motivating driving factors: those responding or reacting to external pressures, those driven by proactive actions of the bank, and lastly those emanating from the bank's desire to contribute to the aspirations of the South African economy and society at large – effectively, the desire to alleviate complex challenges facing society.

- **Responsive motivating driving factor to External pressures**

The raw data indicates that at the micro-level the motivating driving factors to the implementation and delivery of the CSV concept, are as a response or reaction to external pressures. Other motivating driving factors are as a result of business case for a rational obligation to manage or address systemic risks posed by societal challenges and to ensure legitimacy and societal contract.

The micro-level perspective further demonstrates that banks proactively attend to societal challenges or implement CSV concept as an instrumental strategy, or a compelling business case, to create banking opportunities. This primarily means that beyond being used as a responsive driving factor to external pressure, it is also used as a proactive driving factor. Therefore, CSV concept is used as both responsive and proactive driving factors.

Responsive Driving factors to External pressures

In attempting to understand what the reaction to external pressures entails, the study finds there are different explanatory themes. Risk management is one factor the bank reacts to, where the bank sees societal challenges that are left unsolved as placing risk on the banking sector operations. For this reason, CSV is used as a risk management or mitigating strategy, as enunciated below:

> *I am sure not everybody takes every societal issue because of business opportunities but most especially we engage them from societal and environmental risks management point of view*. – Interviewee A1

> *These institutions also transfer risk between market participants… through the shifting of risk between several market participants, as with insurance activities. This creates stability in the financial system and in society, as risk events are ultimately mitigated through broader distribution, and not concentrated with a single individual or entity*. – Bank A report to society, 2018

Regulatory and compliance is another factor that the bank responds to, where CSV is used as a response to legal requirements in the code of good practice for social, transformation and economic development and other financial sector codes that urge banks to gradually open up access to finance to ensure inclusive banking system.

> *Another element which you will find on financial sector code talks about access to finance for whole range of people try and bring people into financial system so that they derive the benefit of banked system, so as signatories we are forced to play a leading role in this*. – Interviewee A3

CSV concept is also used as a reaction or response in closing Governance gaps in service delivery where the bank uses its infrastructure, or bank branches that are closer to the people, to dispense those important services that help government render more efficient service delivery.

The bank is implementing strategy that supports government's national imperative to accelerate transformation and inclusive economic growth. – Press release, 2017

You would know that we have partnered with Department of Home Affairs to help provide passports and smart IDs and drivers' licences through our branches to those who have applied for [them] and this has helped us as government is beginning to look at us as partner of choice in providing them with essential services. You know the trust deficit we face between government and business. – Interviewee A1

The bank further believes that it is important to engage in societal challenges as a way of helping government in their shortcomings and limitations. This is done through the banking sector in collaboration with the Department of Home Affairs rolling out smart ID and passport through their branches as a way of improving access to essential services in society and as a result of the programme the bank's goodwill has improved, leading to increase in trust equity. – Field note, February 3, 2020

Lastly, societal contract and legitimacy are other external pressures to which the bank react and respond to, by using CSV concept to solve societal challenges as a way of regaining trust and reputation and, by extension, legitimacy and societal contract to operate:

You know we have come a long way since the 2008 financial crisis, which we can still, feel the impact even today. And as you know, many are still blaming the financial sector for that and the trust between society and the banks is very low. And for us as a bank, trust is one thing that is sacrosanct to us, and we are working very hard to ensure that we are a trusted financial service. – Interviewee A2

Trust is deeply held emotion and belief. Without trust, business has no licence to operate and no amount of innovation or hard work will compensate for lack of trust. Above all our many capabilities and attributes as financial service group, our reputation and trust with our stakeholders is the most important to us. – Bank A report to society, 2018

The bank is using shared value management practice as a licence or social contract that give it legitimacy to operate, hence is called shared value contract with society. – Field note, February 3, 2020

- **Proactive driving factor to CSV management practice**

The study sought to further understand what the proactive factors entailed and, in this instance, found only one factor, where the bank solves societal challenges or implement CSV as a proactive strategy for instrumental motives of creating banking opportunity. This is supported by the raw data below:

Obviously, the financial sector charter is just there to guide the organization in terms of how much and what needs to be done, but for us is more about the link to our strategy of adding value to the organization and find business opportunities. – Interviewee A2

CSV is driven from a compliance perspective (financial sector charter), however it all boils down to how the bank link it with strategy to create opportunities out of being compliant. – Field note, February 5, 2020

The raw data excerpt above raises another significant point, where the bank addresses societal challenges driven by the need for compliance with the financial sector charter: however, the bank is able to create banking opportunities as a by-product of that compliance.

Closer examination of the data suggests a different – and important – thought process required for creating banking opportunities out of societal challenges. In this, the bank looks at societal challenges as a market for creating banking opportunities. While others perceive the market as risky, the bank takes a different method of perception, seeing the market not as risky (risk-tolerant mind-set), but as fertile ground and a source for creation of bankable opportunities. This important and critical point would seem to suggest that banking opportunities are not already in existence: however, it takes a different way of thinking and seeing the market and doing things in a way that resonate with the market as a strategy to create banking opportunities. This attitude is supported by the participant's view below:

So, looking at societal challenges means you see these opportunities where other people are running away from so it becomes a market on its own, so it's a good market which you can end up making money, so [more] often than not we are saying: lower income market is too risky, we can't enter in that space, we can't play in that space. But that market in terms of volume is quite big: if you play and put a nice solution you can make money because it has to be about solving the problem. While solving the problem you are also making money, it doesn't mean when you solve the problem you will make a loss. – Interviewee A3

The concept of different thought processes or mental model in approaching the market resonates well with the previous section regarding different ways of thinking, such as esoteric thinking or mind-set. This can also be seen clearly in the participant's view of how banking opportunities are conceptualised and thought through, also showing a clear acceptance of opportunities requiring a long-term view or mind-set:

We focus on education, which is the ECD [early childhood development] and tertiary education. The motivation is future-proofing our future clients, ensuring and understanding if we are gonna have future customers, employees who are economically active, it important to understand that a child born today, in 20 to 25 years is going to be our client, and how do we ensure that client is taken care of through access to nutrition, how they grow up, access to education, access to social services, their parent having access to financial resources? – Interviewee A1

The same thought process or mental model plays an important role even in products design and development within the sector, as can be seen from participants view below

…. Because when you care, it's about this word. I use it a lot, being real and caring deeply about what you do and the impact you have and if you care about what you are doing for that person, suddenly you design with a different view of how you do things. Interviewee A2

From this point above, the suggestion is for a proactive driving factor of creating banking opportunities to materialise, there is a need for a different ways of thinking, or esoteric thinking, and approaches to the market that will deliberately lead to creation of banking opportunities.

This suggests that banking opportunities are not in existence waiting to be discovered, and it takes a different and esoteric way of thinking to painstakingly create or construct them.

- **Societal case: The need and desire to drive societal change as a motivating driving factor of CSV concept.**

Closer exploration of the raw data suggests that there is some sense of frustration with the societal challenges faced by the country and the desire and need as a bank to play an active role in alleviating or even eradicating them. There is thus a compelling societal case for solving challenges as a motivating factor and driver for implementing CSV, as shown from the raw data excerpts below:

> *So, for us as a bank, one of the things that you might do firstly is: how many challenges facing the country? They are so many, but you might say access to quality education, ECD, primary, secondary and tertiary, there are challenges there. You say financial inclusion: how do we ensure as many people as possible in society have access to affordable financial products? You say the country is facing another problem of unemployment, most importantly the ticking time bomb of youth unemployment: how do we solve that? Then we say entrepreneurship culture is nowhere to be found in the country and this is another engine of job creation and economic growth, so how about we play a role there. Not that other challenges are unimportant, but at least that's where we believe we can make great impact in society, and it is within our core competency and that's where we are going to put our energy on*. – Interviewee A2

There are different societal challenges or explanatory themes of societal cases that the bank wants to solve. Among these are financial inclusion, where there is a desire within the bank to see many in society who are outside the mainstream financial system being given access to banking and included financially to play an active role in the banking system:

> *There is a need to see many who are outside our mainstream financial system being included and play an active role, hence the banks are required to set aside a certain portion of their net profit after tax for consumer financial education to address precisely the financial inclusion element as it is recognised that it needs to go beyond just including people but understand that they can make informed financial decisions once included*. – Interviewee A1

Constant innovation ensures that products drive financial inclusion. – Bank A report to society, 2021

Financial inclusion for individuals and SMEs is vital to transform and scale the informal economy. – Bank A report to society, 2021

Another societal case the bank desires to address is improvement in education and skills development, by improving education outcomes and academia, while also improving research excellence in pursuit of a more sustainable higher education system. This is also done as a motivating driving factor of achieving the country's transformation goals:

I think because some of the work we are focusing on is education, we need to begin thinking deeply on the level of education and how do we improve education outcomes in the country, and this is one of the works we are focusing on as a bank. – Interviewee A2

The bank sees the strategic importance of the programmes in developing human capacity and achieving the country's transformation goals. The private sector has an integral role to play in improving education and academia and ensuring transformation and research excellence in pursuit of a more sustainable higher education system. – Bank A website, 2019

The bank further recognises the importance of helping SMEs grow and become profitable entities, as they are job creators. Banks also consider their role in improving and growing the prospects for black commercial farmers as part of transforming the agriculture space, as indicated in the raw data excerpts below:

Help small businesses in South Africa just become better and grow and be profitable, because we know it's a tough time at the moment for all of us and even more so for SMEs. But they provide the most jobs in South Africa and the more people we can bring into the economy the better it will be for all of us. – Interviewee A3

The bank's agriculture support transformation of the industry and contribute towards growing a larger base of black commercial farmers. – Bank A report to society, 2018

Lastly, in recognition of high rates of unemployment in the country, the bank is motivated to begin increasing employment opportunities as a way of solving unemployment challenges. This could also be done through development of SMEs, which banks consider to be an engine of growth and employment as shown from the excerpts from the raw data below support this view:

> *The country faces high rates of unemployment and bank focus on increasing employment opportunity and to also contribute to increased economic activity and growth in the country*. – Interviewee A1

> *The youth unemployment rate in South Africa is unacceptably high, negatively impacting lifelong earnings, economic growth and social cohesion, juxtaposed with an increasing pension and healthcare funding gap*. – Bank A report to society, 2021

> *The bank contributes to economic development and employment through providing innovative funding solutions to small to medium-sized enterprise (SMEs) – the growth engines of the economy. There's specific job creation criteria linked with funding project*. – Bank A report to society, 2021

The bank acknowledges that the above identified societal challenges are a compelling societal case that is well aligned and within their banking core competency and are strategically approached and addressed through the core business of banking. Meanwhile those that do not align are approached through CSI, as shown through participant's excerpts below:

> *The South African society is faced with multifaceted societal challenges and the bank has decided to focus on those challenges: they believe they can add greater value for business and society. The bank focuses on education, financial inclusion and SME development and employment, and the bank strategically incorporates those identified challenges that align with core business activities where high scale impact [is] possible and ability to impact broader ecosystem and society while focus on other challenges that do not completely align with core business through CSI or foundation*. – Interview A

The study also finds that the bank has decided that the education component is part of the CSI or foundation work, and not part of banks' core activities, or part of CSV opportunity

management practice. This can be understood from the raw data excerpts from participant views and field note below:

> *The bank is acutely aware that an economy cannot hope to grow without an educated workforce. In response, over the past few years the foundation has shifted bulk of their attention to systemic education initiatives. The group's education programmes cover the whole education continuum from early childhood development (ECD) to primary and secondary schooling, tertiary education and workplace readiness, with the aim to increase employability and productive livelihoods*. – Bank A website, 2020

> *The education focus is approached and regarded as part of the, as part of CSI, or corporate philanthropy, as it is approached from the foundation work, and not as part of the core business or CSV opportunity management practice*. – Field note, February 3, 2020

- **Theme 8: <u>Approach societal challenges through the environmental societal scanning as a roadmap and a guide to identify and gain deeper insights.</u>**

Exploration of the raw data indicates that in understanding and gaining insights on societal challenges, a bank does this through environmental societal scanning as a guide to identify and gain insight on these societal challenges. Much as with the previous section, there is an overwhelming acknowledgement that SDG is the primary document used as a roadmap to understand societal challenges to target and focus on, followed by the national development plan (NDP) as the secondary document. The bank further recognises the importance of conducting its own extensive research with the purpose of gaining deeper insights into, and perspectives of the problems facing society, and the mechanisms needed to ensure the problems are solved in a way that creates banking opportunities. This is supported by the participant's view below:

> *Let me put this way: what drives our strategy is different things. One is [that] the SDGs obviously speak about alleviation of poverty and also quality of education, so we subscribe to that, so that's one thing. There is also our government's National Development Plan 2030. I have then spoken about the SDGs and NDP, we then also look at the societal level, what problems are there that are affecting everyone, whether you are in business or not there is high unemployment rate, there*

> *is low financial literacy levels, numeracy level is another big problem in SA. There is also mismatch between qualifications and available job opportunities, so this are problems that are in the system and are informed by our own research*. – Interviewee A2

This view is backed by organizational documents, where the banks is looking at their products and services through the lens of SDGs, as per the document below:

> *In 2015, the 17 United Nations Sustainable Development Goals (SDGs) were launched. The SDGs are set of global goals to end poverty, protect the planet, and ensure prosperity for all. During 2018, an internal project to analyse impact of products, services, and initiatives on addressing the SDGs was started. The bank is participating in a BASA project to develop a performance dashboard for the sector in relation to the members' collective impact on SDGs*. – Bank A report to society, 2018

The same can be said about the NDP, where the document is used as a roadmap to inform bank's investment and development of SMEs, as shown in the organizational document below:

> *Investment in small and medium-sized enterprises, which the National Development Plan (NDP) predicts will generate around 90 percent of the jobs targeted in the plan*. – Bank A report to society, 2019

Indeed, the bank recognises the importance of conducing their own extensive research, as they agree that it offers them clear and deeper understanding of the real challenges faced in society and to further have a deeper understanding that in fact SMEs' challenges go beyond just popular narrative of funding: learning this helps with devising the mechanisms needed to profitably solve those identified societal challenges, as noted in the participant's view below:

> *You know we are always told that access to funding is the Achilles heel to development of SMEs in the country. However, doing our own research, being in the streets with people, gave us a deeper understanding that there are major challenges faced by entrepreneurs that goes beyond just access to funding, so this understanding gave us building blocks to clearly understand and develop these products with the SME immersed in the product development*. – Interviewee A3

The other secondary document used by the bank is the Statistics SA document that offers a clear insight into the gravity of societal challenges faced in society:

> *Statistics SA reports that the unemployment rate for matriculants is far greater than for graduates. The group is therefore recruiting a higher proportion of matriculants. Surveys are completed with the participants in order to remain relevant, and have found that over 64 percent are breadwinners. Most of the youth have more than two dependents and 36 percent of youths' homes do not have either electricity, tapped water and/or toilets*. – Bank A report to society, 2020

Theme 9: <u>Difference between CSI and CSV</u>

An exploration of case analysis suggests there are differences between CSV and CSI, or corporate philanthropy. The differences are that CSV is regarded as part of the core business and enjoys ample resources and the corporate budget to create business opportunities out of societal challenges. Meanwhile CSR does not enjoy sufficient resources or budget, as shown in a participant's view below:

> *Look, there is two ways you can look into this thing, and the first way is to say: If you do it from granting perspective, will you able to solve those challenges? And the answer is no, because the money is not sufficient. But when you are bringing it to the core, then the balance sheet is bigger. Then you might be able to solve for that*. – Interviewee A1

The other difference between CSV and CSR is that within the bank, CSR is done on a passive arms-length outsourced basis, with CSR budgeting given to service providers or fund managers to perform these CSR services on behalf of the bank. However, banks seem prepared to move away from the passive arms-length outsourcing of CSR and actively do it within the bank, aligned to the bank's core purpose, as suggested by the participant below:

> *As I have alluded that we are now reviewing our funding and giving strategy framework from the group's perspective, where before we will rely on social fund managers to implement our social programmes on our behalf, we are now reviewing that framework where we will now have an active role on how programmes are implemented and aligned to our core purpose and business*. – Interviewee A1

> *The bank CSR initiatives are passive as they are outsourced to a CSI fund managers that does the CSR programmes on behalf of the bank* –Field notes, February 3 2020

Being part of the core business makes CSV an active part of solving societal challenges, while CSR is carried out on an outsourced basis through fund managers. This makes CSR a passive programme.

The results further suggest that banks regard their education programmes as part of CSR while financial inclusion, SME development and employment are part of the core business – a view supported by the excerpt from the participants' comments below:

> *You know we play a huge role in society through our philanthropic programme, from funding higher education students, ECD, again sometimes, as long as you going to make it worth your while as a company*. – Interviewee A1

Theme 10: <u>Transitional vehicles or enablers of CSV business opportunities</u>

Corporate philanthropy and CSI as an enabler of CSV management practice

Closer exploration of the raw data indicates that the bank agrees CSI or corporate philanthropy could be leveraged as an enabler of CSV management practice, where the bank could begin an initiative from the CSR perspective: once the initiative has matured, it could be transferred to the core business:

> *But also, we are not dropping the CSI component, because it has got its place that it can solve certain things or it can even enable things that could benefit the balance sheet, where you can start the project from a CSI perspective, funding it from that perspective, and then once it is matured, then you transfer it to operate in the shared-value space*. – Interviewee A1

> *Say for an example, if you look at education challenges today, we have a situation where we not sure if our kids are ready or not ready when they go to school. Now you can decide to fund a programme that could enable this component, then when this thing is much richer, you can transfer it here or use education app or education technology programme as an example… it becomes a question of what are those things that fits in the CSR and when it starts being at scale and grows, maybe it*

can move to the core. It's how you play these different pots in such a way that you are able to solve a bigger problem. – Interviewee A2

They further suggest the motivating driving factor of philanthropic programmes does not matter, what is important is it needs to be crafted in a way that can enable CSV management practice. This is supported by the raw data except below:

As I have alluded that we are now reviewing our funding and giving strategy framework where we will now have an active role on how programmes are implemented, so most of the time it doesn't matter the purpose for the programme, as long as it is crafted it in a way that enable potential business value in it. – Interviewee A1

The banking sector uses or leverage societal initiatives such as CSI and corporate philanthropy as enabler of CSV management practice. – Field notes February 3, 2020

4.3.2 Case study 3: Commercial Bank B.

Commercial bank B is a member of a premium African financial services group with its primary market in South Africa, however the bank has made aggressive expansion to the SADC nation such as Lesotho, Mozambique, Namibia, eSwatini and Zimbabwe with strategic alliance in Central and West Africa. The bank has since 2004 been included in the JSE Socially Responsible Index and is Africa's first carbon neutral financial service provider, which clearly demonstrate its strong sustainability credentials. The bank's commitment is to entrench the reputation of being a 'green and caring bank' driven by sustainable development and promoting environmentally sustainable banking and financial products and services. The bank has an unwavering commitment to holistic transformation that goes beyond compliance, as the bank sees this as a shared value creation of ensuring long term value creation that deliver societal value rather than the sole focus on short term shareholder value maximization. The bank's retention of a level 1 BBBEE contributor status for the third consecutive year in 2020 under the Amended Financial Sector Code (FSC) is a true testimony of this commitment of going beyond a scorecard or any other measurement indicator and deliver value to society. The bank has also been awarded as the 2021 best bank for sustainable development by Euromoney. The bank has been further selected as the fourth most valuable banking brand in Africa (Brand

Finance South Africa 100, 2022). Indeed, the bank sees itself as "the difference that impacts our world" (Group Integrated report, 2021)

Theme 1: <u>CSV concept as a complex and emerging concept understood from sustainability and tracing back to stakeholder value theory.</u>

Exploration of a case analysis suggests in a similar fashion to the previous case that CSV is an emerging concept only adopted with the recent introduction of the Sustainable Development Goals (SDGs). The raw data below supports this:

> *With introduction of SDGs, we change tracks at the philosophy of making sure we deliver more deliberate positive impact on SDGs and not contributing negatively to them, which allows for everything to count.* – Interviewee B1

> *Sustainable Development Review describes the bank's… Our 2017 Sustainable Development Review was our first attempt at aligning our reporting with the SDGs. This 2018 edition builds on that by demonstrating the ways in which Bank B has deepened its efforts to address the SDGs. The content in this review covers the following three key areas of leverage: Products and Services, Sustainable Development Finance, Operations and Corporate Social Investment (CSI).* – Bank B sustainable development review, 2018.

The concept is also seen as a complex agenda to be understood by all; hence the bank works tirelessly to improve understanding of the CSV agenda within the bank. The idea of this complexity is suggested by the participant's view below:

> *I think there are different levels of understanding across the organization. It is difficult task to keep people understanding this agenda because this agenda is quite complex to understand, and we are constantly trying to improve the level of understanding of the staff.* – Interviewee B3

The CSV concept is also understood from both the sustainability and the stakeholder value perspectives, as it is seen as a complex sustainability concept that involves positively balancing the interest of different stakeholders:

> *Here we have sustainability …, it is something that is still a challenge, thinking about all of your stakeholders' needs and as well as your needs, and getting the*

balance right in terms of being able to add positively to the range of stakeholders. – Interviewee B1

So, I think when the bank looks at its understanding of shared value, which is, by the way, sustainability, so we like to say sustainability is not about changing the world, it's about understanding how the world is changing and how do we adapt to that change while helping society adapt? – Interviewee B3

The bank's Creating Shared Value is understood from a sustainability framework and as part of stakeholder theory. – Field note, January 27, 2020

The case analysis suggests that with the introduction of SDGs, banks had to craft and develop a new corporate purpose that fundamentally calls for the use of core business to create positive societal impact, which makes CSV an emerging concept that uses core business to solve societal challenges:

So, about two years ago the bank adopted a new purpose and what we believe is, fundamentally that calls on us to use our core business for positive societal impact. – Interviewee B1

It is the bank's understanding fundamentally that it needs to be client-centred and meet its clients' needs and really, when looking at societal challenges, are essentially set of unmet clients' needs. And if they are met through core business of financing, then it's a win-win, as we have happy clients and make money at the same time. – Interviewee B3

An additional factor is also highlighted where CSV is understood from the corporate purpose. Indeed, CSV manifests itself through embedding societal challenges into the corporate purpose. A closer exploration of the raw data indicates that the bank understands CSV as having a corporate purpose centred on societal impact. Hence within the bank, CSV manifests itself through embedding a corporate societal purpose. CSV is therefore defined, understood and driven from a corporate purpose perspective. This can be seen from the raw data excerpts below:

> *From a shared value perspective, so our organization has a purpose and that purpose centred around the good of society. And that's really where shared value plays out*. – Interviewee B1

> *I believe shared value linked to having greater purpose for the organization and adding value beyond immediate products you are offering and offer more value for society, meeting more needs other than the immediate needs, from greater purpose to what you are doing*. – Interviewee B2

Organizational documents and field notes below demonstrate this point where CSV is understood as having a "North Star" which explains a corporate purpose that is centred on doing good in society:

> *For the bank to be sustainable over the long term we need to have a clear reason for our existence – a "North Star" that demonstrates what we do to help society to develop and grow, thereby helping enable better lives for all. This is our purpose*. – Bank B sustainable development review, 2018

> *Shared value is defined, understood and driven from corporate purpose perspective*. – Field note, January 27, 2020

Theme 2: <u>CSV as a guide to corporate strategy</u>

An exploration of the case analysis suggests that CSV, as understood from a corporate societal purpose, must be supported by the corporate strategy and organizational culture, as depicted by the raw data below:

> *In order to deliver on that purpose your strategy has to support it, which is what we have spoken about from a product perspective. But really importantly, your culture has to support it as well*. – Interviewee B3

The view is that from a corporate purpose perspective, CSV must provide a link and a guide to corporate strategy, a perspective supported by the raw data excerpts below:

> *This purpose guides our strategy, behaviours and actions towards delivery of long-term value*. – Bank B society report, 2020

Our strategic intent is linked to our purpose, which is to use our financial expertise to do good and will enable us to build a nationally relevant bank and contribute to a better life for all in SA. – Bank B Sustainable development review, 2019

Theme 3: <u>CSV as an integral part of South African society, so that the long-term value of society is intricately linked with long-term value profitability.</u>

The exploration of case analysis demonstrates similar findings and views as in the previous case analysis, that primarily the understanding of CSV is that business is an integral part of society, and its long-term sustainability and success are intricately linked to that of society. This view derives from the interview, organizational documents and field note excerpts below:

We are [an] integral part of this society and we believe that the more value we add to society, the more society will appreciate us and want to have us around, and that will ensure our long-term profitability. So, we add value to society and the way they say thank you to us is to allow us to make profit, and that's how we see shared value. – Interviewee B2

Bank B operates as an integral part of SA society, representing a microcosm of the global environment, and its operations and interactions are therefore intricately linked to the very fibre of society. To ensure the future sustainability of Bank B's operations it is therefore imperative that the deliberately and carefully managed balance required for the society in which it operates, is maintained and enhanced. – Bank B transformation report, 2018

I strongly believe that businesses that understand that they are truly part of helping to improve society, and not merely part of some separate financial universe, will increasingly be differentiated in the eyes of staff, clients and stakeholders and, as a result, will grow faster than their peers. –Bank B Group UNGC Communication of progress, 2018.

Having a clear understanding that a bank is an integral part of society helps the bank gain a differentiated position in society by distinguishing itself among its peers and, as a result, grow faster. This additional factor suggests that CSV gives a bank an impetus to build a differentiated position. This will be clarified in the following theme.

Theme 4: <u>Bank uses CSV to build a differentiated position.</u>

Closer exploration of the case analysis suggests, as shown above, that a bank uses CSV as a strategy to construct a differentiated position. Indeed, the bank have a firm belief that CSV, or having core banking services that make a difference in society, helps them build a strong legacy position and is part of the bank's DNA. This is illustrated by excerpts from participants' views and the organizational document cited below:

> *Twenty-eight years ago, we had a set of leaders who did believe that delivering core services that make difference in society was a way to go…. While that was small, I believe it created a link between product, client and society that became part of our DNA.* – Interviewee B3

> *I do think we are delivering on shared value, but we just decided on focusing on delivering on our core purpose and this was the beginning of some important thinking within the bank, and it has helped us build a differentiated positioning around it*. – Interviewee B1

> *It was the human element that differentiated Bank B's innovative retail banking offering in a highly competitive retail banking sector….* – Media release, 2018

Theme 5: <u>Strategies needed for CSV.</u>

- <u>Reconceive product and services.</u>

The case analysis suggests the bank has a corporate purpose centred on meeting the unmet needs of society. This is done through provision of products and services for those unmet needs, while simultaneously helping the bank create opportunities for increased revenue and profitability. This is shown in the participant's view and the organizational document cited below:

> *What drives us, it is the bank's understanding fundamentally that to deliver on our purpose … And delivered through our products and financing solutions…. while we make money at the same time*. – Interviewee B2

> *Delivering on our purpose will require the considered development and delivery of products and services that satisfy unmet societal needs, enabling a thriving society,*

creating long-term value, maintaining trust and ensuring the success of our brand. – Bank B UNGC communication of progress, 2020/2021

The same argument is made in this instance where a bank desires to contribute to the sustainable development goals (SDGs) and the best way to achieve this is through the core business, or commercial offering that includes creation of innovative products and services. This is evidenced in the organizational document cited below:

The greatest contribution a bank can make to the sustainable development agenda is through its commercial offering. This includes the creation of innovative products and services as well as finance and investment solutions that enable our clients to achieve the lifestyle and business outcomes they desire…… – Bank B sustainable development review 2018

As part of their transformation agenda, the bank has also created products and services for financial inclusion to young people, students, including children and those in the low-income market, to ensure they have some form of financial access, and in the case of children to begin learning responsibility with money at a young age. This is done through continuous innovation to offer low-cost products and services, such as the provision of no monthly fee bank accounts as a way of responding to the multifaceted societal needs. This is evidenced in the participant's view and the organizational document cited below:

The bank has a no monthly fee account for those who have limited income yet need banking facilities such as at low-income members of our society and students and youth between 16 and 25 years. You only pay as you use the account, but it has no monthly fees. One account I can think of is another no monthly fee transactional account for children who are less than 15 years of age, to teach them about money management and being responsible with money at young age. – Interviewee B2

Financial inclusion is imperative for SA's social transformation. Bank B remains committed to improving access to inclusive financial services, particularly to the low-income market, by continuously innovating to offer low-cost products and services to these markets. …. – Bank B Transformation report, 2019

> *Bank B 4Me (child) is a transactional account with zero monthly maintenance fee and a host of value-adds designed specifically for children aged 0 to 15 years*. – Bank B 4Me Brochure, 2020

The case analysis further indicates that the bank has also created reconceived products and services by tapping into the stokvel economy for enhancing, formalising and streamlining the savings culture found in the townships and rural areas, while creating bankable opportunities that come with the potential of the estimated market share and the number of players within the stokvel market. This understanding is supported by the participant's view and the organizational document cited below:

> *We looked at the stokvel economies and the challenges of savings culture within the under-banked and what the economy itself [is] worth and the existing potential opportunities for the bank and for the stokvels itself that exist within that market. Then we decided to tap into the market by offering Stokvel savings services*. – Interviewee B2

> *The next key step toward driving and entrenching financial inclusion is fostering a savings culture. …. The National Stokvel Association of South Africa estimates that the stokvel economy is worth R49 billion, with more than 800 000 stokvel groups. The bank's recently launched digital stokvel proposition taps into this, enabling better money management for stokvel groups as well as providing essential value-added services, including funeral, stationery and grocery benefits. Stokvel members can open their stokvel accounts in minutes using any USSD-enabled phone with the bank's enhanced digital on-boarding process*. – International Banker, 2019

The recently launched digital stokvel proposition, as the excerpt above shows, highlight an additional issue where a bank is able to harness the potential of digital technology to reconceive products and services for financial inclusion while also creating a cross-selling and up-selling opportunity for the bank through additional products such as the funeral cover embedded within the stokvel proposition.

The bank has further reconceived a digital product in the form of the affordable easy-to-use cell phone-based bank accounts for the purpose of meeting the financial inclusion needs of the unbanked and underbanked and in the process the bank has managed to reconceive new market

as the reconceived products and service have also been adopted and used by SMEs. This is supported by the participant's view and field note below:

> *Round about 2018 we launched our cell phone-based bank account focusing on previously unbanked or under-banked members of society by creating an affordable, easy-to-use bank account. Today the account is also used by SMEs because they realise that the account is cost-effective and removes the burden of managing money while running your business*. – Interviewee B1

> *This is done through creation of innovative product and electronic and digital delivery channels that are geared towards giving financial services and access to low-earning segment of the market using electronic channels*. – Field note, January 28, 2020

Case analysis further demonstrates that as part of their transformation agenda, the bank has reconceived products and services that is fully aligned to the needs and challenges of SMEs. These include creating a cost-effective pay-as-you-use bank account with a flat monthly fee bank account. This primarily means the bank is able to reconceive products and services to cater for the needs and challenges faced by SMEs as evidenced, in the raw data excerpt below:

> *One of our transformation goals is to assist small businesses and entrepreneurs in building and running their businesses. By the way, we are very big on that, hence we have created a pay-as-you-use bank account with a flat monthly to cater the needs faced by small business out there*. – Interviewee B3

> *At the core of your banking relationship with us is a business account. We offer full-functionality accounts on a pay-as-you-use basis, with the option to link a cheque and credit card, notifications and membership to our Greenbacks programme. Or save up to 40% in monthly banking fees by opting for one of our bundled accounts, which include free transactions, rewards, discounts on merchant services and more – all for a single monthly fee.* – Bank B SBS Brochure, 2019

The bank further demonstrates that the reconceived products and services for financial inclusion create value for society through saving time and money by transacting conveniently on the phone without wasting time and money travelling. At the same time the bank is also

creating banking opportunities for itself. This is supported by the organizational document cited below:

> *Bank B is creating a first banking home for many South Africans, directly addressing the key concerns relating to financial inclusion using USSD (Unstructured Supplementary Service Data) capability and saving clients time and money through a quick and frictionless mobile on-boarding journey. Clients are also able to transact and buy value-added services such as airtime, electricity and pay DStv, to name a few. Clients can withdraw money at any Bank B automated teller machine (ATM), and capability has been expanded for clients to do so at retailers too*. – International banker, 2019

- Redefining productivity in the value chain

Exploration of the case data suggests that the bank have a firm belief in the development and advancement of its people by investing in their continuous personal development in the form of learning programmes. These programmes build critical skills in the right areas of business while also ensuring the bank creates opportunities for a return on investment made through enhanced human capital within the bank. This primarily means that through this process, the bank is redefining productivity in the value chain. This can be witnessed in the participant's view and the organizational document cited below:

> *Some of the transformation imperative we focus on is equipping our employees with the necessary skills and competency needed to enable them to implement our purpose strategic intent as a bank and we sometimes do this by providing mentorship and coaching for our employees*. – Interviewee B1

> *Bank is committed to enabling all employees to perform to their full potential by creating a great place to work and learn. Continuous professional development is encouraged and supported by Bank B…*– Bank B Transformation report, 2018.

The bank further redefine productivity in the value chain by focusing on acceleration of the transformation of senior management to ensure it reflects the demographics of the country. This is done through the advancement of Africans, including women, to senior management, as well as persons with disabilities. This view is evidenced in the raw data excerpt below:

A key focus area for Bank B remains the advancement of women, together with the acceleration of transformation at senior management level, which is necessary to enable a workforce that reflects the country's demographics, especially in terms of African and black female representation. While recognising these challenges, Bank B is especially proud of the fact that women constitute 67 percent of the workforce. – Bank B people report, 2019

Bank B remains committed to the representation and reasonable accommodation of persons with disabilities. The Nedbank Disability Forum and Disability Desk champions promote inclusion and reasonable accommodation for both internal and external people with disabilities. – Bank B people report, 2019

- Improving local clusters and business

The case data analysis suggests that the bank enhance a local cluster through assisting with education and skills development by offering bursaries and funding for previously disadvantaged young people to access universities. This is another way of addressing the financial sector's transformation agenda while also helping to create educated, skilled and responsible members of society. This also helps to create a banking opportunity from a pipeline of readily available, competent and skilled employees, required by the bank for it to remain sustainable and competitive. This is evidenced in the raw data excerpt below:

One of the questions we are grappling with is: How do we transform the financial sector? And as a bank we decided through our bursary scheme to look at funding those previously disadvantaged individuals who are academically deserving but lack the wherewithal to access University. At least by so doing it helps to transform the sector, prepare young people for the world of work and for us, we have a pipeline of skilled and competent young leaders who are prepared to take over the bank in future. – Interviewee B1

The Bank B external bursary programme aims to fund academically deserving students who do not have the financial means to study full-time towards a first undergraduate degree or diploma at a South African public university or university of technology. Bursaries are awarded to address scarce and future skill

requirements in South Africa broadly, as well as with specific focus on the financial sector. – Bank B External Bursary Advert, 2020

The bank further enhances the local cluster through assisting with skills development prioritising blacks in general and black women in particular. This also forms another way of enhancing the bank's performance and contributing to its sustainable growth, as evidenced below:

Bank B is committed to addressing skills development not only by investing in our own employees, but also by supporting multiple initiatives in the broader society. We also support the outcomes…to pay special attention to the skills development element of the FSC and to ensure that blacks, particularly Africans and women, are prioritised. The investment in people will ensure that we can deliver sustained enhanced performance and will contribute to the growth and sustainability of the group. – Bank B transformation report, 2018

The data further indicates that the bank enhances the local cluster through development support and empowerment of SMEs by organising a competition, where the winning SME is provided with an advisory and mentorship programme, including a capital injection to carve out new markets in sustainable industries, as evidenced below:

I am sure you are aware of our business ignite support programme and business incubator programme with prominent one South African business growth expert where we are taking five entrepreneurs through their paces on and the winner will be given many prizes including mentorship, cash injection. – Interviewee B3

Bank B's "Business Ignite" is part of its many initiatives to support and empower entrepreneurs to carve out new markets and sustainable industries, boosting the South African economy in new way. – Bank B media release, 2020

As part of its transformation agenda the bank further enhances and empowers black entrepreneurs in general and black women and township entrepreneurs in particular to be included in the mainstream economy, become sustainable and grow their businesses within the bank's value chain. This is evidenced below:

> *Part of our transformation programmes and process is to ensure we also bring black entrepreneurs and those in township, including women entrepreneurs, to the mainstream economy and help them become sustainable as business owners*. – Interviewee B3

> *As a leading SA industry player, Bank B has the responsibility of ensuring that companies owned by black people are given a platform to develop and grow their businesses within the group's supply chain. A healthy relationship with suppliers is seen as a unique opportunity to express our enterprise development commitment tangibly and practically through a values-driven approach built on trust, collaboration and innovation*. – Topco interview, 2020

There is also a CSV initiative designed for black small-scale farmers where they are supported and empowered with seed funding and equipment, to ensure they become successful and sufficiently competent to compete with their white counterparts. This is evidenced through the raw data excerpts below:

> *You have to look at the work we are doing empowering black small-scale farmers where we are helping them with seed funding and empower them with equipment to ensure they become successful and play closer to their white counterparts*. – Interviewee B3

As part of the development of black small-scale farmers, the bank has developed a commercial and development model by providing zero interest loans. The CSV model has created opportunities and value for black small-scale farmers by providing income while also giving training, employment, and food security. This aspect is referenced by the organizational document below:

The Centane-Mbashe initiative [Centane and Mbashe Agricultural Initiative] focuses on the development of a model for the profitable and sustainable farming of communally owned land. It is a commercial and developmental model, designed to have high social impact. In 2015 Bank B became a partner in the initiative, injecting working capital loans. The loans from all three parties are zero-interest, with repayment scheduled to begin in 2020/21. Although in its early stages, the initiative is already having a noticeable socio-economic impact, particularly in terms of income and food security enhancement. While jobs have been, and will continue to be, created, these will be relatively limited as it is a fairly capital-intensive exercise. The

socioeconomic benefits from the projects are: Number of direct beneficiaries at 2017, 2 028; Income generation, Cash distributions 2014/15 and 2015/16 R6 471 066,59; Income generation, estimated cash distribution 2016/17 R6 251 000,86; Food security and income enhancement, land use fee 2014/15 R569 160,00; Food security and income enhancement, land use fee 2015/16 (418 t) R1 719 755,45; Food security and income enhancement, Land use fee 2016/17 (607,2 t) and payment for hand harvesting (431 t) R2 284 040,00; Permanent jobs created (directly from project), 12 temporary jobs created (directly from project); and 2016 16 that have received training. – Bank B Transformation report, 2016/2017

This creates opportunities for a new stream of revenue for the bank as it gets more productive, and clients begin taking additional banking services such as insurance, etc.

The data analysis further indicates that the bank is focused on supporting SMMEs by enabling growth and sustainability through a holistic support approach. This includes providing professional teams of finance experts and business advisors, dedicated skilled bankers and business specialists, including financing solutions, as a support to improve SMMEs. This primarily means the bank helps to improve local clusters of entrepreneurs as it acknowledges that these entrepreneurs are engines of growth and employment. This is supported by the raw data below:

> *Bank B is committed to strengthening the participation of small businesses – not only within our value chain, but also within the marketplace*. – Bank B Transformation report, 2019

> *Preferential procurement and enterprise and supplier development preferential procurement. Preferential-procurement practices remain a key strategy for enabling transformation, job creation and community upliftment, and Bank B's policies are designed to maximise our contribution. In addition, Bank B remains a signatory to the Prompt Payment Code, which means that small suppliers (excluding microenterprises) are paid within seven days and all other SMMEs within 30 days. New job opportunities are being created within these supplier organisations. …..* – Bank B Transformation report, 2016/2017

The bank is also enhancing local clusters through the creation of an in-house ESD programme to support entrepreneurs with a recognition that this remains a key strategy for employment

creation, upliftment of society and creation of business opportunities, as explained in the organizational document below:

> *An interesting trend in this area is the birth of in-house ESD programmes by players such as Bank B. It shows that banks are starting to view ESD as a business opportunity rather than another compliance hurdle and this approach is producing measurable results. Since Bank B decided to move ESD in-house in 2015, its allocation of procurement spend to black-owned businesses has increased to 24,4 percent from 14,9 percent.* – BASA Transformation in Banking Report, 2016-2018

The data further indicates that the banks enhance local clusters through providing employment opportunities for young people, as per the call by the Youth Employment Services (YES) for companies to employ younger people. Those that cannot be employed directly by the bank are placed within their partner companies or NGOs. The raw data excerpt below supports this:

> *Bank B is part of the YES campaign, and we work with number of different organizations in that regards, one of it being WILDTRUST [registered as the Wildlands Conservation Trust]. ... So, to deliver on our YES campaign, we have to create 3 100 job opportunities each …. those are example where WILDTRUST for example will have opportunities such as eco-tourism, recycling. In foundation we have range of NGOs.* – Interviewee B2

> *We have a long-standing programme with WWF [Worldwide Fund for Nature South Africa (WWF-South Africa)] and the YES [Youth Employment Service] programme and others such as the WILDTRUST. We also help for people to be hired within partner organizations and are paid by Bank B, WILDTRUST and Tradeway.* – Interviewee B1

The bank further employs youth through learnerships and internships to offer them work experience, mentoring, coaching and training to equip them for future employment opportunities. Those that are successful end up being employed permanently within the bank, while others are fully equipped with work experience and skills to search for employment elsewhere, as depicted in the raw data excerpts below:

LEARNERSHIPS Bank B is committed to transformation at every organisational level and, as part of this commitment, has been a participant in the two BANKSETA national learnerships since inception. …). Learners are provided with workplace experience while completing their studies and have access to organisation-specific training, workplace coaching and, in the case of Bank B, to learner support. – Bank B Transformation report, 2017

……. The purpose of the internship was to provide workplace experience to unemployed graduates who successfully completed the National Certificate in Financial Markets and Instruments (NQF level 6) with the Hedge Fund Academy. The workplace experience provided them with the opportunity to apply product knowledge and to gain exposure to compliance and regulatory matters, as well as the processing of various back office instruments. Both interns have since been permanently employed after completion of the internship. – Bank B Transformation report, 2017

As in the previous case, the bank goes beyond merely empowering and enhancing local clusters to enhance and close governance gaps in government service delivery. This is done by helping government department in the provision of smart IDs and passports, as advocated and facilitated at the macro-level by BASA to help ameliorate government limitations in governance. This is supported by the raw data excerpts below:

Do you know that you can now apply for your smart ID and passport through the Internet service called eHomeAffairs and come to our branch to collect your smart ID. We are now offering this service, which makes it convenient for people. – Interviewee B1

Bank B said it will extend eHomeAffairs services to another four branches in 2020. "Service at Bank B St. George's Mall, Rustenburg Square, Bank B Durban North, and Bank B North Cape Mall is planned to go live between February and June 2020," the bank said. It said customers are generally positive and appreciate the convenience of the service. … Numbers vary between 30 and 70 applications per day per site. – Mybroadband article, 2020

Theme 6: <u>CSV management practice characterised by different ways of thinking or mind-set.</u>

A closer exploration of the case suggests that CSV management practice is characterised by different ways of thinking or mind-set, with two similar explanatory themes. Data suggest a societally conscious mind-set, where the bank agrees that, as purpose-led organizations, they are willing and committed to deliver in a way that makes a meaningful impact in society. This also helps in attracting people who are socially conscious and like-minded within the bank, such as millennials who are known to have a bias towards purpose-led organizations:

> *I believe we need to have a committed leader that believe in this strategic direction and Bank B has been particularly lucky in the leader we have who is a firm believer in purpose-led companies and I think having the board supporting this kind of strategy is useful.* – Interviewee B2

> *……, most organisations are focusing less on the human elements of compassion, responsiveness and attentiveness. Our digital strategy is world-class without a doubt. But even digital experiences require human intervention*.- International Banker, 2018.

> *I also think the brand has position itself the way it has coupled with the right sort of leadership, you then attract a certain kind of staff who want to deliver on things that are more than just coming to work every day. They want to add value in a meaningful way. I think as you see with more and more millennials coming into business there is an expectation from the younger generations that companies will be doing more.* – Interviewee B1

Looking at the raw data above, an additional factor is highlighted in that CSV also requires leadership that is societally conscious in order to achieve seamless buy-in and support for the CSV concept.

Another requisite mind-set is the ambidextrous mind-set, where participants' views are that because banking is a profit-oriented business, there will always be a need to always have a mind-set that will position those societal challenges in a way that simultaneously considers the profit-making orientation of the bank, which primarily means there need to be an ambidextrous

mind-set when implementing CSV management practice. This is made clear in the participant's views and the field note cited below:

> *It depends how you frame your proposal to senior management. As a profit-oriented business, you spend time on things that will make money. So, in order to change social agenda even internally you need to position societal agenda in a way that you can make money. Otherwise as a business proposal [it] will not see the light of the day as it will even be rejected by a committed executive who believes in the good of society.* – Interviewee 3

> *The importance of understanding that as much as there is commitment for societal value mind-set, there also a need to balance with shareholder value mind-set as this ambidextrous mind-set is also important in framing a business for senior management.* – Field note, 27 January 2020

Another requisite mind-set is the long-term view or mind-set, where participants agree that CSV management practice require patience and a long-term view rather than a short-term oriented or "myopic" traditional corporate people:

> *This is not for everyone. It needs people who are patient and have a long-term view and [is] not for your myopic traditional corporate people who believe in profit at all costs.* – Interviewee B3

> *So, I think sustainable development agenda calls for a different way of thinking, for a more inclusive way of thinking, and calls for a more long-term way of thinking. It calls for a longer horizon; it calls for us to think systemically.* – Interviewee B1

> *This will require courageous leadership with a focus on long-term value creation and cooperation rather than a narrow pursuit of short-term private gain and competitiveness.* – Bank B integrated report, 2018

The case data further suggest that there is a need for risk takers or risk-taking mind-set required in the successful implementation of CSV management, as suggested by the raw data excerpts below:

So we do lot of interactions on environmental and social risks with different departments….But this doesn't say people should not take risks, more than anything we need individuals who are willing to take risks in order to make this work and be successful. If you are not a risk taker, how are you going to develop products for inclusion? You can't, because you don't want to make mistakes. – Interviewee B2

The thing is you can see opportunities but in order to leverage those opportunities you have to start [to] run the business in a different way and take slightly different risk appetite. – Interviewee B3

Theme 6: <u>Motivational driving factors of CSV management practice</u>

Exploration of the case data suggests that CSV management practice consists of three types of driving factors. These three types are those driven as a response or reaction to external pressures, those driven by proactive actions of the bank, and lastly, those that come as a desire for the bank to play a role in the aspirations for the South African economy and the desire to alleviate the complex challenges facing society. The bank also uses its corporate purpose as a proactive driving factor to implement CSV or engage in addressing societal challenges.

- **Responsive or Reaction to external pressures as driving factors of CSV**

The case data indicates that banks implement CSV management practice as a result of recognition of societal and environmental risk management. CSV is used as a rational way of mitigating those risks. The bank further acknowledges that there are always on-going interactions on risk management issues and considers sustainability or CSV as part of the business brand. This can be seen from the raw data from a participant's view and the organizational document cited below:

So, we have interactions on issues of risks from stress testing are taking into account climate change or environmental and social risk. – Interviewee B1

We recognise social and environmental management as an important area of corporate performance and accept that sustainable development is a crucial part of responsible business management. Social and environmental risks have therefore been included in the enterprise-wide risk management framework. – Bank B Group Social and Environmental Management System (SEMS), 2020

The data further shows that the bank implements CSV management practice as another proactive motivating factor for ensuring legal and regulatory compliance. As one of the first signatories and members of a different sustainability platform, the bank finds itself duty-bound to comply with those institutions and the relevant government legislation and regulatory framework. This is supported by the raw data below:

> *Key to this approach is compliance with the Equator Principles, an international voluntary framework aimed at ensuring a consistent approach to managing environmental and social risks in project and corporate financing.* – Sustainable development review, 2018

> *In addition, we are represented in, or are a signatory to, a range of industry bodies and are members of numerous sustainability platforms. This ensures that we stay abreast of global trends and best practices and allows us to contribute to furthering the sustainable development agenda in SA and the rest of Africa and contribute to strong institutions – our own and those of our clients.* – Sustainable development review, 2018

Another responsive driving factor involves helping government or closing governance gaps in government. This is where the bank recognises that government has some gaps in governance and service delivery and acknowledges that it has a moral role to play in closing those governance gaps. This is covered in the raw data below:

> *There is an acknowledgement from a company perspective that there are some gaps that government is not fulfilling and as a company, we should start fulfil[ling] some of this needs and address issues from a societal perspective.* – Interviewee B3

> *Government: We recognise the pivotal role of the state and the government in protecting human rights, but we also acknowledge the role business plays as a responsible corporate citizen as well as the importance of compliance with applicable laws.* – Bank B website, 2020

Another responsive motivating driving factor is legitimacy and societal contract. This is where the bank acknowledges the trust deficit between business and society as a result of societal challenges such as inequality and poverty while business is thriving at the expense of these

challenges. Hence the bank realises that it has a moral obligation to begin playing a meaningful role, such as bringing products and services that address these challenges, as well as by practicing fairness and equality as part of its societal contract and as a way of regaining trust, appreciation and legitimacy from society. This is illustrated in the raw data below:

> *There is lack of trust between banks and society. People feel disillusioned, so we believe that the more value we add to society, the more society will appreciate us and want to have us around and that will ensure our long-term profitability. So, we add value to society and the way they say thank you to us is to allow us to make profit, and that's how we see shared value.* – Interviewee B2

> *Inequality undermines trust, which is a precondition for long-term economic success…If we want to reduce inequality it is important that we, as corporate business, support efforts to address inequality through policies, financial products and services and programmes that work to fight poverty and improve education. More so, we need to practise what we preach by promoting fairness and equality, not only in the day-to-day running of our business, but also through the products that we design and market. In so doing, we will begin to reverse the growing divide*. – Sustainable development review, 2018

- **Proactive driving factors of CSV**

A proactive driving factor of CSV is where there is an agreement that bankable opportunities could be created out of solving societal challenges. The case analysis demonstrated that the bank agrees that there is a business case for the creation of bankable opportunities out of attending to the Sustainable Development Goals (SDGs). Therefore, in order to create banking opportunities there is a need for deeper understanding of client and society to identify and create banking opportunities. This finding is supported by the participant's view below:

> *I think that is kind of business case for sustainable development, it's about understanding client and society better that you can only but identify opportunities.* – Interviewee B1

The same can be demonstrated through the organizational document below where the bank agrees that there are indeed bankable opportunities for new revenue streams and cost savings from solving to Sustainable Development Goals (SGDs). This means primarily that CSV is

driven from an instrumental point of view of creating banking opportunities as a driving factor for implementation of the CSV management practice, as depicted in the raw data excerpts below:

> *It is estimated that delivery on the SDGs offers new revenue streams and cost savings of over US$12 trillion annually by 2030. This implies the level of redirected investment will have a profound impact on the structure of the global economy, resulting in significant job creation and poverty reduction. As such, we are putting delivery of the SDGs at the heart of our strategy and using this to create an enduring competitive advantage.* – Sustainable development review, 2019

However, there is a caveat highlighted, where discomfort is being registered with the CSV business case of creating banking opportunities as a driving factor to address societal challenges:

> *I agree that there is a need for business to see a return on investment, but does it mean if there is no opportunity for return being seen [this] means society will keep on suffering just because we want to make money. It can't be that we will help people because we want something in return.* – Interviewee B2

The case data points to the same thought process seen in previous cases regarding how opportunities are created, where the bank frames and position societal challenges in a way that present an opportunity to create banking opportunities. This resonates well with the ambidextrous mind-set (where the bank positions societal challenges in a way that not only solves these challenges but simultaneously creates bankable opportunities or money for the bank), as found in the previous section relating to the requisite mind-set needed for implementation of CSV management practice:

> *It depends how you frame it. It all depends as a company where you decide to spend time and resources. And being a profit-oriented business, you spend time on things that will make money. So, in order to change social agenda even internally you need to position societal agenda in a way that you can make money. Otherwise as a business you simply will not have any focus and attention.* – Interviewee B3

So similarly, if a bank takes a short-term view and says: "What business do I have in signing up or including people who are unemployed or in a low income category?" then they might not see value or opportunity. But if they take the long-term view, they will see that the people situation is pretty dynamic in most parts of everybody so you there will be business opportunity. This is precisely in how they model in their overall customer base or percentage of people in various categories would be something that they model based on their own revenue. – Interviewee B1

- **<u>The compelling societal case (need and desire to drive societal change) as a driving factor of CSV</u>**

Closer examination of the case suggests that there is also a need or desire from the bank to drive societal change or to alleviate societal challenges that works as a motivating driver of the CSV concept. This perception is supported by the raw data excerpt below:

Our focus is on the pressing social, environmental and economic challenges we are facing globally and our collective desire to address them for the sake of future generation and also, how do we ensure that it creates sustained value for all our stakeholders? – Interviewee B2

This desire or need entails a need for the bank to contribute to quality education. The bank recognises education and skills development in society as being the most important investment the country can make in its future, by producing people equipped to contribute to growing the economy. The bank does this by improving the quality of education and skills development through provision of learnerships and professional development of staff, and access to funding for students to attend university through its graduate programme. This can be seen from the raw data excerpts below:

As I have said before, for us to provide this graduate programme for young people, it begins with acknowledging the importance of education in society. So, we provide bursaries and funding for those who need to study at mostly universities. – Interviewee B1

Contributions to SDG 4 education is one of the most important investments a country can make in its future and its people. … It allows for a more integrated,

> *diverse and understanding society, encouraging the exploration of different cultures and perspectives. Quality education also dissolves barriers, creating a dynamic economy and greater access to an improved future.* – Bank B Sustainable development goal, 2018

The other compelling societal case is contributing to improving financial inclusion where the bank agrees with the empowerment of many of the unserved and under-served in society. This is done by providing digital platforms and entering the township market as part of the financial inclusion projects of the bank. The raw data excerpts below explain this:

> *There is a lot of work we are doing in financial inclusion space and providing some form of banking for many of our people. Look at our digital offerings including our banking apps: if you look at many township malls and shopping complexes you will find our branches.* – Interviewee B1

> *Financial inclusion: We believe in the empowerment of individuals through financial inclusion and are committed to delivering financial services at reasonable costs to previously disadvantaged and low-income segments of society.* – Bank B website, 2020

Helping and supporting SMMEs and young people is another compelling driver for societal change. The bank does this through promotion of capacity for SMMEs to absorb young people and offer employment opportunities in those small businesses. The bank also focuses on growing sustainable agriculture through financing projects as it recognises the importance of sustainable agriculture in employment and food security. This perception is supported by raw data excerpts below:

> *There is a need to help SMMEs most importantly focusing on young people, and we need the help of government on this one.* – Interviewee B3

> *Promoting the capacity of SMMEs with paid youth labour. Creating new cohorts of SMMEs through value chain initiatives and knowledge-sharing in collaboration with industry champions.* – Bank B Transformation report, 2019

> *Contributions to SDG 12 during 2018 include: Growing sustainable agriculture through finance and innovation. At Bank, we view the support and enablement of*

sustainable and ethical agricultural practices as a vital cornerstone of food security and employment creation in Africa. As such, we invest significantly in the sector, with a particular focus on innovation that has the potential to transform the way farmers work, enabling them to protect our natural resources, and capacitating emerging farmers as they become significant and successful commercial food producers. – Bank B Sustainable development review, 2018

Lastly, there is the compelling societal case of unemployment as another front-burner issue for the bank, where it is agreed that as a bank, it cannot be successful if those societies where it operates are not successful. For this reason, it has a critical role to play in ensuring the creation of decent work as a way of creating a thriving society. This can be seen from the raw data excerpts below:

There are serious triple challenges of unemployment, poverty and inequality we are facing as a country. I think we all agree we can't continue with this trajectory, so what needs to be done? As Bank B, through our internships and graduate programme we have absorbed many young people and provided them with critical job experience that will make sure they become responsible citizens in future. – Interviewee B2

Bank B has a critical role to play in building a nation that is inclusive and thriving. Meaningful job opportunities and reducing youth unemployment are vital to this. – Bank B integrated report, 2018

Contributions to SDG 8 during 2018 include: Bank B cannot be successful if the societies in which we operate are not successful. Decent work and economic growth are therefore critical components in creating a thriving society and delivering positive outcomes. Poverty and inequality continue to be key challenges to overcome across the continent. One of the ways to address these challenges is to improve employment levels through the creation of decent jobs. – Bank B Sustainable development review, 2018.

The above quotation highlighted another issue regarding where the banking sector uses SDG as a roadmap for understanding and gaining insights about societal challenges to be targeted, prioritised and focussed on. As a thematic area, this will be expanded in the following section.

Theme 7: <u>Environmental Societal Scanning to identify, define and gain insights into societal challenges.</u>

A closer exploration of the case data indicates that the approach by the bank on environmental and societal scanning to identify, understand and gain insights into societal challenges begin with Sustainable Development Goals (SDGs) as a primary guide. This is made clear by a participant's view and an excerpt from an organizational document below:

> *So, from a Bank B perspective, we say if we want to use our financial expertise for greater good of society: How do we define good? We use the Sustainable Development Goals to define good….* – Interviewee B1

> *Doing good is easy to say but harder to measure, and what gets measured, gets done. The SDGs represent a single common set of measurement criteria for "doing good" or improving the state of our economy and society. This power of common measurement and aggregation is why we chose the SDGs to measure the delivery of doing good, as set out in our purpose statement.* – Bank B Sustainable development review, 2018

The bank also adopted the NDP as secondary document as another environmental societal scanning tool used to define, understand and gain insight into societal challenges to focus on, and the way to integrate them into the core business to elicit banking opportunities. The bank further utilizes the African Union's Agenda 2063 and the World Economic Forum Global Risk Report.

> *The SDGs, African Union's Agenda 2063 and SA's National Development Plan (NDP) offer complementary roadmaps for the transformation of society and highlight investment opportunities that will meaningfully address these challenges*. – Bank B Sustainable development review, 2019

> *The latest World Economic Forum (WEF) Global Risks Report 1 singles out the geopolitical and geo-economics tensions, along with domestic political strains in many countries, as key hurdles to collaboratively address the most urgent global risks. In many cases it is the lack of progress in addressing these risks that exacerbates them and drives socio-political tensions.* – Bank B Sustainable development review, 2019

Theme 8: <u>Difference between CSI and CSV</u>

The difference between CSV and CSI, or corporate philanthropy, is that with CSV the real impact is made through core business operations and development of products and services. With CSI the opposite is the case as it brings a lesser impact with its focus on a single goal of creating societal value, while with CSV the focus is on creation of shared value. This perception is supported by the participant's view presented below:

> *I think what is also important is there is also a definite trend to move away from business doing good only through CSI and philanthropy and understand if they want to make real impact it should be through their core business and operations…. And imagine, say, Unilever when making impact is through core business.* – Interviewee B2

CSV, through its delivery of societal needs and challenges, comes with exciting opportunities for bringing new products and services. This means CSV, with its purpose of delivering to societal needs, comes with bankable opportunities for the bank, unlike CSR which can only bring opportunities for society, and not the bank, as suggested below:

> *We have prioritised nine of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as lending and investment practices.* – Bank B Sustainable development review, 2021

> *Out of all societal challenges the bank intentionally focus on those challenges are align to the bank's core competency and have greater impact in society*. – Field note, January 27, 2020

Theme 9: <u>Leveraged vehicles or enabler of CSV management practice.</u>

- **Corporate sponsorships aligned to core business as an enabler of CSV management practice.**

Closer exploration of the data suggests that this bank is able to leverage CSR and corporate philanthropy as enablers or transitional vehicles of CSV management practice. While in other cases corporate philanthropy or CSI are leveraged, in this case the bank leverages its corporate sponsorship as the enabler or transitional vehicle of CSV management practice. After a period

of not seeing real impact on value, this bank then decided to review its sponsorship programme by aligning it with its core business of financing and the corporate purpose.

The sponsorship programme operates through targeting professional footballers who are high income earners. History has shown that many footballers have problems with their finances and retire poor and destitute. The bank therefore decided to get involved by providing footballers with the financial skills and education to help their financial decision-making. This would sustain them in retirement and in the process, the bank would gain a lifetime client with money in retirement. This primarily means the bank's corporate sponsorship is used as an enabler of CSV management practice. The argument made here is substantiated in the raw data presented by participants, organizational documentation and a field note cited below:

> *We have also reviewed our sponsorship programme to ensure that it is aligned with core business of financing and purpose. As you would know that current professional footballers are earning lot of money but lack good financial skills and education to make informed financial decision, now many are left destitute when their football careers are over, with no money and unemployed. Then what does it mean for a bank? It means a risk of losing an affluent client. Now we have started having this conversation with our professional footballers through our football finance summit with our former footballers as ambassador. If they are taught well on their finances this will enable us as a business to have a lifetime client.* – Interviewee B1

> *Following a robust review of our sponsorship approach, a decision has been taken to place emphasis on driving financial education more robustly aligned to our overall intent and purpose to be money experts who do good. We will build on the financial education element of the Ke Yona Team Search and the recently introduced Football and Finance Summit. This seeks to encourage money conversations amongst footballers, both current and former, with a view to impart much needed knowledge backed by financial experts.* – Bank B media release, 2020

> *The bank has decided to review their football sponsorship and craft it in a way [to] enable Creating Shared Value.* – Field note, January 27, 2020

The bank is indeed able to leverage corporate sponsorships both as an enabler and as a transitional vehicle to CSV management practice. This was made possible by reviewing its

sponsorship programme and aligning this to the core business of financing, where the bank targets newly affluent clientele, in the form of professional footballers who are earning well. It turns these footballers into lifetime clients of the bank, with this being done through the sponsorship money and not new investment.

4.3.3 Case study 4: Commercial Bank C.

Commercial bank C was formed in 1962 as a subsidiary of the Commercial bank group which is the largest bank group in South Africa by assets and earnings (Banktrack, 2022). Commercial bank C has a global presence in 30 countries around the world, including 17 in Africa and regard itself as a catalyst for inclusive and sustainable economic growth in those countries where it operates. Indeed, the bank calls Africa its home and its corporate purpose is 'to drive Africa's growth', therefore they have committed to make life better for fellow Africans by doing business the right way. Meaning doing business in a sustainable and inclusive way through employing its core business and operations to have a positive and meaningful impact in societal challenges like education, infrastructure, financial inclusion and other UN Sustainable Development Goals. This meaningful commitment has been recognised at the 2021 Efma SME Banking Awards by bagging Gold in the SME Banker of the Year category, and Silver for the SME Bank of the Year category (press release, 2022). The bank has suggested that their success really lies in the meaningful relationships built with their clients, by developing deeper understanding of challenges faced by clients and solutioning for them (press release, 2021). The bank has also been named 2022 Africa's Most Valuable Banking Brand by Brand Finance.

Conceptualization of shared value

Theme 1: <u>Shared value as a complex and emerging concept adopted by the South African banking sector and understood from ESG as having traces of stakeholder theory.</u>

Closer exploration of the case suggests that within Bank C, CSV is seen as a complex and emerging concept used as part of the core business operation and is understood from ESG perspective. It also has its traces from the stakeholder theory. The empirical data suggest that CSV, within a large and complex organization that operates in many countries with more than 50 000 thousand staff, becomes a difficult concept to incorporate and disseminate throughout such an organization. Hence it is seen as a complex concept, as demonstrated in the participant's view below:

Not really, Bank C has got 55k staff and we operate in more than 20 countries so to get all those people to understand shared value is a challenge, so what we do is we work with people who understand it and they start to get involved and come up with new products and services. – Interviewee C2

The bank acknowledges that the concept's complexity comes with trade-offs of balancing the strategic and operational decisions against the complex issues faced in society. This additional factor highlights the challenges and hindrances faced within CSV management practice, as noted in the organizational document below:

As a large and complex business with a diverse set of stakeholders, we assess and manage trade-offs in respect of strategic and operational decisions. These trade-offs include the need to balance the challenges posed by climate change and the need to support access to reliable energy to support economic growth and poverty alleviation. Our decisions consider the optimal strategies to mitigate environmental impacts and are always made on the strict proviso that human rights are upheld, and applicable laws and regulations adhered to. – Bank C ESG report, 2019

The data suggests that the bank sees CSV as a new concept, still emerging within the bank. This is the case because traditionally societal initiatives are regarded as a project on the periphery of the core business. The bank is working towards bringing a comprehensive strategy with toolbox and measurement mechanisms to provide business units with a uniform understanding and interpretation. This primarily means CSV is still seen as an emerging concept within the bank. This is noted in the raw data excerpt below:

This is still new to many of us within the bank. You know for the last three years we were busy developing our societal strategy, but prior to the development, sustainability was seen as something in the side periphery. ... And [this] was not the right way to look at it. – Interviewee C1

All our current societal strategy documents and we are busy developing societal strategy measurement framework. We are developing a societal strategy toolbox which is basically a set of documents that will enable business units to know what our societal strategy is because will ask what our societal strategy is, how do I interpret within my business unit? – Interviewee C3

> *In 2020 the group developed a performance dashboard to measure progress against our strategy and developed non-financial metrics for each of our five value drivers, including SEE impact, at group level.* – Bank C Principle for responsible banking report, 2020

CSV is also understood as a way the bank governs its societal, environmental and economic issues, as can be witnessed through the bank having an ESG reporting that it regards as a true reflection of its CSV. Raw data excerpts from a participant's viewpoint, an organizational document and a field note below illustrate this point:

> *Shared value has to do with how as a bank we govern our environment and social footprint while also taking care of economic issues.* – Interviewee C1

> *Bank C Group's (the group) ESG (environmental, social and governance) report provides an overview of the processes and governance structures… It includes information about how we ensure that a strong ethical culture and appropriate conduct is embedded across the group – reflected in the way in which we treat our clients, suppliers and partners, how we support and develop our people, and how we impact on the societies in which we operate.* – Bank C ESG report, 2020

> *The bank's Creating Shared Value is understood from an ESG framework, and it is not called shared value, meaning CSV is understood as an extension of ESG.* – Field note, February 13, 2020

The bank sees CSV as a place where the aspirations of business, employees, government and society meet and further use its core business of banking to serve the interests of all these stakeholders. This means that within the bank, CSV is seen as representing stakeholder value theory, as can be seen from the raw data excerpts below:

> *It is where, through your core business, what you do every day, you generate value for range of stakeholders, investors, customers, shareholders and society at large.* – Interviewee C2

> *Shared value is in doing our business. How do we ensure that we take interest of every stakeholder along? So, it's where the aspirations of the communities,*

business, our employees as well as those of government, come into effect and where they meet, and how do we balance those aspirations. – Interviewee C1

Theme 2: <u>Interdependence of business progress and societal progress</u>

The data further suggests that CSV is seen as an understanding that the bank operates within society and not in a vacuum, with its long-term growth, sustainability and success being interdependent with that of society. This view is supported by the raw data excerpts below:

We need to understand the whole concept of shared value also says how do we make sure that for instance we not operating from the vacuum. As much as society adds value into our brand and secure our long-term future it is also about us bettering the needs [of] society. – Interviewee C3

As a financial services company, it is our core business to support economic growth, enterprise development, and job creation. We exist to help people to save and build wealth; … and to partner with the first-time home buyer and the young entrepreneur. This is the basis of our profitability and sustainability as a bank. – Bank C Report to society, 2016

We depend on each other to thrive, take for…, it means people are progressing and for business is the profit shareholder's value, meaning business is also progressing, then the whole cycle of going back again. – Interviewee C1

Theme 3: <u>CSV as incorporated into the business strategy.</u>

The empirical data indicates that the bank has aligned and incorporated its CSV strategy into corporate strategy. This is seen as way of ensuring that its corporate strategy contributes to individual and societal goals as envisaged in the Sustainable Development Goals (SDGs). The raw data below supports this viewpoint:

At Bank C we have our social, environmental and economic strategy and we have incorporated it into our formula of how we do business and how we measure success. So if you can deliver on our social strategy impact or value, you will also deliver financial impact. – Interviewee C2

We have embedded the consideration of social, economic and environmental impacts into our business strategy and decision-making processes. – Bank C Report to society, 2021

The bank has made a point that the societal strategy is incorporated and captured into the broader corporate strategy. – Field notes February 18, 2020

Theme 4: <u>CSV used as a competitive advantage and differentiation strategy.</u>

The empirical data suggests that CSV is seen and used as a differentiation strategy and competitive advantage. This helps the bank appeal to millennials who seek deeper meaning and connection in their interaction as clients. The raw data excerpts from participants' views and the field note below support this:

… We all compete in the kind of same stuff, but what makes us different is our societal strategy. It is actually our differentiating strategy, especially for millennials…they want deeper connection, and they want to feel that there is something more to this than just a bank. How do you make your money, do you make it with integrity, do you make it with conscience, what are doing what are you funding? Not just what do you do with your money? – Interviewee C1

Achieving our purpose has become our competitive advantage because in the past our competitive advantage safe old bank that has been around for a very long time and… I think it is the conscience that is building on how we gonna develop our products. – Interviewee C2

Working towards achievement of purpose is what the bank regard as differentiating factor among its peers and create competitive advantage for the bank. – Field notes 18 February 2020

Theme 4: <u>CSV strategies needed:</u>

- <u>Reconceive product and services.</u>

Within the bank CSV manifests itself through rethinking the market and development of products and services that contribute to solving societal and environmental issues and helping

to improve society. This is done in a way that creates opportunity for the bank to make money and be profitable, as explained by participants below:

> *So, for me shared value is not CSI, it is rethinking the market you enter and the products and services you offer in a different way where you can contribute to solving social and environmental issues but also you make money, and you make profit. So that's my understanding of the shared value.* – Interviewee C3

> *So, for us, it includes working with people who understand it and they start to get involved and come up with new products and services that improve society*. – Interviewee C2

Further exploration of case data indicates that the bank recognises that financial inclusion, as an enabler of SDGs and many developmental issues in society, could be achieved through reconceiving products and services such as payments, savings, insurance and credit facilities. This is done in a way that ensures they are affordable, accessible to individuals and businesses and meet the needs of society. These are products and services that also enable formalisation of the informal sector, grow businesses and be delivered in a sustainable and responsible way. This view is supported in the organizational document below:

> *…achieving financial inclusion requires that individuals and businesses have access to useful and affordable financial products and services that meet their needs, delivered in a responsible and sustainable way. This includes payments … It also enables entrepreneurs to formalise and grow their businesses. Financial inclusion has been identified as an enabler for several of the 17 UN Sustainable Development Goals, including Goal 10, reduced inequality.* – Bank C Report to society, 2019

The bank ensures that in reconceiving of products and services, social issues become central in the process, which requires a closer and deeper understanding of the day-to-day struggles of society. This means the bank ensures that in the creation of products and services for financial inclusion it integrates those day-to-day challenges, as explained in the raw data examples below:

> *I have to say some of the products, I think I have to agree we have a social element in mind such as the Instant Money is one of the products we have, it has been our*

biggest inclusive banking product solution and I will use a real example... Now we see that as massive growth for our inclusive banking solution. – Interviewee C3

We are finding that Instant Money is particularly popular with people living in cities who wish to transfer money to family members in rural areas. Money can be sent and collected at Bank C ATMs or other designated collection points within most communities. This makes it more convenient than other forms of payment in the country, which take time to be complete. – Bank C Report to society, 2019

The empirical evidence above highlights an additional element, where in the process of solving societal challenges, the bank has also leveraged partnerships with retail shops to ensure that products and services are co-created and delivered in society.

The empirical data further suggests that the bank, in the process of reconceiving products and services, they get a deeper and clearer understanding of the struggles within the informal savings culture in rural and township society where money is saved at home without the opportunity of earning interest in a formal saving's space. The bank decided to reconceive products and services that meet these previously unmet needs by creating a society scheme savings account. This is explained from a participant's viewpoint and in the organizational document below:

There is a huge savings culture in the township and rural areas. In fact, this is how people manage to thrive and get things done through this savings scheme and we realise that the only struggle they have is they put this money and share at the end of the year or when there is a funeral, and the money is sitting there without earning any interest. Hence, we have society scheme account to ensure that their money can go a long way in earning interest for them. – Interviewee C3

Being part of a stokvel, investment group or burial society is the perfect way to save some money with the support of friends or family. Some of the benefits of starting a group savings scheme are: … Once a desired amount has been reached, the money can be moved into longer-term investments, growing the initial investment even faster. Individuals receive higher interest because the group is saving a larger amount together. – Bank C website, 2020

The case data indicates that the bank harnesses the power of technology as a way of reconceiving products and services to meet the needs and challenges facing society. The bank does this through developing digital products and services, such as digital instant money, to help in solving the financial inclusion challenges facing many in society. This is evidenced through the participant's view presented below:

> *We have come up with a digital banking service called Instant Money as part of our financial inclusion drive for people with or without any bank account or Standard Bank account. It makes it easier for those in the cities to quickly send to the loved ones in the rural areas.* – Interviewee C2

The bank further reconceived products and services by developing digital products and service to improve access to banking and affordability for many in society. This is supported by the organizational document below:

> *We are committed to improving access to and the affordability of financial services, including through digital products and services that are accessible even without a bank account.* – Report to society, 2019, 2021

The bank's electronic wallet or instant money is also used as a way of including or connecting informal sector businesses to enable them to pay suppliers and distributors, as many in the sector are unbanked or under-banked. This is done through supplying informal traders with the device that assist them to connect with suppliers. The bank takes great care to ensure the needs of the informal sector are considered in the creation of products and services such as understanding that the informal sector lacks the formal banking requirements, so there is a need to build a profile with which to assess lending risks. This profile could then be used to understand traders' ordering patterns of the stock needed from their suppliers. This perception is supported by the organizational document below:

> *Bank C has taken a stake in local fintech firm Nomanini to offer credit to potentially millions of small shop owners and other informal retailers across Africa that have limited access to banking services. Africa's biggest bank by assets has invested $4 million in Nomanini. Other products it will offer the retailers include short-term savings and insurance.* – Nomanini press release, 2019

Implementation of the reconceived products and services has been successful for the bank, creating additional banking opportunities such as bringing new clientele from among SMEs that have now adopted the service to transact and solve their payment challenges. This is witnessed in the organizational document below:

> *We are also seeing a big increase in Instant Money for businesses, with annual growth of over 100 percent. Bulk Instant Money allows businesses of any size to disburse funds through the Instant Money platform to any person in real time. Recipients don't need a bank account and can collect their funds at a date and time of their convenience. We have examples where businesses had payment challenges and, at short notice, had to pay more than 2 000 employees. Instant Money Bulk Payments were utilised to facilitate this transfer of funds.* – Bank C Newsroom, 2019

The bank has further harnessed digital power through digital solutions that support SMEs by reducing the cost of getting their businesses on-line and enhancing the ability to run business effectively. This is done through enabling processing of in-app payments, e-invoicing and e-receipting and monitoring, and controlling fraudulent activities. This move is depicted in the raw data cited below:

> *Bank C has introduced SimplyBlu, a digital solution that aims to ease the process of setting up and managing an online store, as well as securely accept card payments. … SimplyBlu is aimed at supporting entrepreneurs by reducing the cost of getting a business online, adding the bank is working on a few products and services that will enhance the ability of entrepreneurs to be effective in running their businesses.* – IT web, 2019

The bank further reconceives products and services as a way of meeting challenges facing SMEs, by creating affordable micro-insurance for small businesses and affordable products and services suitable for SMEs and small businesses. This is described in the raw data below:

> *Micro-insurance to small businesses. The policies are coupon-based and are designed to cover stock and business contents for small business owners against risks like fire and theft. They can also be used to cover agricultural goods. The product is available across 14 of our countries of operation in Africa*. – Report to society, 2019

> *We launched MyMo in 2019 – a low-cost transactional account which can be opened online. At the end of 2020, we had 659 352 clients with a total client balance of R1.3 billion... Customers can open an account in under 60 seconds, from wherever they are, with no need to visit a branch. All they need is a mobile phone and an official identity document. They are able to transact the same day.* – Report to Society, 2020

- Redefining productivity in the value chain

The case data further suggests that the bank redefines productivity in the value chain by investing in its people through skills development and reskilling for current and future skills sets required within the bank. The bank does this through offering tailored employee bursary schemes enabling staff to further their studies at tertiary institutions of their own choice, as well as by providing learnership programmes to build scarce critical skills in areas such as data analytics, IT, auditing and finance, and future skills such as data science, robotics, behavioural economics and cloud computing. This primarily means the bank is redefining productivity by providing skills development to its employees to ensure they become competent and productive. At the same time keep up with the changing needs of clients and society in the financial sector. The organizational document below explains this:

> *We actively support our employees to ensure their skills remain relevant in a rapidly changing world of work. We have developed a future skills framework which has informed the development of our suite of learning programmes.* – Bank C Transformation report, 2021

> *We encourage continuous learning and development to ensure our people are equipped to meet the demands of a rapidly changing and increasingly digital world of work. We invest in training and development at all levels, enabling us to build a strong succession pipeline of future leaders. We invest in our people to help them become future-ready, developing their skills as the financial industry evolves*. – Bank C website, 2021

The bank further redefines productivity in the value chain through employees exchange programmes and secondment, giving international exposure to their employees through training opportunities with different international partner banks while also accepting employees from those international partner banks. This is done to build cross-cultural

awareness that builds capacity to conduct business across different jurisdiction. It also helps in building succession planning for key roles within the bank, as evidenced in the organizational document below:

> *EMPLOYEE EXCHANGE PROGRAMMES AND SECONDMENTS. As an international bank with an expansive footprint across Africa, we're proud to have employees from over 50 different countries. We value multi-country experience and offer international training opportunities for our people. One hundred and twenty employees participated in international assignments in 2019. The cross-cultural awareness that these build facilitates our ability to conduct business across Africa….* – Bank C Annual Integrated Report, 2020

- Improving local clusters and business

The case data indicates that the bank supports and improves access to higher education and learning through provision of bursaries geared towards assisting deserving students who cannot afford tertiary education costs. The bank does this through a crowd-funding NGO called Feenix (of which the bank was a co-founder) and through its in-house bursary scheme. This is illustrated in the participants' viewpoints cited below:

> *Besides being the founding members of the Feenix funding scheme for the tertiary students who do not have university funding, we also have our in-house bursary scheme for students who want to embark with their higher education studies whom in the end become part of our graduate programme. And we also have a bursary for our employees who might want to further their studies.* – Interviewee C1

> *I am sure you have heard of Feenix. It's us who co-founded that scheme, after "Fees Must Fall", to cover those who lack funding and to also cover what they termed "missing middle" in tertiary education.* – Interviewee C3

The bank acknowledges that provision of access to funding helps to build bridges for young people entering the world of work, address racial and gender inequalities, while at the same time helping to break geographical barriers to educational advancement. The bank further suggests that this value creation for society helps create value and opportunities for the bank

through developing necessary skills sets required by the bank. The organizational document cited below explains this purpose:

> *To build a bridge for young people entering the world of work, address racial, gender and geographical challenges to educational advancement, and develop the kind of skills needed by Bank C.* – Transformation report, 2019.

The bank further works to build and nurture local clusters of SMEs. This is done through the bank's incubator programmes. These include mentoring, access to working space, capacity-building and business development and seminars. The raw data excerpts below further explain this:

> *We provide enterprise development support services across the country with incubator hubs for SMEs. I am sure you are aware of our incubator hub at Rosebank opposite our CIB branch. We offer incubating services, mentoring, access to working space and funding for SME and entrepreneur development programmes. We also host business seminars for these entrepreneurs, including medical professionals who are running their own medical practices.* – Interviewee C3

> *Our service offering includes capacity-building and business development support services; access to mentoring and coaching; access to market opportunities in the Bank C value chain, and the value chains of our business and commercial clients; access to finance, either directly from the bank, or with the bank acting as a funding facilitator/intermediary, and free access to working space, wi-fi and meeting rooms.* – Report to society, 2020

> *In South Africa, our enterprise development team provides financial and non-financial support to small business.* – Report to society, 2021

The bank adds further value by providing business seminars and support for medical professionals. A stakeholder co-creation factor is highlighted where the bank co-creates programmes with the Institute for Health Professionals. The programme teaches health practitioners about building a financially sound practice and growing revenue streams. The organizational document cited below attests to this:

> *We support better health outcomes for Africa's people by financing healthcare providers, financing health infrastructure and equipment, providing business development support to healthcare practitioners, investing in our people's health...* – Bank C Transformation report, 2020

The bank further builds and nurtures local clusters of SMEs by providing access to corporate supply chains and developmental support. This is done through providing enterprise and supplier development programmes supporting black-owned small businesses. Included are training programmes, access to funding, markets and development support. The bank has ensured that these programmes are taken across the country, as evidenced through the raw data excerpt below:

> *We run an Enterprise Development supporting black-owned small businesses through the WalletWise for business programme works where we help them with skills development to run businesses, access to funding, markets and development support. We have taken this programme to different towns such as Durban, Khayelitsha, Polokwane and Welkom. With as many as 120 business owners successfully completed the programme.* – Interviewee C2

> *WalletWise includes financial literacy and basic business skills training for startups and small businesses. We aim to educate and empower small businesses in low-income areas through online training and mentoring. We run two Consumer Education for Business programmes: the Start-up programme, and the Business Growth programme. 80 small businesses from previously disadvantaged communities in four provinces participated in 2021.* – Report to society, 2021

The bank further enhances local clusters of SMEs through a sponsorship of SME competition, where they are providing the winning businesses with financial support, development programmes and exposure trips, plus access to market opportunities. These aspects are attested in the organizational document cited below:

> *We sponsored six ICT businesses to attend ITU Telecom World, an annual event organised by the UN, which brings together digital start-ups and SMEs, governments, regulators, industry leaders and experts from around the world. Following the event, Bank C committed R200 000 per business for further support,*

including development programmes, exposure trips and access to market opportunities. – Report to society, 2019

The case data suggests that the bank enhances local clusters through providing employment opportunities by providing internship and learnership programmes. The bank is also part a joint government-private sector YES programme where they are providing entry level employment to youth with the possibility of transitioning to full time employment. This is supported in the raw data excerpts cited below:

The country is faced with a challenge of youth unemployment and as an organization we get involved. That is why we are running learnership programmes and internships programmes to provide entry to the corporate world for young people as the little contribution we can make as an organization. Remember we also support the YES programme for employment. – Interviewee C2

We introduced learnership programmes for unemployed young people in 2007. The programmes provide a crucial opportunity to gain work experience. For many participants it's their first job. …we enrolled 709 unemployed young people in learnership and internship programmes. Seven hundred and twenty-nine learners from our 2018 intake completed their programmes during 2019. Three hundred and seventy-four of these learners were retained at Bank C. – Report to society, 2019.

The bank further does this through the provision of graduate programmes as an entry to the corporate world and the provision of the necessary skills and on-the-job training and nurturing future skills required by the bank. This is evidenced in the organizational document cited below:

GRADUATE PROGRAMME: We strive to attract and retain talented individuals in the banking sector. Our graduate programme provides an entry point into the corporate world for university graduates, supporting skills development and on-the-job training, nurturing future skills within the group and building a diverse workforce to drive Africa's growth. …with a strong focus on data science and quantitative skills. Sixty-one percent of our South African graduates are women and 92 percent are black. – Report to society, 2019

Theme 6: <u>CSV management practice need for a change in mind-set.</u>

The case data analysis indicates that there is a requisite mind-set in the CSV management practice. Data suggest that there is a need for individuals and leaders who are truly committed and conscious of the purpose of doing good and have a deliberate approach of creating positive impact in society. This primarily means there is a need for societally conscious mind-set as one of the requisite mind-set. This can be seen from the raw data excerpts below:

> *I do think, especially now working here, we have a set of leaders with the exception of few who are truly committed to the purpose of doing good as a bank.* – Interviewee C2

> *It requires a conscious and deliberate approach to generating a net positive impact.* – Report to society, 2019

The case analysis further suggests that in order to be successful in creating banking opportunities out of societal challenges or in the implementation of CSV management practice there is a need to understand that the bank must take a long-term outlook. This means there is a need for a long-term mind-set, as referred to in the participant's view and the organisational cited document below:

> *For you to be successful on this and be able to execute those business opportunities, it needs someone who has a long-term outlook, a person who will be able to understand that in this business we go in for a long haul and be prepared to take risks.* – Interviewee C1

> *Our societal strategy requires us to take a long-term view, and to assess the positive and negative impacts of every business decision not just for the group, but for the communities in which we operate.* – Report to society, 2019

A caveat is highlighted in the above interview raw data where there is also a need to have tolerance for risk, meaning there is a need to have a risk tolerance mind-set in the implementation and delivery of CSV.

Another requisite mind-set involves commitment to solving societal challenges while simultaneously being able to think of a return on investment (ROI). When implementing CSV management practice, there is a need to understand that in assessing ROI, there is also a need

to simultaneously assess societal impact such as jobs created, access to public service and environmental degradation as a result of the CSV investment. This primarily means there is a need for ambidextrous mind-set within the bank. The organizational document below illustrates this need:

> *When assessing return on investment and credit risk, for example, we need to simultaneously consider factors such as number of jobs created, number of people benefitting from improved access to public services, or greenhouse gas emissions avoided, for example.* – Report to society, 2019

Theme 8: <u>Motivating or driving factors of CSV.</u>

The case data indicates that CSV management practice consists of three types of motivating driving factors: those driven as a response or reaction to external pressures, those that driven by proactive actions of the bank, and lastly those driven from a desire to alleviate complex challenges facing society.

- **Responsive or reaction to external pressures (responsive motivating driving factor of CSV)**

The bank acknowledges that its implementation of CSV management practice comes as a result of understanding that it is only rational to respond and manage risk associated with the societal and environmental issues linked to its operations. This is explained in the organizational documents cited below:

> *We are committed to… We identified ESG risks as one of the group's material risks in 2019 and have begun a comprehensive review of our governance systems and processes to ensure we're aligned with global good practice.* – Bank C ESG report, 2019

> *We recognise that we operate in markets and sectors that are rated as high ESG risk. Effective ESG risk management is therefore crucial to minimise direct and indirect harm to the environment and society arising from our operations*. – Bank C ESG report, 2021

> *The bank has many business units and as a unit they may see shared value as an opportunity and not all units while other unit might see it as managing risks and….*

There are also those units where they see it completely clearer and understand that, Hey, there is great opportunity here. – Interviewee C2

There is an element where it is business strategy towards opportunity, and it is very much like the one happening in retail banking. It is reducing risk: we might make less money, but it certainly reduces risk and as a result we might benefit from other client. – Interviewee C1

However, looking at the participants' views above there is also an element of proactive motivating factor where there is an acknowledgement that this is done from an instrumental perspective, where the bank in the process of implementing CSV from a risk management or responsive motive, they further done it as a proactive strategy to create banking opportunities out of managing those societal and environmental risk.

The case data further indicates that the bank implements CSV management practice as a response to legal and regulatory obligations of being fully compliant with global standard and local regulation. These regulatory obligations involve being compliant with the King Reports on Corporate Governance, United Nations Principles for Responsible Banking, the Paris Climate accords and the UN Sustainable Development Goals. It requires alignment of the bank's business strategy operating processes with the requirements set out by those regulating bodies. This is covered from a participant's viewpoint and in the organizational documents cited below:

We have a group social and ethics committee as required by King's Report and this committee oversees sustainability and basically how societal strategy is done within the bank. – Interviewee C1

We ensure that we're in full compliance with global standards and local regulations in all our countries of operation, and we work hard to build positive relationships with our regulators to understand their concerns, and to provide constructive input on policy and regulatory developments. – Bank C Report to society, 2016

As a founding signatory, we commit to aligning our business strategy with the objectives and targets set out by the UN Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks – working

responsibly with our clients and customers to create shared prosperity for current and future generations. – Bank C Report to society, 2019

The case data suggests that the bank agrees overwhelmingly with the view that it has a moral obligation not to harm society in its operations and must do things in a more responsible way by ensuring that it meets societal expectations and becomes a trusted partner in society. This primarily means the bank implement CSV as a way of meeting its societal contract and legitimacy in society. A participants' viewpoints and an organizational document below relate to this:

Banking is now more than just banking. It's about platforms and ecosystems, it's about bringing reputation and legitimacy of Bank C because we have that reputation, we can bring these partnerships together in ways that others can't. – Interviewee C3

If you look at the history of banking, not just Bank C, before what we call externalities, what you financing we never take ownership of. ... Now society is holding banks to account and say: If it wasn't for your money mine could have not done that. Why didn't you assess properly enough to know that is a safe investment for society and the environment? – Interviewee C1

Effective engagement builds trust, strengthens our legitimacy as a socially relevant and responsible corporate citizen and supports our efforts to develop and implement effective solutions to Africa's social, economic and environmental challenges. – Bank C ESG report, 2020

- **Proactive driving factors**

- **<u>Corporate purpose as guide and driving factor to CSV management practice (Moral Argument)</u>**

Closer exploration of the case data suggests the bank is utilizing its corporate purpose, centred around doing good in society and a belief that societal conscience as a mind-set is critical in how it executes corporate strategy and its core business of developing products and services. This means that corporate purpose is used as a proactive driving factor in the implementation of CSV management practice, as indicated in the raw data excerpt below.

> *So as a bank we have a purpose, and I think it is that conscience that is building on how we gonna develop our products and services.* – Interviewee C2

> *We create value by living our purpose and achieving our vision through the diligent execution of our strategy.* – Bank C Report to society, 2021

The bank also sees solving societal challenges as instrumental to creating banking opportunities. Indeed, the bank has suggested that the development challenges faced in the continent, such as infrastructure challenges including roads, ports, schools, hospitals, the Internet and universities, present massive banking opportunities that can be created through solving them. This is explained by participants below:

> *If we look at the developments needs in Africa, if you think of the facts that we don't have roads, ports, Internet, energy, schools, hospitals, universities, there is massive opportunities only if you can become socially ... Just think of opportunities in financing renewable energy. In SA alone it is billions and billions of rands.* – Interviewee C3

> *So for us in terms of shared value is what are the social, environmental or socio-economic challenges Africa is facing and what capital do we have and what business opportunities can we find in order to find that sweet spot where we can solve those societal challenges using our capital funding business solutions as well as where we can make a little bit of money and we commercialise and make money from it, so that is all about what shared value is all about.* – Interviewee C2

The bank further agrees that its societal strategy is used as a proactive way to create a business case out of clients' evolving needs and challenges and the needs to solve them in a way that provides banking opportunity for growth. This is shown in the organizational document cited below:

> *Our societal strategy value driver requires us to think proactively about evolving client needs and the changing operating environment. It also provides us with an opportunity to grow our business by providing innovative solutions to address societal, economic and environmental challenges in the markets in which we operate.* – Bank C report to society, 2019

An important view highlighted here, is the firm belief that CSV cannot be driven purely from an opportunistic or instrumental point of view. The idea is it should instead come as a by-product of a commitment to doing good in society. This view demonstrates a discomfort the bank has over the business case for CSV, as illustrated by the raw data below:

> *Fair enough, opportunities have to be made, but we cannot be seen to be exploiting society. If they have to come, let them come as a by-product of our good deeds.* – Interviewee C3

- **The need and desire to drive societal change as a driving factor of CSV management practice.**

Closer exploration of the case data indicates that the bank addresses societal challenges as a way of fulfilling the desire to see change in society. It is a desire to realise an economy that grows and creates jobs and economic opportunities for many in society. It is a desire to provide support for improved access to crucial services such as quality health care and quality education. It is the drive to see positive impact in society, the economy and the environment, as can be seen from the raw data excerpts below:

> *By this we mean growth that creates jobs and economic opportunities for as many Africans as possible; that helps to alleviate poverty and supports community development and financial inclusion; supports improved access to crucial services such as quality health care and quality education, adequate water and sanitation, and reliable and affordable energy, transport and telecommunications infrastructure; minimises harmful impacts to the natural environment, and respects universal human rights. To achieve this vision, we need to ensure that the clients we bank, and the projects, partnerships and infrastructural developments we finance, create net positive social, economic and environmental impacts. These considerations are front and centre when we make business decisions.* – Bank C Report to society, 2019

> *Bank C's SEE Impacts has identified seven areas in which we believe we can best achieve our purpose, to drive Africa's growth, while making a substantial positive impact on society, the economy and the environment* – Bank C Report to society, 2020

The raw data further indicates that the bank recognises the importance of having a transformed financial sector that is inclusive of those who were previously disadvantage and unbanked by creating products and services geared towards financial inclusion. This is supported by the participant's view and the organizational document cited below.

> *As banks we have always been urged to transform the financial sector and include those who were previously disadvantage and unbanked, so as the bank we always committed to products and services that advances financial inclusion.* – Interviewee C3

> *Financial inclusion supports economic and human development and reduces inequality. Financial inclusion has been identified as an enabler for several of the 17 UN Sustainable Development Goals, including Goal 10, reduced inequality. We enable more people to access financial products and services, supporting economic development and reducing inequality.* – Bank C Report to society, 2019

The above excerpt highlights another issue where the banking sector uses SDGs as a roadmap for understanding and gaining insights into societal challenges to prioritise and focus on.

Theme 4: <u>Environmental societal scanning to define societal need and gain insights.</u>

Raw data analysis for the current case indicates that the bank also relies on the SDGs as a primary environmental societal scanning tool to identify, define and gain insights into challenges faced in society. This is followed by further using the National Development Plan 2030 and the African Union Agenda 2063: The Africa We Want.

> *It's more about what we use outside of the bank, something like SDGs. You know we have used the SDGs to inform our impact areas whereas the bank can we make significant impact so there is that element, so it's more about the after effect, so we kind of developed our strategy using things like SDGs and NDP, so we engage with the document more than the institutions. We also looked at the African Union Agenda 2063, so we took all those elements to inform our strategy.* – Interviewee C1

> *We selected these impact areas based on their relevance and alignment with: • Our core business activities • The most pressing needs of Africa's people, businesses*

and economies • The United National Sustainable Development Goals and the African Union's Agenda 2063. – Bank C Report to society, 2021

The bank further suggests that the bank heavily relies on its own research as a societal scanning tool to gain first-hand experience and deeper understanding of the challenges faced in society and finding different ways of solving them through the core business. This is explained in the participant's comment below:

Beyond this we also conduct our own research to have a closer and first-hand experience of what we are getting ourselves into. – Interviewee C2

I will use real example there was a client when we were developing an inclusive banking story and doing our research, we sit down with our clients listen deeply to what they have to say. So now what instant money allowed her to do is to send money from her cell phone straight to her aunt in rural areas……-Interviewee C3

Theme 5: <u>Societal initiatives as transitional vehicle for CSV management practice</u>

- **Philanthropy as a transitional vehicle to CSV management practice**

The current case analysis suggest that the bank is able to leverage corporate philanthropy as an enabler of core business or CSV through establishing a crowd-funding NGO for a challenge of student funding. As a result, students access to university education, with some of these universities being clients of the bank. This can be termed CSV as many newly minted and skilled graduates who are beneficiaries of the bursary scheme are also absorbed as employees of the bank. This simplifies the recruitment process and reduces recruitment costs. Some graduates are absorbed in various corporates, but also get to be captured as new clients who are offered different products and services feeding directly to the core business of banking. This effect can be witnessed from the example by the participant's views presented below:

….. Now the way we see it is we don't make money out of Feenix. In fact, it cost us money because we provide them with the operating cost. But what we see is, remember a lot of institution that are taking those students – Wits, UCT, Stellenbosch wherever – they bank with us, lot of institutions bank with us. So, this year we have like 600 students to fund through this thing. Immediately after graduating many corporates will be lining up for new talent and begin recruiting,

so as a bank we do think that we have a role to play there. We can still influence their banking decision in future, and they can easily listen to us when we start approaching them for taking them as clients and begin offering them different products they can get at the time…. – Interviewee C3

Feenix was launched in June 2017 as a response to the #FeesMustFall movement that swept across South African tertiary campuses in 2015 and 2016. The platform connects communities; providing a tool for students to formalize their fundraising efforts and a channel for funders to find students they wish to support. Donors get a chance to see exactly who their money is going to and what it is being spent on. The online platform has a relationship with students and the universities where students are matched with the appropriate sectors, which enable corporates to simplify their recruiting process. – Mkhize, 2020

Feenix graduates enables an opportunity of simplifying future recruitment process and being approached as future clients for the bank. – Field notes February 18, 2020

4.3.4 Case study 5: Commercial Bank D.

Commercial bank D is a wholly owned subsidiary of Bank D group and was formed in 1992 through a merger with other financial services and in 1993 it further acquired another group of banks and adopted its current identity in 1998. In 2005 its controlling shares were acquired by a United Kingdom banking group and in 2013 it became wholly owned by this United Kingdom banking group and listed in the JSE the same year. The bank's split from the United Kingdom banking group began in 2017. The bank now calls itself a truly African brand, inspired by the people it serves and the will to understand and respond with insight, creativity, ingenuity and tenacity to the unique development challenges facing the continent so that it can make Africa proud. The bank is now one of Africa's largest diversified financial services groups with presence in 12 countries across Africa. Its purpose is to bring possibilities to life, and this is done through finding creative ways to deliver innovative technologies and propositions to make more possible and help shape a world that values progress and economic activity to serve the common good. The bank's strategic intent is in being an active force for good in everything they do. Meaning deploying their core business operations in sustainably creating shared value and playing an integral role in creating positive environmental, social and economic impact.

Conceptualization of CSV

Theme 1: <u>Emerging concept at the core of business and operation</u>

The case data indicates that the bank has recently moved away from corporate philanthropy and strategic CSI into a new trajectory. In the process, the bank has crafted and developed a new strategy and a new proposition involving being a force for good in society. The bank regards this new CSV proposition of doing good in society as a strategy that will help the bank pursue new growth opportunities. This primarily means that the CSV concept is an emerging concept within the bank. This is supported by the participants' views and the field note below:

> *I think as a bank we obviously come a very long way when it comes to our strategy around addressing social issues within communities that we serve. It in fact dates back in times it just used to be philanthropy, CSI, and we used to have shared growth, which is strategic CSI, and recently we have developed a "role in society", which became our new strategy….* – Interviewee D2

> *I mean over the past years Bank D has been lagging behind and we have said we want to grow fundamentally and that our new strategy is driven from different strategic priorities from creating a thriving organization, building pioneering new proposition as a bank …playing a shaping role in society which is an enabler that speaks to being a force for good in society. How do we leverage our core business and operation…?* – Interviewee D1

> *The bank has recently crafted a new strategic roadmap for the bank to address societal challenges, which makes new and emerging within the bank.* – Field notes March 3, 2020

An additional issue is highlighted by the quotation above and document analysis below: demonstrating CSV as part of the core business activities and core assets and expertise of the bank, which ensures that solving societal challenges creates shareholder value. This is a clear demonstration that CSV is part of the core business activities of the banking sector.

> *We are committed to shared value which, for us, means using our core assets and expertise to develop commercial scalable solutions to societal problems whilst deriving shareholder value.* – Bank D website, 2019

Theme 2: <u>CSV is at the intersection of shareholder and societal value and traces from stakeholder theory.</u>

The case data indicates the bank suggests that at the centre of the CSV concept is the virtual link between creation and delivery of shareholder value and societal value and the understanding that both are mutually reinforcing, as the raw data shows below:

> *My understanding of shared value is a bank we have to be seen to create value for communities where we operate and at the same time ensure that the bank has a space to create value for its shareholders who are also members of society themselves.* – Interviewee D3

> *Central to shared value is the idea of creating a virtual link between our own success and society's progress*. – Bank D website, 2019

> *Shared growth means having a positive impact on society while still delivering shareholder value and knowing the two are not mutually exclusive*. – Bank D website, 2019

The case data suggests that the shared value strategy speaks directly to how the bank serves the interest of every stakeholder within the bank, as a way of creating win-win or mutual benefit. This indicates a firm belief and understanding that the CSV concept has its roots in stakeholder value theory, as can be witnessed in the participants' views and the organizational document cited below:

> *As a bank, shared value strategy boils down to how we serve the interest of every stakeholder within the bank and create a win-win situation for those affected or impacted by the bank's operations*. – Interviewee D2

> *It's more about mutual beneficial relationships with stakeholders but also looking at it internal perspective is: How do we derive the highest benefit for all stakeholders, even within our organizations?* – Interviewee D1

> *As a financial service provider, we play an important role in the economic life of individuals, businesses and nations – helping to create, grow and protect wealth through partnerships in economic development. Through these activities, we must*

> *take into account the views of our stakeholders as we pursue our ambition to have a positive impact on society and deliver shareholder value*. – Bank D ESG report, 2019

The CSV concept is still understood as a part of the sustainability concept, as there is overwhelming agreement that banks continue to look at their sustainability practices through the lens of CSV. This is clarified in the participant's comment below:

> *So, I think when our organization looks at its understanding of sustainability and how we deliver on it, in a broader societal manner, so our perspective of sustainability is a shorthand for shared value.* – Interviewee D1

There is also overwhelming agreement that the CSV concept is part of the Environmental, Societal and Governance (ESG) framework, as the bank suggest that it recognises the environmental and societal dilemmas facing society and the stakeholder interest in environmental and societal governance issues. This can be understood from the organizational documents and field note below:

> *Within this report, we recognise and report on specific stakeholder interests in environmental, social and governance issues.* – Bank D ESG report, 2019

> *We acknowledge the social and environmental dilemmas facing our continent and our ability to responsibly influence all aspects of sustainability: economic, social, as well as environmental. With our declaration to the Principles for Responsible Banking, we affirm and express our willingness to assume an active leadership role in bringing about sustainable changes in Africa*. – Bank D media statement, 2019

> *There is still that confusion among banking managers between shared value, sustainability and ESG, which demonstrate a conceptual overlap of between these concepts.* – Field notes March 6 2020

An additional factor is highlighted, where the CSV concept is also seen and understood as part of the corporate purpose, centred around being a force for good in society, i.e., corporate societal purpose. This suggests that in every business, decision-making is taken with a meaningful engagement of improving the aspirations of communities and indeed the livelihoods of society while simultaneously creating banking opportunities for profit. This

further suggests that the bank CSV concept is defined, embedded and driven from the corporate societal purpose, as supported by the raw data excerpts below:

> *The bank has a purpose, and it is centred on being a force for good in society, meaning engagement with us they should be able to have an improve lives. In other words their economic condition should improve and at the same time business has to make profit, so it's where the aspirations of the community and those of business as well as those of government come into effect and where they meet.* – Interviewee D2

> *One of those key decisions that we have to take as a business was to become what we call an active force for good in society so with that the group as Bank D group and its subsidiary, we all came with a new purpose and strategy and the heart of it is driven by growth.* – Interviewee D3

> *Shared value is the evolution of our citizenship agenda that supports our values, purpose and customer-centric focus.* – Bank D website, 2019

Theme 3: <u>Health and wellbeing of business is closely intertwined with that of society.</u>

A further exploration of the data indicates that the bank sees itself as an integral part of the society in which it serves. By virtue of this, the bank recognises that it needs to play a role in alleviating societal challenges as its sustainability, wellbeing and ability to deliver shareholder value is inextricably linked to that of the societies in which it operates. This is shown by the participant's view and organizational documents cited below:

> *How can we actually ensure that as part of the community that we serve and services as a bank actually there is element of community upliftment beyond the bottom line in the commerce sense, ensure that there is social aspect in it and that inclusive growth as we speak about how can we actually as big corporate like us how do we actually play a role in ensuring that we are alleviating poverty and addressing issues of youth unemployment, and addressing this will determine how successful we become as a bank.* – Interviewee D1

> *Our ambition is to become a leading purpose-orientated African bank – rooted in the countries we serve – recognizing that our own sustainability and wellbeing are*

directly linked to the sustainability and wellbeing of the communities in which we operate. – Bank D website, 2019

We recognise that our ability to deliver value to our shareholders is inextricably linked to the prosperity of the societies in which we operate. – Bank D integrated report, 2019

Theme 4: <u>Embedded into the corporate strategy.</u>

A closer exploration of case data suggests that the legacy of addressing societal challenges or societal promise is meaningful and properly aligned and embedded in the corporate strategy. Meaning the bank ensures that its CSV management practice is embedded in its corporate strategy, as clearly shown in the raw data excerpts below:

Speaking of our corporate strategy, the whole strategy is about social promise and we ensure that everything we do is properly aligned and actually capture that social promise. – Interviewee D2

Our commitment to be a force for good in society remains a cornerstone of our business strategy. – Bank D Integrated report, 2019

That's a meaningful legacy which we are pursuing with our shared growth philosophy, which is embedded in our business strategy. – Bank D blog, 2017

Theme 5: <u>Bank's distinguishing factor is being a force for good in society.</u>

The case data indicates that the bank has a firm belief that being a force for good is one thing that makes it a disruptive organization and makes it fundamentally different from its peers. This is a clear demonstration that CSV management practice is used within the bank as a key distinguishing factor. This is depicted in the participants' views below:

It is from that backdrop that we said that as part of our journey to become what we call a fundamentally different, disruptive and digitally led, and say that one of those key decision that we have to take as a business was to become what we call an active force for good in society. – Interviewee D3

The most important distinguishing factor is that we have chosen one aspect, whereas other corporates, they are kind of everywhere, so you will have them

involves in different NGOs and initiatives. And for us, we chose that education was gonna be our key focus, but that is changing now. But for the last three years we focus on education. – Interviewee D1

The third one is what we call driving thought leadership. How do we actually position ourselves as Bank D to say, for an example, when we talk about education: Does the name Bank D comes up, we say Bank D is actually associated as being this organization that synonymous to a change in education? We know other social issues are very important – crime, etc. – maybe we can solve those, maybe through other units. But when it comes to our position as Bank D, when looking at our social investment we have a clear site of strategic initiative that we are pursuing which is centred on education and skills development. – Interviewee D2

Theme 6: <u>Strategies for CSV concept</u>

<u>Reconceive products and services.</u>

The case data suggests that the bank recognises that in addressing societal challenges there is a need to develop new innovative products and services that address those challenges. This primarily means there is a need to reconceive products and services to ensure they address the needs and challenges of society, as can be seen from the raw data excerpts below:

I think everything is really derived from the strategy to say: What is our mandate, what is our social promise? We also would have what we call serving the underserved, how do we actually ensure that people that are like in the deep rural areas, you are also actually bringing them on board, with regard to providing them with products and services that are relevant to them. – Interviewee D1

I think banks and financial services are key in solving societal issue by creating loans, giving loans out to small businesses and communities, creating finance models for kids to go to institutions of higher learning and for small businesses, this is what we trying to solve and solution the right and responsible way. – Interviewee D2.

Bringing fresh thinking and thought leadership to accelerate innovative solutions to societal challenges. – Trialogue Business in Society Handbook, 2018

The case analysis further indicates that the bank developed a form of instant money as a way of reconceiving product and services to improve financial inclusion for many unbanked and under-banked members of society. This view is depicted in the raw data excerpts below:

> *Hence, we decided to come up with the electronic money solution where you can send money to someone in rural areas and receive money without having a bank card or account with us. This, as I have said, it speaks to the unbanked in society.* – Interviewee D3

> *Bank D electronic money is a money transfer platform that allows people to send and receive cash at any Banks Ds. They provide easy, reliable and convenient services as it is not a requirement for recipients to be a Bank D customer. Therefore, it is possible to withdraw Bank D electronic money without having a bank account or ATM card of the respective banks….* – Briefly News Read, 2019

To further ensure the delivery of societal promise and solve societal challenges, the bank continuously innovates and modifies its reconceived products and services to ensure the products respond to the changing needs and challenges facing society. These include the needs of the SMEs and informal sector entrepreneurs who want to pay their employees and do not have bank accounts. The employees need a safer way to get their wages, while the entrepreneur needs a safer way to pay wages without having to withdraw large sums of money.

> *We also have electronic MoneyPlus solution, and this one is made solely for SMEs and informal sector entrepreneurs who want to pay their employees for service rendered and some might not have a bank account and they don't want to pay them with an envelope like before.* – Interviewee D3

> *Cash sendPlus is a safe and secure way to send money electronically to a recipient. It's a perfect way to pay wages if your employees don't have bank accounts. Pay wages without having to withdraw large sums of money. Apply for Cash sendPlus through Bank D Online or at any branch for free. Your recipients don't need a bank account to receive funds. Save payments made as Cash sendPlus beneficiaries for future use.* – Bank D website, 2019

The bank has further reconceived products and services that address the educational challenges faced by many young people who are struggling with funding for institutions of higher learning.

It has also created products geared towards accessible banking for the youth, to ensure broader development and financial inclusion. The raw data excerpt below supports this:

> *Together with a set of retail banking products that include a competitively structured student loan scheme and a free youth banking product, the bank has a comprehensive education and youth proposition that responds to broader development needs, which include financial inclusion.* – Bank D media statement, 2021

The bank has further created products and services that ensure the social promise of financial inclusion is realised through improving the saving culture for the unbanked and under-banked masses in society. This is done through the bank tapping into the informal savings culture found among the unbanked and under-banked, where they ensure they formalise this saving schemes or stokvels by creating a stokvel account. This is supported by the participant's view below:

> *Our social promise to society goes further to say there is stokvel in the townships and rural areas and this people entrust someone to bank their money under the mattress so how about we begin banking this these people as our social promise, then we came up with a stokvel account.* – Interviewee D1

The bank has ensured that the social promise of banking for stokvels is done, while further enabling stokvels to enjoy rewards such as discounts and travel, and the banking benefits such as saving for groceries. Most stokvel groups are now members of the bank's investment club and are able to invest their savings to create wealth. Indeed, formalisation of the stokvel groups creates societal value and opportunity for the stokvel to invest and create wealth, while banking opportunity for cross-selling are also created for the bank. This reality is depicted in the raw data excerpts below:

> *Bank D has partnered with various organisations to provide stokvels with additional value. Bank D's Travel Club comes with travel and accommodation discounts (as long as there's a minimum of 1 000.00 in the account); Bank D Grocery Club is for customers wanting to save for bulk groceries. Bank D Investment Club is suitable for groups wanting to invest together to create wealth. All of this with no monthly management fees, but fees will apply to transactions on the account.* – Jet club magazine, 2020

> *The banks cater for stokvels and create opportunities through upselling and cross selling of other affordable products and services. After having a stokvel account, the bank in their pursuit and drive to construct business opportunity, they realised that one of the stokvels within the market is the one that offers grocery as a payout. Then they decided as part of opportunity creation or construction to collaboration with Pick 'n Pay and to bring a new grocery stokvel account.*
> – Field notes, March 3, 2020

The bank further ensured that there is continuous innovation and modification of the reconceived product and services by partnering with a retail shop to launch a new additional no-monthly-fee service within the stokvel account. The new service comes with many additional services such as discounts on purchases and interest earnings on savings, plus convenient and safe purchasing at the retail shop. All of this results in societal value creation.

> *Pick 'n Pay and Bank D have partnered to launch a new Grocery Stokvel Account to cater for groups saving for groceries or other store-bought essentials. The Grocery Stokvel Account is an easy-to-use solution for stokvels. The account also doesn't charge monthly management fees or for the first Bank D ATM or in-branch cash deposit each month, so money saved goes to building the stokvels. Stokvel groups will also receive discounts on their purchases. With the new Grocery Stokvel Account, stokvels are able to earn a competitive interest rate on balances of as little as R50 and spend their stokvels' money safely and conveniently at Pick 'n Pay. Last year we launched the Smart Shopper Wholesale Stokvel card. This provides the same Smart Shopper benefits as well as grocery and product promotions. Our collaboration with Bank D means stokvel members don't ever have to take the risk of carrying large amounts of cash again.*
> – Bizcommunity, 2018

An additional aspect of stakeholder co-creation is highlighted, where the bank partners with external stakeholders to co-create products and services. The study will expand on stakeholder co-creation as an overarching emerging theme in the next chapter, focusing solely on the stakeholder co-creation nature of CSV.

The case data demonstrates a case where products and services are reconceived to support SMMEs' development, growth and survival. The raw data excerpts below support this:

We have funding solutions for SMEs such as loans, overdraft for SMEs and the credit card for SMEs with the aim of helping them surviving in their businesses. – Interviewee D2

We provide SMEs, within corporate and government value chains, with access to innovative cash-flow-based finance to address the challenges that many small businesses have in being unable to access funding due to lack of collateral or balance sheet. – Bank D website, 2019

The data shows that the bank is able to harness the power of technologies through a pilot project to automate some operations, including creating other financial and insurance products and services such as legal, life and funeral cover options that are inaccessible or difficult for many in society to access. The raw data excerpts below further explain this:

The iPad offering brings four stand-alone insurance products that make legal, life and funeral cover accessible to a higher number of South Africans. It is currently being piloted in seventeen of the bank's branches across Gauteng including the newly opened Verdi Centre branch in Northcliff, Johannesburg as well as Irene branch in Pretoria. *Classic Life and Flexi Funeral are the bank's life and funeral cover options on offer*…. – Bank D media statement, 2015

The service is available for use on any wireless mobile device, tablet or PC within a two-meter radius of the branch. This also allows non-Bank D customers to walk into the mall, log in and prosper. Our aim is to use technology not only to extend the reach of financial services across all communities but also to provide a mobile banking platform that allows our customers to access us in the channel most convenient to them. – Bank D media statement, 2014

The bank is also harnessing the power of technology as part of its journey to become a digital bank by creating digital platforms that support SMEs and entrepreneurs with essential services for their entrepreneurial journey. This means entrepreneurs are able to register their businesses and apply for banking facilities on-line without having to visit a bank branch. The raw data excerpt below depicts this move:

Bank D has launched Instant Business, a solution which allows customers to simultaneously open a business cheque account and register their new company

online at their convenience. Bank D's Instant Business makes company registration an easy task. Customers can now open a business cheque account and obtain company registration conveniently online. The latest solution enhances Bank D's journey towards becoming a leading digital bank. – Bank D media statement, 2018

Redefining productivity in the value chain

A closer exploration of the case data further indicates that the bank invests in educating and equipping its employees with the skills and development required to ensure they remain competent and ready for the future technological world of work. This primarily mean the bank engages in redefining productivity in the value chain as it focuses on reskilling and upskilling of its workforce to prepare them for future roles and responsibilities within the bank. The participant's view and the organizational document below explain this:

We are big on education as an institution and to show this, it should begin with our people. Hence, we have invested a lot in our people through skills development, bursaries and reskilling and upskilling them on technological prowess to make sure that they are technologically ready for future world of work. – Interviewee D2

We are investing in our people to help them become future-ready, developing their skills as the financial industry evolves. In 2019 we piloted an innovative, cloud-based micro-learning platform which gives all employees access to the learning resources they require to improve their current skills and build future skills. – Bank D integrated report, 2019

Improving local clusters and business

Case analysis indicates that the bank not only pushes products and services in the direction of society to make money, but also ensures that society interacts with those products and services responsibly to ensure it enhance wellbeing and livelihoods. With challenges such as over-indebtedness in society and lack of financial acumen to create wealth, the bank, in providing products and services, ensures responsible interaction through financial education. This responsible engagement in the form of financial education ensures financial security and wealth-creation opportunities. This primarily means the bank enhances and improves local clusters through responsible interactions with reconceived products and services. This activity is depicted in the participant's view and the organizational document cited below:

How you do business is one thing, but also how you do it responsibly is another, and at the same time going back to invest in the very same ecosystem, it's whereby we saying to our clients as much as they transact with us, interact with our products and services, are they transacting with us responsibly? Yes, we do business responsibly, but are they engaging with products responsibly. So, this is where the whole thing of financial education comes to play, whereby we say: Let's engage them, let's train them, let them know that if they, for instance, want to take credit, what type of credit are they taking. – Interviewee D3

Consumer education is the process of transferring knowledge and skills to consumers, future consumers and potential consumers for individual wellbeing and the public good. The intended outcome of the process is the development of consumer's knowledge and understanding of the financial sector and its products and services. Consumer education will include programmes that are aimed at empowering consumers with knowledge to enable them to make more informed decisions about their finances and lifestyles. – Bank D website, 2021

The case data further suggests that as part of the bank's social promise of being an active force for good in solving education and skills development challenges, it offers scholarships and has a bursary programme for university and TVET (Technical and Vocational Education and Training) college students to access institutions of higher learning. The bank further provides a ready-to-work programme to ensure graduates seamlessly transitions from student life to employment. The bank has further created a cyber security academy to train previously disadvantaged individuals in the space of cyber security. This is explained by a participant and in the organizational document cited below:

We have a great scholarship programme for the disadvantage young people willing to get into university around the country and Ready to Work programmes through our Adopt a TVET student programme for many TVET students who would not have gotten any opportunity as many prefer university graduates. We now have also established a cyber security academy where young people from marginalised backgrounds are receiving world-class training and development in highly sought-after skills. – Interviewee D2

> *The Scholarships are part of Bank D's social promise to be an active force for good across all communities in which it operates. Education and Skills Development has been a key pillar of the banking group's active citizenship, and includes partnering on the YES initiative, funding university research and institutional chairs, as well as offering the free Ready to Work programme to help youth transition from education to the world of work and self-employment.* – Bank D media statement, 2018

The bank further responds to educational challenges such as the funding crisis in tertiary education by providing bursaries and scholarships for deserving students. The bank has realised the challenges caused by poor education outcomes in the primary and secondary education and has committed to addressing the challenge by providing finance and governance training programmes for school governing bodies and Department of Education circuit managers to equip them with managing school finances and resources. This is depicted in the raw data excerpt below:

> *The banks responded in a big way to the student funding crisis. Bank D spent R8,7m on bursaries for non-employees. That was over and above the R130m the bank has invested in 2 614 student scholarships across 21 universities, for employees and external candidates. But realising that SA's poor education outcomes have much to do with lack of institutional capacity, Bank D also funds a financial management and governance training programme for school governing bodies and Department of Basic Education circuit managers to better equip them for managing school finances and resources. The programme takes place each year in different provinces in partnership with the Department of Basic Education.* – Basa Transformation report 2016-2018

The improvement of this local cluster further highlight a caveat of a Public-Private Partnership (PPP) co-creation programme involving the bank and the government Department of Basic Education

The bank further contributes to the transformation agenda by promoting a thriving SME sector that enables economic and social development in the country. This is done through enhancing local clusters of SMEs, including black emerging SMEs, through an enterprise development programme. In this initiative, SMEs are engaged in the development and upskilling programme

and the management challenges of their businesses. The bank recognises that enhancing a local cluster is a fertile ground for creating banking opportunities: as these developed SMEs become productive and profitable, this brings real clients for the bank, which creates a new stream of revenue and growth. The participant's view and the document cited below reference this programme:

> *We also do work in the enterprise development space where we help with SMME development and upskilling. To us, enterprise development has real business opportunities for us. As you start developing these businesses and they become productive and profitable, this begin bringing real clients to our business. It is a natural fit for us.* – Interviewee D1

> *We assist emerging black small and medium enterprises (SMEs) in South Africa to grow and prosper through various Enterprise Development (ED) initiatives. These initiatives contribute to the wider National Agenda to promote a thriving SME sector that enables economic and social development in the country.* – Absa website, 2020

The raw data further demonstrate the creation of banking opportunities that came as a result of a successful enterprise and supplier development programme for women and black-owned SMMEs. The case analysis shows a "business to business" co-creation programme where the bank co-creates with other corporates and provided SMMEs with access to funding, mentoring, and office space to run, grow and prosper in their businesses. This in turn has created new bankable opportunities such as additional deposits and cross-selling opportunities such as SMEs taking additional funding, overdrafts, business credit and insurance products for their businesses. This has resulted in an additional new stream of revenue and profit for the bank. The participant's view below depicts this:

> *If you go through our reports, you will realise that we have had a very successful enterprise and supplier development programmes where we have partnered with other big South African corporates where we have managed to help many SMMEs – mainly women- and black-owned SMMEs – who seeks access to funding, markets and mentoring and sometimes an office space to do work. And these entrepreneurs have gone to make amazing things in their chosen field, and this has assisted our business with additional business deposit, taking additional funding, overdraft,*

business credit and insurance products for their businesses which have and will result in additional revenue. – Interviewee D2

The case data further indicates that the bank has also focused on removing the obstacles to business opportunities and economic participation faced by women entrepreneurs. The bank does this by providing financial facilities and access to capital designed for women-led businesses as well as non-financial support of bringing women mentors to accelerate women-led businesses. The bank has a firm belief that such efforts can enable women to invest in their businesses by creating women empowerment finance facility. This policy is described in the raw data document excerpt below:

Our Women Empowerment Finance facility is suitable for new and existing woman-owned businesses. If your business has a revenue stream and positive cashflow but lacks a deposit, collateral or security, you can qualify for a loan of up to R15 million. – Bank D website, 2019

The focus on women entrepreneurs can be witnessed through the establishment of the innovation hub and "bootcamp" where black women-led technology businesses were selected, trained and equipped with the necessary skills development. This covered access to an advisory board, a business coach, financial management and modelling tools, as well as access to a world-class network. In the end, entrepreneurs were selected and provided with an opportunity to pitch their business ideas. The five selected founders are given the opportunity to attend monthly networking events with tech experts and investors to ensure they are pitch ready. The raw data excerpt below demonstrates this:

Bank D's Rise innovation hub in Cape Town has selected five black women as technology entrepreneurs to participate in an entrepreneurship assistance programme, hosted at the Cape Town facility. The chosen entrepreneurs will enter an intensive, 12-week bootcamp that is set to culminate in a funding pitch to potential investors at Rise, … Furthermore, she emphasises that, being part of the extensive Rise community will no doubt have a ripple effect and benefit to the entrepreneurs well beyond the funding pitches. – Bank D media statement, 2018

The data further indicates that the bank acknowledge the challenge of unemployment and youth unemployment in particular facing the country and fulfils its societal promise to this through

enhancing and improving local clusters of youth via employment opportunities. This is done by being a signatory and founding co-sponsor of the Youth Employment Services (YES). Many young people seeking employment have been placed within the bank through the programme and are provided with the necessary work experience. The participant's view and organizational document cited below cover this:

> *I think you would know that we are part of the Youth Employment Services and to date as a bank we have managed to place at least 3 564 South African young people in workplace experience opportunities through this YES initiative which is good for our struggle of youth unemployment time bomb.* – Interviewee D3

> *The bank is among the five corporations that co-sponsored the start of the Youth Employment Service (YES), launched by President Cyril Ramaphosa in March 2018. The bank's YES programme, implemented by development agency Catalyx in December 2019, will see the bank provide work experience to more than 3 400 youth who will be placed in over 100 organisations across seven provinces in 2020.* – BASA Transformation report, 2016-2018

In addition to the YES programme, the bank has launched a workplace experiential learning programme with FET colleges where they provide students with mentorship and real-life workplace exposure. This takes the form of spending time with bank employees and executives to gain real-life experience and skills aligned to their career aspirations within the bank. In addition, vocational work is provided during the winter holidays. Furthermore, the bank co-creates the programme by placing those who failed to get placed within the bank with partner corporates. The successful ones are provided with internships and fulltime employment. This is outlined by a participant below:

> *In our "Adopt a TVET initiative" where we will provide assistance to students with vocational employment and realising that in fact we do not have capacity to house every students that will be coming during winter holidays, so we decided we say could we actually partner with some of our corporate partners, …as we speak about how can we actually as big corporate like us, how do we actually play a role in ensuring that we are alleviating poverty and addressing issues of youth unemployment.* – Interviewee D2

> *A new strategic partnership between Bank D and Further Education and Training (FET) colleges in Gauteng is set to benefit learners in obtaining their National Vocational Qualifications through providing practical work experience. Launched in Johannesburg, the partnership will see FET colleges' learners in Gauteng receiving industrial experience, which is much needed for them to complete their academic training. More than 50 learners from eight FET colleges in Gauteng will undergo a five-day workplace observation programme.* – Bizcommunity, 2013

The field note below further suggests that being part of this experiential learning has offered societal value and opportunity to the young people involved. They are exposed to the world of banking and being equipped with necessary skills and development and spending time with employees and executives of the bank. Learners are thus inspired to consider banking as a career. At the same time this initiative will lead to the creation of banking opportunities by developing a pipeline of competent and skilled future employees for the bank.

> *The experiential learning, being equipped with skills and mentorship, inspires young people to consider banking as a career in future.* – Field notes, March 6, 2020

The case data indicates that the bank not only enhances and improves local clusters of society, but there is also a trend where the bank is improving government delivery of essential services in order to close governance gaps. This happens when the bank uses its own infrastructure, such as its branches, to help government distribute smart IDs and passports to society. The bank agrees that this service has helped many who come to collect their IDs and passports to conveniently perform other banking needs. It has also helped the bank to create banking opportunities such as sales of different products and services, plus upselling and cross-selling opportunities from those walk-ins. This is supported by the participant's view, the organizational document and the field note cited below:

> *We have partnered with Department of Home Affairs to make it easier to those who want to apply for their smart IDs and passport at our branches and we have seen a rise in this service, and we are opening more branches for our people to easily and quicker way for them to apply for their documents. You know we have realised that this people do not only come for IDs: some find it convenient to also perform*

some other banking transactions, which can be good for our business. – Interviewee D2

The Department of Home Affairs will install offices within Bank D, facilitating efficient and more secure ways of servicing South Africans. An official from Home Affairs will operate within a Bank D branch, which means you can deposit cash and collect your ID card all in one go. – Bank D blog, 2017

Performing of other banking opportunities from those walk-ins can further create sales, upselling and cross-selling opportunities of other banking solutions for the clients. – Field notes, March 6, 2020

Theme 7: <u>CSV management practice requires a reorientation of business thinking.</u>

Closer exploration of the case data indicates that in the process of creating bankable opportunities out of societal challenges, or in the implementation of the CSV management practice, the bank calls for reorientation of business thinking or a paradigm shift in thinking or mind-set. This view is backed by the raw data excerpts from a participant's view, supported by the organizational document cited below:

There is absolutely big, big billion-dollar opportunity if you can change your mind-set, but there is much that we can do. We need a little bit to shift our mind-set, we need a change in the regulatory framework. – Interviewee D1

Following this careful consideration, we took a decision to reorientate the way we think about the growth of our organization, and create a stronger alignment with our own, organizational values. – Bank D blog, 2017

This case further indicates that mind-set reorientation entails a requisite mind-set where there is a need for banking leaders who are committed to delivering more value and go beyond mere creation of banking profits. This primarily means there is a need for banking leaders who have an unwavering commitment and conscience to society, as the raw data excerpts from a participant and an organizational document attest below:

I think very importantly, we've had a couple of set of leaders over the last 20 odd years who have also fundamentally believe that they wanted to do more than just make profits, people who taught us the importance of a link between product, client

and society, so delivering core services that make [a] difference in society became part of our DNA…. – Interviewee D2

For society, all our employees will lead with a conscience... doing the best for people and the planet. – Bank D integrated report, 2019

The case further indicates that there is also a need for understanding that addressing societal challenges takes time and that banking opportunities can only be realised in the long run. Rather than taking a short-term view, which might lead to the bank overlooking important bankable opportunities that come with having a long-term view or mind-set. Indeed, there is a need for a long-term requisite mind-set in the implementation of CSV management. This is supported by the raw data from participants and the organizational document cited below:

How you see opportunity depend on the lens you apply on the issue of inclusion. For instance, banks, you will go out and sign up students, but they are not earning yet, but they still student, but banks take long-term view that this person will finish their studies get to employment and if they have relationship with us, they are likely to continue banking with us as their circumstances improve. So similarly, if a bank takes a short-term view and says: What business do I have in signing up or including people who are unemployed or in a low-income category? Then they might not see value or opportunity…. – Interviewee D1

We have invested about a billion rand over the last three years from an education perspective and the main reason we have done it, apart from being a good thing to do, is that it will be the workforce we will be looking to employ in the next five to six years within our organizations…, but this happens in the long term, which requires long-term thinking to realise this. – Interviewee D3

We continue to include sustainability practices into our business, meeting a number of notable milestones in our pursuit of long-term value creation for clients, shareholders and society as a whole. – Bank D media statement

The case data further indicates the importance of understanding that, unlike government with a single goal of creating societal value, the bank's goals and objectives are twofold. It should have the ability to merge the two, being able to create a societal value goal and objective while simultaneously having the ability to meet the business goals and objectives. This simply means

there is need for an ambidextrous mind-set of being able to merge the two goals and objectives. This understanding is supported by the participant's view and the field note cited below:

> *I think if you look from a government perspective, when they look at setting themselves objectives or targets or their involvement, it's through a social lens that they do it. But with private sector they to focus on something through an economic lens. Now the question for bankers is: How do you merge those two lenses and become socially and economically viable for banks to get involved in? Hence today we have opportunity for blended finance within the banks.* – Interviewee D3

> *The bank believes in having banking managers who will be able to address societal challenges in a way that creates business opportunity as the way that will ensure creation of shareholder value.* – Field Notes, March 6, 2020

Theme 8: <u>Motivating or driving factors of CSV management practice.</u>

A closer exploration of case data indicates a CSV management practice consisting of three types of motivating driving factors. These are: those motivated and driven as a response or reaction to external pressures, those motivated and driven by proactive actions of the bank, and lastly those motivated by a desire for the bank to contribute to the sustainable development agenda. The raw data documentary excerpts cited below attest to this:

> *There are a number of distinct factors shaping the financial services industry now and into the future. Linked to these market drivers, are risks and opportunities, both general to the external environment and a number that are specific to Bank D.* – Bank D integrated report, 2018.

> *We appreciate that the Group's core purpose, the risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.* – Bank D integrated report, 2019

- **<u>Responsive driving factors of CSV</u>**

Case analysis indicates that the bank recognises that it is only rational to address societal challenges as a way of managing the environmental and societal risks that comes with improper

business conduct and natural catastrophes that have exacerbated the perception that business profits at the expense of society. This analysis is supported by participants' views together with the organizational documents cited below:

> *It is first, the reduction of risks, while at the same time [this] increases efficiency in the way we do banking.* – Interviewee D1

> *Clamorous cases of improper business conduct and natural catastrophes associated with poor risk management practice have certainly contributed to spread of the perception that business profits at the expense of society.* – Interviewee D3

> *Increasingly we are reflecting on environmental constraints and the impacts of current and potential future environmental and social risks on our own and our customers' businesses.* – Bank D integrated report, 2018

Case data further suggests that the bank implements CSV management practice as a way of complying with regulatory frameworks such as the financial sector charter that speaks to issues of financial inclusion and financial education. The bank further recognises that, as the first signatory to the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Responsible Banking – which require banks to adopt a sustainability approach to their activities – the bank needs to comply with these requirements. The raw data excerpts from participants' views and the organizational document cited below support this:

> *Another element of financial sector charter speaks to consumer and financial education, ... So again, banks are required to set aside a certain portion of their net profit after tax for consumer financial education to address precisely this element as it is recognised that it needs to go beyond just signing up people. But understand that they can make informed financial decision.* – Interviewee D2

> *Obviously, the financial sector charter [is] just there to guide the organization in terms of how much and what need to be done. But for us [it] is more about the link to our strategy of adding value to the organization, and in fact, it is also regulatory that all the banks actually serve the under-served markets and banks actually play a role in ensuring that we are serving those under-served.* – Interviewee D1

> *In July 2019, our Board adopted the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking (PRB) as an overarching sustainability framework. Bank D became a founding signatory of the PRB in September 2019.* – Bank D Task Force on Climate-related Financial Disclosures (TCFD) Report, 2020

There is also a belief within the bank that complying with legal and regulatory frameworks, as part of sound governance, creates a stable and fair financial system that guides the conduct of the bank in accordance with the law and the values of the bank. This means the bank complies with the regulatory framework as part of the legal requirements, as can explained in the raw data below:

> *Regulators demand a stable and fair financial services industry for the benefit of all stakeholders, with a specific focus on stability of the financial system, consumers and fighting financial crime. We focus on meeting these regulatory requirements, while ensuring we conduct ourselves in accordance with both the law and our Values.* – Bank D integrated report, 2019

> *Compliance with local and international banking regulations is critical for a competitive and sound banking system that enjoys good international standing.* – Bank D integrated report, 2019

Case data furthermore suggests the bank deals with societal challenges or implements CSV as a moral obligation to help government play a meaningful role. This is done by ensuring that many in society are included financially or have access to some form of financial transactions to finance their wellbeing, such as financing education and building houses for their families. The bank recognises that as part of its moral obligation, it also has a role to play in helping government close these gaps in governance, and this is depicted in the participant's viewpoint presented below:

> *Government obviously has a role of ensuring that people have access to financial transactions. The whole thing of financial inclusion and the banks also has role in helping government in this. People need to have access to banking, so whilst the bank is doing business through offering accounts [and] people access to finance, they can finance their lives, they can access credit to build houses, they can improve their lives to take credit for education. That is the betterment for*

community and the government work, and this means people are progressing and for business, is the profit shareholders value. – Interviewee D2

- Legitimacy and Social contract (moral argument)

Case exploration indicates that the bank acknowledges that as a part of society, it has a moral obligation to solve challenges facing society and fulfil its societal contract of doing good in society, and not being seen to thrive at the expense of society. The bank recognises that fulfilling its societal contract helps it to remain relevant and have a legitimate opportunity to make profits in the right way. All this can be seen in the raw data presented below:

I think it's all about the understanding that profit will come, and you cannot drive profit at the expense of having a developmental approach. So, the need to understand that what we do is more about the development of community and a legitimate opportunity to make profit, you need to really think about it carefully. – Interviewee D1

It is an issue of focusing on doing good in society, it is critical to solve challenges facing society, if you don't do that, I guess at the end of the day you lose your relevance because who will you be solutioning for so? – Interviewee D2

Also, it should be about: Let's invest in communities not only for business but also for them to improve their lives. – Interviewee D3

Social licence to operate gained from society at large, including the communities in which we operate and civil society. – *Bank* D integrated report, 2019

- **Proactive driving factors of CSV management practice**

An exploration of the case data indicates that CSV management practice is driven from a corporate mandate or purpose centred around the societal promise of bringing possibilities to life. These include serving the under-served and ensuring that those in the rural areas are financially included, through provision of relevant services. Meaning that CSV is motivated and driven from the point of corporate societal purpose. A participant's view and an organizational document cited below attest to this:

I think everything is really derived from the strategy to say: What is our mandate, what is our social promise? We also would have what we call "serving the

underserved", how do we actually ensure that people that are like in the deep rural areas, you are also actually bringing them on board, with regard to providing them with products and services that are relevant to them. – Interviewee D1

Our purpose is to bring possibilities to life. We believe everyone should have access to the transformative power of financial services to help them plan, dream, and aspire to change their lives for the better. – Bank D integrated report, 2020

Closer exploration of the case data further indicates that the banking sector suggests there are massive bankable opportunities arising out of the complex challenges facing the continent in general and South Africa in particular. These include infrastructure challenges, i.e., roads, schools, hospitals, universities and renewable energy. These challenges could be solved and leveraged as banking opportunities. This means that CSV is motivated and driven from an instrumental value of creating banking opportunities, as the example cited below from a participant's viewpoint shows:

If we look at the development needs in Africa, if you think of the facts that we don't have roads, ports, Internet, energy, schools, hospitals, universities, there is massive opportunities only if you can become socially innovative and people have been and we got to only expand on those. Just think of opportunities in financing renewable energy in SA alone. It is billions and billions of rands, and there is lot of work that has been done to try and quantify that opportunity by NBI and World sustainable business council [the World Business Council for Sustainable Development], some really good work and big future. Certainly, business opportunities exist. – Interviewee D3

The bank further demonstrates the thought process of opportunity creation in terms of how opportunities are created out of solving societal challenges. The bank recognises that investing in educating young people through providing bursaries and funding for students and working closely with institutions of higher learning is not only about improving quality of education or doing good. It could be a great way of creating opportunities for a future workforce of the bank, or create a new cohort of business leaders, or provide a pipeline of future bank leaders that would be responsible and positively impact society and the bank's growth in future. This understanding is supported by the raw data from participants cited below:

We have invested about a billion rand over the last three years from an education perspective and the main reason we have done it – apart from being a good thing to do – is that will be the workforce we will be looking to employ in the next five to six years within our organizations. We [are] also working very closely with the TVET colleges, with universities to make the courses. If we can influence the type and calibre of students that come out of there, they will positively impact not only our organization but the entire economic sector. – Interviewee D1

We want to ensure that those capable African leaders that will actually drive institutions and countries forward as whole and thus ensuring that we have this functional and thriving societies, because once these guys are well-educated, these are the people that are in terms of the pipeline for new colleagues within our institutions. So how do we actually ensure that those coming out of the system are ready to take over, they have got this growth mind-set, giving back to the country and ensuring that the country and the economy is actually improving, unlike having a society whereby the type of skills that we are producing are actually not going to be adding value towards the country and the economy? – Interviewee D3

An additional aspect is highlighted: that although the bank addresses societal challenges or implements CSV management as part of its compliance with regulations, the bank is able to go beyond this. But the bank can use that compliance process as serious opportunity to begin creating banking opportunities. This doesn't let the compliance process go to waste. Instead, the bank can use it as a springboard to creating banking opportunity, as is shown in the participant's viewpoint below:

So, compliance and regulation is there but for us is how do we find the link to strategy and find opportunities to profit out of that? – Interviewee D1

The same can be shown from the bank complying with the principle of responsible banking. This urges banks to gradually ensure that their operations are aligned to the complex issues facing society and to address banking-related risks. In the process of the bank doing this, or complying and addressing banking risks, it systematically identifies and seizes banking opportunities that come with the process of complying with the principles of responsible banking. This is noted in the organizational documents cited below:

> *The Principles for Responsible Banking will provide Bank D with an effective framework to systematically identify and seize new business opportunities created by the emerging sustainable development economy, while at the same time enabling the bank to effectively identify and address related risks.* – Bank D media statement, 2019

> *The Group's strategy is set within the parameters of an agreed risk appetite with our risk strategy being developed alongside the Group's strategy. Our risk appetite defines the nature and extent of risk the Group is willing to take to achieve strategic objectives.* – Bank D Integrated report, 2018

The same can also be said about addressing societal challenges as way of addressing issues of societal contract and the legitimacy of the bank in society. As the bank begins bettering society, it begins thinking differently. This leads to banking opportunities opening and the bank begins using this process to create such opportunities as way of not letting the process go to waste. This also shows that in most cases, banking opportunities come as a by-product, and not exclusively as a driving factor. This can be witnessed from the participant's view expressed below:

> *You know at the end of the day we are a business that is using investors' money and need to be profitable. As much as we might enter to be seen as responsible citizens, but as we start doing our work of help bettering education of our children, paying bursaries, when we start doing that, whole lot of business opportunities start opening up, as we begin thinking differently, a whole lot of opportunities begin opening up. As we begin giving students bursaries, should it end there? How about we start giving them business challenges to unlock opportunities for us as a bank? That's how you begin seeing value of your work in society.* – Interviewee D3

This demonstrates the clear fact that the bank does not only see these external pressures as a bad thing: the bank is able to leverage them as another process to create opportunities. This shows that while other businesses engage external pressures through CSI, the banking sector engages it through CSV as its members leverage those external pressures as another way of creating bankable opportunities.

The same can also be said about the corporate purpose, where the bank engages societal challenges as a way of manifesting corporate societal purpose. However, at the heart of that is

the bank leaving up to its corporate purpose as another way or opportunity of creating banking opportunities. This can be understood from the participant's view cited below:

> *The group as Bank D group and its subsidiary – we all came with a new purpose and strategy, which is wholly about social, and the heart of it is driven by business growth.* – Interviewee D2

- **The need and desire for societal change as a driving factor of CSV management practice:**

A case exploration suggests that the bank's implementation of CSV management practice is driven from the desire to contribute to the nation-building agenda by paying attention to inclusive growth. This focuses on creating employment opportunities and innovation for many in society. It is done through focusing on education that supports sustainable livelihoods through improved quality education and skills development that supports increased employment opportunities. The bank also focuses on enterprise development to support and enable enhanced formation, growth and inclusion of SMEs within the economy. The bank also focuses on financial inclusion that will provide more convenient access to financial products and services that meet the needs of the unbanked and under-banked people in society, as can be witnessed from the participant's viewpoint and the organizational document cited below:

> *In order for us to say what type of opportunity and initiatives we will be pursuing and we have put three pillars and the first one is education delivery and reform and…, two, we say many in society are still not playing any meaningful role in the financial system and this need to change, we need to improve financial inclusion, three you will be aware of the literature on low level of entrepreneurship activity in the country and we need to be seen to play a role here in helping improve this statistics.* – Interviewee D1

> *Our Shared Value strategy is aimed at facilitating and creating platforms for contributing to nation-building by delivering on the Group's mandate through supporting broad-based economic growth, fostering employability and innovation. We have defined three focus areas where we will play a leading role in managing predictable socioeconomic risks and challenges: Education and Skills Development — to support increased employment opportunities and sustainable*

livelihoods by enabling increased access to better quality education; Enterprise Development — support and enable enhanced formation, growth and inclusion of small and medium enterprises within the economy; Financial Inclusion — to provide greater, more convenient access to appropriate financial services to the financially excluded, unbanked and under-banked. – Bank D website, 2019

The bank suggests that it supports and provides skills development components as a way of ensuring that many in society are employable and are also capacitated for self-employability, as shown from the organizational document below:

We also introduced young people across Africa to our Bank D ReadytoWork (R2W), a flagship programme equipping young people with crucial life skills to improve their employability and self-employment prospects when moving from life at school to entering a new phase of life at work. – Bank D article, 2021

The organizational document cited below attests to the fact that one of the drivers of CSV management practice is seeing SMEs grow and prosper. Hence the bank pursues various enterprise development initiatives as a way of contributing to the national agenda of promoting a thriving SME sector in the country:

We assist emerging black small and medium enterprises (SMEs) in South Africa to grow and prosper through various Enterprise Development (ED) initiatives. These initiatives contribute to the wider National Agenda to promote a thriving SME sector that enables economic and social development in the country. – Bank D website, 2020

Theme 9: <u>Societal-environmental scanning to define and gain insight on societal needs.</u>

Exploration of the case data indicates that in environmental-societal scanning for identifying, defining and gaining insight into the societal challenges, the bank begins by using SDGs as the primary document to focus on in developing corporate and societal strategy, supported by the NDP document. This understanding is covered by the participant's viewpoint and the organizational document cited below:

Let me put this way: What drives our strategy is different things. One is the SDGs obviously speaks about alleviation of poverty also quality of education, so we subscribe to that, so that's one thing. But we then also look at the societal level. We have NDP which focuses on problems that are affecting everyone, whether you are in business or not there

is high unemployment rate, there is low financial literacy levels, numeracy level is another big problem in SA, there is also mismatch between qualification and available job opportunities so this are problems that are in the system and our young people cannot be economically active. – Interviewee D1

In 2018, we identified the SDGs to which we contributed significant value by analysing our operations, corporate citizenship and, most importantly, our customer-facing activities against the underlying 169 targets. – Bank D integrated report, 2020

The bank further conducts extensive research as another way of gaining a closer and deeper understanding of the gravity of the challenges facing society and which mechanism are needed to solve them in a way that will create bankable opportunities. This understanding is shown in the organizational document and the field note presented below:

"The Bank D Transactional Banking teams conducted extensive client research, which substantially enriched our understanding of client operating environments. Through this research, … With this understanding, we deliberately looked for organisations with whom we could collaborate to offer our clients an even more secure and efficient way of doing business. – Bank D media statement, 2020

Beyond using the NDP and SDG the banks rely on conducting their own research as a way of having a deeper understanding of the needs and aspirations of society. – Field notes, 3 March 2020

Theme 10: <u>Focus areas of societal challenges</u>

The bank focus areas of societal challenges are directed at education and skills development, financial inclusion and enterprise development.

At Bank D we have a social promise to the community, which is playing a shaping role, and as citizenship we have clearly stated where we will focus our energies on, which is on education and skills development, financial inclusion and enterprise development, and by virtue of focusing on this will help create needed growth and employment in the country. – Interviewee D2

Education and Skills Development, Enterprise Development and Financial Inclusion are the three pillars of Shared Growth, which aims to create shared value for communities and stakeholders. – Bank D media statement, 2017

Theme 11: <u>Leveraged vehicles or enablers of CSV business opportunities.</u>

Closer exploration of the case data indicates that the bank is able to leverage its CSR initiatives as an enabler of CSV management practice. The bank suggest that its CSR is not divorced from the bank's core business's goals and objectives, instead they are part and parcel of the core business and an enabler of growth opportunities within the core business. This perception can be understood from the participants' viewpoints presented below:

In fact, as citizenship department it is not actually that we are divorced from the group's goals and objectives, we are part and parcel as I have mentioned that we are an enabler to those group's objectives of growing as a business and without it there will be no growth in the business. Therefore, it is part and parcel of the strategy, and it is not a side-line thing. – Interviewee D1

So, the whole partnership: we make sure we review and evaluate many funding proposals as you can just imagine, within citizenship there are various and many people out there seeking funding for various types of social initiatives. So, it's not really like we sitting here, and we say: Just bring your proposal. But we also say: Have you actually looked into our strategy? What's in it for our bank? So sometimes it is also not about the immediate type of engagement, it is also more strategic, more forward-looking, that they may not be opportunities now, but we can see some of the opportunities going forward…. – Interviewee D3

The bank has further offered an example of how it leverages its CSR as an enabler of CSV management practice where the bank is looking at the project that solve societal challenges while simultaneously making commercial sense for the core business of banking. This has led to the bank working with the agricultural sector and, in the process, donating money to drought-stricken agricultural businesses to ensure they remain in business and ensure food security. At the same time the bank is of the view that agricultural businesses or farmers remaining in business will in future help the bank to keep clients that will be able to remain productive and be able to continue servicing their debt. This will have an impact on the bank's revenue, so the donation is used to cushion the bank from losses and to ensure and enable the continuing long-

term revenue stream. This is depicted in the raw data below giving a participant's view and an organizational document, plus a field note:

> *Speaking of shared value, I will give you a rough example. We work with a business unit retail and business banking, they work within an agro sector, so from their perspective, yes, they want a citizenship or CSR type of interaction. But they are also looking at the commercial aspect of it as many in agriculture entrepreneurs and agri-space are our clients, they wanna make sure that it makes business sense. It has to be a complete value cycle for both commercial and citizenship role in society and all those boxes have to be ticked.* – Interviewee D2

> *The bank has donated R1 million towards AgriSA's efforts to assist drought-stricken farmers and the communities that depend on farming around the country. As a leading corporate citizen and financial services provider in South Africa and the agricultural sector in particular, Bank D is concerned about the impact of the drought as well as the threat it poses on food security, that is why the bank has decided to extend financial support to AgriSA-led relief effort, aimed at assisting distressed farmers and the communities that depend on farming. If local farms fail to produce enough food for the country, more food products will have to be imported, increasing prices of food that consumers have to pay.* – Bank D media statement, 2016

> *As much as the bank understands the impact the drought has on the farmers and food security, they are also cognizant of the impact it will have on the farmers in servicing their debt and the impact it will have in the bank's revenue, so the donation is used to cushion the bank from losses and for enable the long-term revenue stream.* – Field notes, March 20, 2020

4.4 Cross-case analysis

The within-case analysis above was carried out to gain familiarity and uncover emerging patterns within each case. A cross-case comparison is done in the table below as a way of exploring differences and similarities in cases to bring new knowledge to the fore (Khan & VanWynsberghe, 2008). For this reason, the table below illustrates emergent patterns generated from the within-case analysis of the macro- and micro-levels.

The focus of the chapter was on **Research Question 1: How does the South African banking sector conceptualize and define the creation of shared value management within the sector?**

Table 3: Cross-case comparison

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching themes
	CSV is a recent and a new concept	CSV as an emerging and difficult agenda	CSV as a new concept, challenging to understand	CSV as a recently developed concept	Complex and emerging concept within the South African banking sector
	CSV is concept of deploying balance sheet and core business activities in solving societal challenges	CSV as a corporate purpose and a call to use core business for positive societal impact	CSV understood as a core business of governing and understood from the ESG framework and the stakeholder framework	CSV at the core of business activities and core assets and expertise and is part of stakeholder theory	CSV is a strategic way of deploying core business in solving societal challenges
At the intersection of national interest and business interest	CSV is at the intersection of financial and societal value creation and is part of the stakeholder theory			CSV is at the intersection of shareholder and societal value	CSV is at the intersection of societal value and business value
Banking is integral part of a successful economy, and its long-term sustain-ability is closely intertwined with that of society	Banking is an integral part of the nation, and its long-term health is closely intertwined with that of society.		Banking is an integral part of society, and its long-term future is interdependent with that of society	Our own sustain-ability and wellbeing are directly linked to the sustain-ability and wellbeing of the communities in which we operate	CSV is born from understanding that business is an integral part of society, and its long-term health is closely intertwined with that of society
		CSV as a guide to corporate strategy	CSV as incorporated into the business strategy.	Purpose and it is centred on being a force for good in society. Corporate strategy aligned to social promise	CSV should be embedded into corporate purpose and incorporated in the core banking strategy

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching themes
		The bank uses CSV to build differentiated position	CSV used as a competitive advantage and differentiation strategy	The bank's distinguishing factor is being a force for good in society	CSV is used as a differentiation strategy
			CSV manifests itself through rethinking new markets and products and services.	CSV manifests itself through relevant products and services	CSV manifests through markets products and services
	The measurement landscape and tools are new compared to financial measurement		CSV measurement framework at development stage		Measurement still qualitative and in its infancy and tensional in nature
CSV is understood and interpreted from a context of trans-formation with its roots from CSI.	CSV is understood as part of the transformation agenda of the banking sector	CSV as sustainability that creates value for different stakeholders and part of the transformation for the banking sector.	Part of the transformation for the banking sector	CSV seen as a part of the sustain-ability concepts and has its traces from the stakeholder theory and part of the trans-formation for the banking sector	CSV overlaps with other related concept
	CSV calls for esoteric thinking or mind-set. Societally conscious mind-set Long-term mind-set Ambidextrous mind-set	**Different way of thinking** Doing more and adding value meaningfully long-term view Balance between societal value mind-set there also and shareholder value mind-set Risk takers	**CSV need for a change in mind-set.** Truly committed to the purpose of doing good long-term outlook Simultaneous assessment of ROI and societal value	**CSV as a reorientation of business thinking** For society, all our employees will lead with a conscience. Long-term value creation Merge social lens and economic lens	**CSV requisite thinking or mind-set.** Societally conscious mind-set Long-term mind-set Ambidextrous mind-set Risk-taking mind-set

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching themes
			Prepared to take risks		
Responsive to external pressure as driving factors of CSV	Responsive to external pressure as driving factors of CSV Proactive compelling business case: Opportunity creation Societal case: The need and desire to drive societal change as a driving factor of CSV management practice. Corporate philanthropy and CSI as an enabler of CSV management practice	Responsive to external pressure as driving factors of CSV Proactive compelling business case: Opportunity creation Societal case: The need and desire to drive societal change as a driving factor of CSV management practice. Corporate sponsorships aligned to core business as an enabler of CSV management practice	Responsive to external pressure as driving factors of CSV Proactive compelling business case: Opportunity creation Societal case: The need and desire to drive societal change as a driving factor of CSV management practice. Philanthropy as a transitional vehicle to CSV management practice	Responsive to external pressure as driving factors of CSV Proactive compelling business case: Opportunity creation Societal case: The need and desire to drive societal change as a driving factor of CSV management practice. Citizenship as an enabler of CSV management practice	**CSV Motivating Drivers** Responsive business case Proactive business case Compelling Societal case Societal Initiative leveraged as transitional vehicles or enablers CSV business opportunities
	Sustainable Development Goals (SDGs), National Development Plan Statistics SA document Conducting own extensive research	Sustainable Development Goals (SDGs), National Development Plan AU Agenda 2063 World Economic Forum Global Risk Report	Sustainable Development Goals (SDGs), National Development Plan AU Agenda 2063 Conducting own extensive research	Sustainable Develop-ment Goals (SDGs), National Develop-ment Plan. Conducting own extensive research	Societal-Environmental scanning to define and gain insight on societal needs

Source: Author's own work

The study generated an emerging perspective with four commercial banks or micro-level cases, including macro-level case. The consensus is that CSV is a complex, emerging field within the banking sector. Bank B and Bank C agree that CSV is a difficult, challenging and indeed complex concept. The four micro-cases are again all in agreement that CSV, as a concept, is a strategic way of deploying core business activities in solving societal challenges, with Bank A viewing it as a concept of deploying balance sheet and core business activities while Bank B sees it as a corporate purpose concept for deploying core business. Bank C sees it as a core business activity while Bank D views it as a concept for deploying core assets and expertise in solving societal challenges. Two commercial cases, including the macro-case, agree that CSV, as a concept, is at the intersection of business and society, with BASA putting it as a concept at the intersection of national interest and business interest, and Bank A placing it as a concept at the intersection of financial and societal value, while Bank D calls it a concept at the intersection of societal and shareholder value. Three out of four commercial cases, including the macro-case, agree that CSV is born out of an understanding that business is an integral part of society, and its long-term health is closely intertwined with that of society. Three bank cases agrees that CSV should be embedded into the corporate purpose while at the same time being incorporated into the corporate strategy, with Bank B suggesting that in fact CSV should be a guide to corporate strategy, and hence it should be incorporated in the corporate strategy, as Bank C suggests. Three out of four commercial banks agree that in fact, CSV should not only be incorporated into the corporate strategy, but it should be used as a differentiation strategy or should help to build a differentiated position (Bank B) and become a distinguishing factor (Bank D) and a competitive advantage (Bank C).

Given the history of South Africa and its structural challenges there is overwhelming agreement across all cases that the CSV concept is understood, in relation to transformation of the financial and banking sectors and society at large, as being aimed at ensuring that it becomes inclusive. This means CSV is understood as an extension of the transformation concept.

Three out of four commercial banks (A, B and C) acknowledge that the concept has its roots in stakeholder value theory. At the macro-level, BASA further understands CSV as an extension of CSR, while at the micro-level, Bank A and Bank C understand the CSV concept as being an extension of ESG. Meanwhile Bank B and Bank D understand it as an extension

of sustainability and corporate purpose. Bank A and D agree that CSV is an extension of the BOP strategy.

The study further looked at the driving factors of the implementation of CSV and the cross-case analysis indicates that all four commercial banks agree that CSV needs a paradigm shift in mind-set or requisite mind-set that drives its practice within banks. The difference is in framing: Bank A calls it *"esoteric thinking"*, which includes societally conscious thinking, a risk-taking thinking, ambidextrous thinking and long-term thinking. Bank B calls it a *"different way of thinking"*, which includes societally conscious thinking, long-term thinking and risk-taking thinking, while Bank C prefers the name *"a change in mind-set"*, which is a societally conscious approach, long-term view or outlook, risk-tolerant and ambidextrous. The last case, Bank D, calls it *"reorientate the way we think"*, which includes societally conscious mind-set *(lead with a conscience*), long-term mind-set *(long term views)* and ambidextrous mind-set *(social lens and economic lens)* as the requisite mind-set (thinking differently) as driving factors in CSV implementation.

There are also responsive or reactionary driving factors that are characterised by the rational, legal, or regulatory moral driving factors and proactive driving factors. These are characterised by instrumental and moral driving factors that inform its implementation within the banking sector. From the macro-perspective (BASA), motivating driving factors are legal (regulatory compliance) and moral (closing governance gaps in government), while all four commercial cases deploy the CSV management practice motivated by the rational argument (risk management), legal (regulatory compliance), moral (corporate purpose, closing governance gaps in government) and indeed instrumental (creating banking opportunities).

There are also driving factors emanating from the need and desire for societal change and all five cases subscribe to this desire for societal change. There is agreement among four commercial cases that societal initiatives could be leveraged or used as a transitional vehicle or enabler of CSV management practice, where in the first case Bank A is leveraging CSR, Bank B is leveraging corporate sponsorship initiative, Bank C is leveraging corporate philanthropy and Bank D is leveraging corporate philanthropy or donations as an enabler of CSV. The cross-case departure here demonstrates that in dealing with societal issues formerly regarded as unconnected to core business programme such as corporate philanthropy or CSI, this can still be transitioned from a peripheral activity into being part of the core business activity of the bank.

Furthermore, all five banks rely heavily on Sustainable Development Goals (SDGs) and the National Development Plan as a major roadmap to environmental societal scanning to define, identify and gain insights into societal needs and challenges on which to focus.

Other secondary documentation used by the banks to gain further insight include Statistics SA (Bank A), AU Agenda 2063 (Bank B and Bank C) and the World Economic Forum Global Risk Report (Bank D). All the commercial banks' cases, with the exception of Bank B, allude to the importance of conducting their own extensive research as another way of gaining deeper understanding of the problems facing society and the mechanism/s needed to ensure the problems are solved in a way that creates banking opportunities. All four commercial bank cases have also leveraged the three dimensions of CSV of reconceiving market, product and services, redefining productivity in the value chain and improving local clusters as a strategy to create banking opportunities out of solving societal challenges.

Looking at across-case analysis, almost all the banks are doing the same thing, the reason being the transformation agenda as articulated in the Financial Sector Charter espoused and advocated by BASA. This means the banking sector takes a similar mandate from macro-perspective BASA, which is the advocacy group that sets the agenda for the banking sector to adopt and implement, hence there are similar themes. The difference might be in the nuanced way of implementation, where the bank deploys its resources and personnel who possess their own agency, which has been demonstrated in the within-case analysis.

4.5 Conclusion

The purpose of the chapter was to answer Research Question 1: How does the South African banking sector conceptualize and define CSV within the sector? The focus was on within-case and across-case analysis. The study generated an emerging perspective as follows: CSV is understood as a complex and emerging field in the banking sector. It is also understood as a concept at the intersection of financial and societal value and a strategic way of deploying core business activities for solving societal challenges. This means the concept is at the core of business strategy and is used as a differentiation strategy within the banking sector.

The concept is born out of an understanding that business is part of society, and its long-term health is closely intertwined with that of society. The concept has its roots in stakeholder value

theory and is understood as an extension of ESG, sustainability and corporate purpose and, most importantly, as an extension of the transformation concept. In the South African banking sector, it is understood and define within the realm of the transformation agenda of the country's financial services and banking sector.

The study further looked at the motivating factors for implementation and delivery of CSV management practice. Results indicate that as a management practice, the CSV concept has the requisite mind-set (thinking differently), and this is driving implementation of the concept. At the same time the results suggest there are also responsive or reactionary driving factors characterised by the rational, legal or regulatory, moral driving factors and instrumental and moral driving factors that inform implementation within the banking sector.

The instrumental motivating driving factor pertains to the business case of creating banking opportunities out solving societal challenges. The CSV business case asserts banks need to look at societal challenges as a market, a fertile ground, and a source for the creation of bankable business opportunities. Lastly, another motivating factor pertains to the need and desire for societal change or doing good in society. CSV management practice differs from CSR or other corporate societal initiatives. However, the most important thing is that with a different way of thinking or mind-set, those societal initiatives could be leveraged as a transitional vehicle or enabler of CSV management practice.

CHAPTER 5: CASE ANALYSIS

5.1 Introduction

The previous chapter suggests CSV as an emerging field of study with an appealing business case of creating bankable business opportunities out of solving complex challenges facing society. Societal challenges are seen as a great source of banking opportunities that calls for the banking sector to implement CSV as part of core business activities and a differentiation strategy to create those banking opportunities. The purpose of this chapter is therefore to answer Research Question 2: **How is the CSV co-creating nature of the South African banking sector?** The focus is on within-case analysis of the five case analyses, beginning with the macro-level and followed by the micro-level of the banking sector.

5.2 Macro-level of CSV co-creation nature

5.2.1 Case study 1: The Banking Association.

The macro-level elicited an external stakeholder co-creation needed for CSV as the single theme, with one explanatory sub-theme of public-private partnership.

- **Theme 1: <u>Co-creating with external stakeholders.</u>**

- **Public-private co-creation**

Closer exploration of the case data demonstrates that the Banking Association of South Africa (BASA) engages in CSV co-creation with external stakeholders, mostly with government in a public-private stakeholder co-creation. In acknowledging the importance of co-creation in tackling complex challenges facing society, the association facilitate co-creation work for the banks with government, as a way of making government more effective in meeting its societal obligations. This is explained in the raw data below:

> *We do lot of work with governments on specific areas on the impact on the industry, whether industry can add value. We do lot of work on staff that are of national*

interest that we don't necessarily need to do, but where government ask for help, we do help. – Interviewee BASA1

I think the challenge is so big that no one can hope to go there alone and be successful and actually achieve what you set out to achieve. You got to have partnership, multiple partnerships, that within public sector, within private sector, and for public and private sector to also partner, to actually achieve that end. – Interviewee BASA2

BASA further recognises that public-private co-creation work is important in tackling complex societal challenges such as the long-standing problem of funding higher education. For this reason, at the macro-level BASA decided to facilitate collaboration between member banks and government to address the funding gap for "missing middle" families who cannot afford to fund their studies. This is explained in the raw data excerpt below:

All major banks to contributed to the Ikusasa Financial Aid Programme (ISFAP), a public-private partnership between government and the private sector aimed specifically at addressing the funding gap for the so-called missing middle – families who earn too much to qualify for free education but not enough to pay for university. – BASA Transformation report, 2016-2018

The case data suggests that at the macro-level there is also a belief that CSV management practice has a potential to influence policy and system change, as BASA suggests that some of its CSV initiatives and programmes have been incorporated into the school curriculum:

So, at an industry level, through BASA we have a programme called "Star savers" where we do lot of work on enabling young people in schools to understand finance on how to budget properly because we believe it contributes to societal development. And the tools we use have been incorporated to enterprise development part of the basic education curriculum and we institutionalise that in the curriculum. – Interviewee BASA2

5.3 Micro-perspective of banking sector

As alluded to in the previous chapter, the micro-level focuses on case analysis of the individual commercial banks that are implementers of the advocacy work done by the macro-level actor, BASA. As the implementer, commercial banks are the ones that are actively on the lookout to create banking opportunities out of solving societal challenges or are the implementers of the transformation agenda as advocated by BASA at the macro-level. The focus of this section therefore is on how micro level actors are co-creating banking opportunities with stakeholders.

5.3.1 Case study 2: Commercial Bank A.

Theme 1: <u>Stakeholder co-creation for shared value CSV management practice</u>

<u>Co-create with Internal and External stakeholders to create CSV-business opportunities.</u>

Closer exploration of the case data suggests that CSV co-creation involves both internal and external stakeholder co-creation, meaning that CSV is co-created internally with internal actors and externally with external actors.

<u>Internal stakeholder co-creation of shared value within the bank</u>

The case data suggests that CSV is understood as part of the transformation agenda of the banking sector and its internal co-creation shows the importance of having an oversight committee to oversee the CSV process. Data indicates that internal CSV consists of a hierarchical oversight structure within the bank with the oversight work ultimately resting with the board, and further overseen by a social, ethics and transformation committee. This view is supported by the raw data excerpts below:

> *The main responsibility of the social, ethics and transformation committee is to provide oversight and play a watchdog role on the group's shared value proposition.* – Interviewee A2

> *Ultimate oversight of social and environmental risk and performance of the group rests with the board. The social, ethics and transformation committee supports the board in discharging its duties. Each of the businesses has their own social, ethics and transformation committees, which report into the groups committee. It is discharged with providing oversight of all culture and conduct risk programmes in*

> *all businesses of the bank and the bank's shared value proposition. These committees are supported by the working forums that focuses on specific topics*. – Bank A Report to society, 2019

In the case of CSV trickling, or filtering, throughout the organization, case data suggests that CSV management practice requires full buy-in and support from senior executives such as a CEO who is societally responsible, committed and conscious, as shown in the previous section. This societally conscious outlook ensures that the executive member or CEO fully supports the idea and is able to ensure that the practice is fully embedded within the organizational culture. This is evidenced in the participant's view below:

> *The bank has ensured that ethical and responsibility culture is embedded within the bank. It starts with our CEO, who has ensured that issues of society are part of our strategy and daily interactions, and this has been made part of the bank's philosophy and governance.* – Interviewee A3

> *The group aims to offer fair value to customers. Its products and services are provided through suitable channels underpinned by entrenched organizational culture of helpfulness and responsible business leadership*. – Bank A report to society, 2018

Data suggests the bank further recognises that another way of ensuring the CSV culture is fully embedded and entrenched within the organization is through motivating, inspiring and encouraging employees to become involved in issues that affect society even outside the workplace, as depicted in the organizational document below:

> *We strongly believe in helping to create a better world and not just through the work we do and a daily basis that impacts our customers and the industry, but through inspiring and encouraging our people to get involved in projects outside their day jobs.* – Bank A website, 2019

The bank ensures that CSV management practice is fully embedded in the day-to-day operations and decision-making of employees and indeed fully understood throughout the bank by engaging in communication and training programmes in order to ensure that every employee understands the corporate purpose and what it stands for in society. This is evidenced through the participant's views below:

We also go extra mile to make sure that all employees within our organization understand our purpose as the bank and the principles of responsible banking: we have the communication mechanism such as online training for our employees at all levels. We also have training programmes for employees to ensure they fully understand what the bank stands for. – Interviewee B3

The bank further does this through incentive programmes that recognise and celebrate those employees who are committed to bringing to the fore innovative ideas that meaningfully impact society and simultaneously creating bankable opportunities for the bank. This shown in the raw data excerpts below:

In celebration of the first cycle of a refreshed Innovators Programme - FNB, … have recognised and rewarded their employees for pioneering platform innovations that help customers. Since the introduction of the programme nearly 20 years ago, employees have been awarded close to R100 million in prize money for thousands of innovations that have accelerated financial inclusion and digital adoption. – Bank A press release, 2021

First National Bank (FNB) awarded over R10.5 million to its most innovative employees. The bank says the employees were awarded for "radically disrupting and introducing game-changing innovations within the financial industry"…The initiative encourages FNB employees to actively participate and enable the innovation process within the banking industry. – Bank A press release, 2017

Co-create with external stakeholder.

Exploration of the data indicates the importance of co-creation with external stakeholders regarding societal challenges is to leverage each other's strength, such as finding alternative funding sources, or as a risk-sharing support. This is evidenced in the raw data below:

The bank says it will continue to seek partnerships to access alternate funding sources, risk-sharing relationship and business development support. – Bank A press release, 2017

There is also a need to understand further that societal challenges are complex in nature, therefore cannot be solved in isolation. Hence the importance of having development support

from other actors, or stakeholders such as government, working in partnership with the private sector or NGOs and civil society and communities in finding solutions. This view is supported by the organizational document below:

> *In partnership with our 40 000 staff, thousands of suppliers, and customers, we are committed to continue collaborating with all stakeholders, industry partners, government, civil society and communities to help rebuild individual, business and financial infrastructures, and doing everything we can to restore economic activity and confidence in affected area.* – Bank A press release, 2021

However, another participant seems to suggests that the co-creation practice within the bank only happens in a CSR space with NGOs and not at the core business, as this might mean collaborating with competitors and threaten their intellectual property. This is depicted in the participant's view below:

> *We don't go outside Bank A, we don't partner with another companies, but for CSI, yes, we do partner with NGOs through funding their programmes. But when it comes to the core solutions of Bank A we don't partner with anyone, because this will mean you are now selling your own IP, so need to protect that from competition.* – Interviewee A2

The case data indicates that the co-creation process within the bank takes the form of a public-private partnership where the bank collaborate with government department to help with improving service delivery work or closing governance gaps. The bank does this through collaborating with the Department of Home Affairs in distributing smart IDs and passports through the bank's infrastructure

> *We have a partnership with Department of Home Affairs where we have hosted them in our branches in order to help them with dispatching of IDs and Passports for those who have applied for them.* – Interviewee B1

Data suggest that in the transformation programme for the agricultural sector, the bank enters into a co-creation partnership with state-owned development finance to help enhance financing products and service offerings and distribution channels. This aims to ensure they become effective and efficient in ensuring the transformation of the agriculture sector, as explained in the organizational document below:

> *The Bank's agriculture support transformation of the industry and is contributing towards growing a larger base of black commercial farmers. The division has entered into partnerships with state-owned development finance institutions to enhance existing products offering.* – Bank A report to society, 2020

The other important element of the co-creation process in the public-private partnership is the potential of influencing policy and procedures through the effectiveness of the co-creation process, which can lead to the potential for system change. In this way CSV management practice has the potential to influence policy and system change. This is evidenced in the organizational document and field note cited below:

> *Effective collaboration between the private and public sectors will help to address and further smooth out the policies and procedures.* – BASA Transformation report, 2016-2018

> *The bank CSV management practice has got the potential to influence policies and systems change.* – Field note, February 5, 2020

- **Business-to-Business CSV co-creation**

The case data further suggests that banks co-create CSV management practice by leveraging the capabilities offered by retail shops to ensure its footprint reach into townships and rural areas. With this reach, those in townships and rural areas are able to be included in the financial system. This view is supported by the raw data excerpts below:

> *You and I might be here in the city, but we have left many of our families and friends in the townships and emakhaya ["rural"] and they need money, so we always ensure that when we send them money, they are able to catch it. Hence, we have partnered with the big retail shops to help them go without the hustle of going to the ATMs.* – Interviewee A

> *Pay and/or request cash using eWallet at SPAR, SUPERSPAR, KWIKSPAR and Tops at SPAR retailers. Plus, pay for fuel and goods using your eWallet at selected TotalEnergies sites.* – Bank A website, 2020

- **Bank-to-institution of higher learning CSV co-creation**

The case data further demonstrates a CSV co-creation between the bank and institutions of higher learning to provide skills set required by the bank. This ensures that graduates are fully equipped for responsibilities within the bank or, in some cases, as competent entrepreneurs who will become valuable clients of the bank. The bank also ensure it contributes to the transformation of academia by partnering with the National Research Foundation to promote black South African academics:

> *Bank A group has partnered with a leading business school for the graduate programme. The programme provides a holistic skill set (business and personal) to the graduates and includes a project focused on entrepreneurship, which helps prepare graduates who want to set up their own businesses.* – Bank Report to society, 2020

> *The bank has joined forces with the National Research Foundation (NRF) to promote the development of Black African South African academics to become nationally and internationally recognized researchers.* – Black Academics Advancement Programme (BAAP) Framework, 2019

- **Bank-to-Entrepreneurs CSV Co-creation**

The case data suggests that in attaining transformational goals and solving societal challenges, the bank co-creates solutions for societal challenges faced by micro-entrepreneurs and SMEs. These include procurement challenges and market entry strategies in partnership with entrepreneurial partners who have entrepreneurial expertise or SME support. This is suggested in the organizational document cited below:

> *Bank A has partnered with Supplier Development Initiatives (SDI) to provide finance and advisory support to enable corporate procurement from micro-enterprises. The programme provides black suppliers with avenues to provide their products and services to large corporates. The programme aggregates the micro-enterprises on a homogenous, national service platform.* – Bank A report to society, 2020

The data further suggests that at the centre of CSV co-creation is connecting the value chain appropriately, such as through leveraging on each other's complementary capabilities within

the value chain. This is done through the bank co-creating with entrepreneurs who have capabilities in the form of the product they need to enter township market, while these entrepreneurs lack the capital to access the market. This is shown both from a participant's view and in the field note below:

> *So how we collaborate is more on putting a solution, so for an example, after our research team done their work, they came back and say: We need to solve the problem of financial transacting in the township and there is these entrepreneurs with their POS device have what we need as an entry strategy or channel to township market. And we have what they need – capital to ensure that what they are doing can be done at scale. The thing is they might also lack capital to scale this. The other thing is you connect people in the value chain in an appropriate way.* – Interviewee A1

The case data further suggests that external stakeholder co-creation of leveraging on each other's complementary capabilities within the value chain happens in the form of the bank buying an equity stake within the business that holds the required capability. This is supported by the raw data excerpt below:

> *CSV co-creation practice need to be mutually beneficial for all parties involved, such as the co-creation with entrepreneurs through buying equity stake as an entry strategy where entrepreneur lack capital to scale while the bank needs appropriate way to enter the market.* – Field note, February 3, 2020

Stakeholder co-creation needs to be mutually beneficial for all parties involved. This means the bank is provided with the capability to enter a new market, gain market share and create additional revenue while entrepreneurs are also provided with the needed capability to scale their offerings within the township market, gain market share and additional revenue. At the same time, society is provided with opportunity to access banking and financial services.

Bank-to-society co-creation

The case analysis suggests that the bank co-creates solutions for the challenges facing society with the direct involvement of society itself, rather than providing a solution for society in absence of them. Beyond doing research, the bank point to an importance of being on the ground with society which helps to provide deeper, intimate and first-hand experience of the

day-to-day struggles facing society and how members interact and connect with each other. This helps in integrating this experience to the solutions being devised for society. Effectively, the bank recognises the importance of behavioural science in developing products and services that are suitable for the needs and challenges facing society. This is depicted in the participants' views below:

> *We don't only rely on research, we also believe going on the ground, having meetings with our constituency, listening to them telling us this and that. This helps a lot in having deeper understanding, so like we have a closer working relationship with communities, and we believe creating solutions for them together. It cannot be in absence of them, it's not like we have all the answers to the problem they are facing; hence we need to create solutions with them. So, we have regular meetings and interactions with our communities.* – Interviewee A2

> *…it's about understanding how communities connect with each other and society connect with each other from a country-to-country and how they are different from each country, and that fascinates me. Then I hook technology into that, and I hook behavioural sciences into that. Then I take a step back and look at the whole picture. Then magic happens, so it's not just a technology thing… I mean I do come across as a technologist and a digital innovator but eventually it's all about people and how people interact and how society interact and how do you help people with technology.* – Interviewee A3

The bank further suggests the importance of being on the ground and conducting extensive research to gain deeper understanding and insight on challenges facing entrepreneurs. This offers ways of co-creating solutions with the involvement of the same entrepreneurs as co-creators of their own solutions for the challenges they face. This view is supported by the organizational document below:

> *The bank said it has conducted extensive research and worked with hundreds of local business owners and mentors to provide users with critical knowledge and practical help as they navigate the journey from incubating a business idea, to starting, running and growing one in South Africa.* – Bank D press release, 2019

> *"Through our research and first-hand engagements with SMEs, we discovered that there is a knowledge gap amongst many existing and aspiring entrepreneurs when*

it comes to starting, running and growing a business. We feel we have a role to play to help close this gap, and at the same time help catalyse a country-wide dialogue of increasing entrepreneurship skills and knowledge sharing. – Bank A press release, 2019

The case data further suggests that the bank's co-create CSV practice with NGOs to ensure they solve societal challenges. This is evidenced through a participant's view and a field note cited below:

An example will be the smart start: it is a social franchise organization we partnered, and they work with or look after three- and four-year-olds. – Interviewee A3

The bank is working towards moving away from traditional arms-length way of collaboration to co-creating practices with different sectors of society such government, higher education institutions, NGOs, entrepreneurs and society to bring solutions to societal challenges. – Field note, February 5, 2020

- **CSV management practice has potential for policy influence and systems change.**

As alluded to above, banks acknowledges that the CSV co-creation practice has the potential to build trust, influence policy, procedures and system change. This can be seen through the raw data excerpts from an interviewee and the documents cited below:

We also looking at how do we work with them to see to it that they have sufficient income and financial education they need, and this works very well, and we believe the model could be used within the government to empower those who are unemployed. – Interviewee A1

SSI aims to influence the education system in South Africa – from early childhood until young people enter the world of work – with the aim to bring about wide-scale, systems-level change for the country. The FRF and FREF utilise their expertise, energy, experience and (limited) resources to target high-potential leverage points that can unlock outsized impact in South Africa's education system, thus realising nationally significant, permanent change in the country's education trajectory. – Bank A, Request for Proposal document, 2021

This collaboration and partnership with the Department of Home Affairs provides a great framework for improving access to essential services for communities. – Bank A press release, 2019

5.3.2 Case study 3: Commercial Bank B.

Theme: CSV co-creation with internal and external stakeholders

Exploration of the case analysis indicates in a similar way to the previous case that CSV is internally co-created with employees and externally co-created with stakeholders. Meaning, there is internal and external stakeholder co-creation for CSV practice within the bank.

Internal stakeholder co-creation

Case analysis indicates a CSV internal stakeholder co-creation similar to that in the previous case. The bank has the oversight committee, overseeing the transformation agenda and a manifestation of the bank's corporate purpose which represent CSV. For this reason, CSV is overseen from the Group Transformation, Social and Ethics Committee (GTSEC). This view is supported by the raw data excerpts below:

We have a sustainability governance structure, so ultimately, we have got GTSEC which is our Group Transformation, Social and Ethics Committee, which is a board sub-committee that is responsible for looking at how the company delivers at its purpose which that purpose can be a shorthand for shared value and for sustainability. – Interviewee B1

The Group Transformation, Social and Ethics Committee (GTSEC), a board committee of the Nedbank Limited board, which provides oversight of the group's activities in relation to transformation, human capital development and sustainability, and monitors progress in terms of the transformation agenda for the group. 'Operating with an expanded mandate based on King IV™, the GTSEC remains committed to ensuring that Nedbank fulfils its social, ethical, environmental and transformational agenda in support of sustainable development, including growth, value creation, effective stakeholder management and protection of the good reputation of the bank'... – Bank B Transformation report, 2017.

The case data further indicates that beyond the group transformation, social and environmental committee holding an oversight role, ultimate accountability sits with the board of the bank. This suggests buy-in from the board, a perception supported in the raw data below:

> *More than anything, everything ultimately sits with the board, which oversees everything we do around here, so even this, GTSEC, report to the board.* – Interviewee B3

> *The Bank B board of directors continues to provide prudent leadership and strategic guidance to safeguard stakeholder value creation within a framework of robust and effective controls…. The board retains ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.* – Bank B Transformation report, 2019

Case analysis further indicates that internal CSV management practice involves a hierarchical structure, where beside the GTSEC and the board, there is also an executive member allocated to champion each of the SDG's chosen areas or focus areas of societal challenges which demonstrate the senior management buy-in of the CSV. This is supported by the organizational document cited below.

> *Our nine prioritised SDGs are allocated to Group Exco members who champion groupwide responses to the SGDs.* – Bank B group integrated report 2019

The bank has also placed individual members, who are societally conscious and committed, as informal ambassadors within business units as way of ensuring that CSV practice is understood and filters throughout the bank. The bank further has informal business forums that focus on the identified societal challenges and SDGs. This is evidenced in the participant's view below:

> *We then have executive members who are responsible for our sustainability functions, which is the head of group strategy. We then have a centralised team which I am part of. We have got informal ambassadors throughout the group, we also have got sustainability forum where we have people who have interest in sustainability, so here we get together once a month where we share what is happening and what's going on. There is more particular sustainability gathering – they organize as forums, like our investment bank has got a water forum. So, if*

> *there is something new we working on, we will pull people together – those who are interested in the topic– to work together until there is no longer need to work on.* – Interviewee B2

Case analysis suggests, as noted above, that the bank also has informal structures or forums focusing on societal challenges and change. This is made clear in the organizational document cited below, which demonstrate that the bank has a women's forum that was created to advance the transformation of women within the bank. There is also a disability forum created to advance the interests of those with disabilities within the bank. Likewise, the bank has a financial inclusion forum, a water forum and other forums to ensure that CSV management practice is adhered to and filters throughout the organization.

> *The Bank B Women's Forum was created to address the advancement of women into leadership positions in the bank and continues to provide a space for both women and men to share their gender-related experiences with a view to creating opportunities for women. Specific initiatives include internal career advancement and recruitment among the designated groups (women in particular) and linking Bank B's recruitment and skills development initiatives to the Bank B Employment Equity Plan. It also organised the Women's Conference, Cell C Take a Girl Child To Work, as well as coaching and mentoring*. – Bank B Transformation report, 2016

> *The Disability Forum is a platform through which the bank raises awareness about disability and reasonable accommodation, and also serves as a vehicle for consulting on pertinent issues. Targeted initiatives include conducting a reasonable accommodation audit and raising awareness among top and senior management to encourage the creation of an inclusive work environment while striving to meet higher targets.* – Bank B Transformation report, 2016

The presence of informal ambassadors and informal forums across the bank further indicates the CSV management practice within the bank as a bottom-up approach and strategy. It shows that the strategy is not only driven from the top, or is not a top-down approach, but is also a bottom-up approach. It brings in those societally conscious and committed individuals and the informal structures are pushing from the bottom to ensure that CSV management practice manifests itself. This is suggested in the participants view given below:

I am saying that it is not only top-down culture but there is some kind of bottom-up push culture, particularly from various part of businesses, who believe they can do more and they are our ambassadors and the forums we have….And I spoke about our sustainability forum and the water forum: we have a committed team there, so we have a committed team looking at the water, food and energy, and those are the big systems we trying to change that helps us with the bottom-up push. – Interviewee B1

Case analysis further suggests that CSV management practice, as understood through the corporate purpose, is embedded and entrenched in organizational culture and everyday decision-making to ensure that it is fully understood by everyone within the bank. This view is evidenced below:

So, our corporate purpose as well is what is important to us: we employ lot of millennials and they are about how business reports to societal needs, they want to give back. So, we have got an opportunity there, we rope them in, we make sure that they get into our programme, so by being involved they get to understand our purpose. – Interviewee B3

We work tirelessly to ensure that, everyone can tell you about our organization, what it stands for, it should be in our DNA, we live it – even our HR, we sit with them and ask: now that you know what is our purpose and strategy is, how does this strategy speak to our people? So, they have to come up with the HR-aligned strategy, from the IT let's ensure that our processes are efficient. If someone cannot use our app, how do we ensure that our purpose is achieved through the use of our app, but so we try and collaborate across the board. But we still find each department still doing its own thing. – Interviewee B1

The case analysis further suggests that there is also a need for a clearly tailored, crafted and customised over-communication process within the bank as a way of ensuring that CSV is fully embedded, entrenched and understood by everyone within the bank. The raw data excerpt below supports this view:

It's an on-going process, we over-communicate, but it is also about how you craft your communication, when you do your stakeholder analysis you ought to understand what is important to the people. In other words, if I speak to the board

> *of trustees, what is it that they want to know, if I speak to the executive team what is it that they want to know? So how you craft your message is very important.* – Interviewee B2

The case analysis indicated that the bank began CSV internal co-creation by having an oversight committee, and since CSV is understood to be a major part of the transformation agenda of the banking sector and society at large, CSV is therefore overseen from the Group Transformation Societal and Environmental Committee (GTSEC). It begins with having buy-in from executive management who are societally responsible, committed and conscious, leading to the bank having an executive for each chosen area of societal challenges or SDGs.

To further ensure that CSV management practice is embedded, entrenched and fully understood throughout the organization, the bank ensures there are individuals who are societally conscious and committed, acting as informal ambassadors throughout business units. In addition, the bank created informal structures in the form of forums within business units. At the same time the bank further recognises the importance of having a clearly tailored, crafted and customised over-communication within the bank to ensure that everyone understands that the bank's CSV management strategy. This also shows that CSV management strategy is indeed a bottom-up strategy that is born from the bottom and only sold to the executive through getting buy-in from senior management.

- **<u>CSV co-creation with external stakeholders</u>**

Closer exploration of the case data suggests that when engaging the complex challenges facing society and to fulfil the responsibility of leading a sustainable transformation agenda, the bank recognises the importance of co-creating solutions with other external stakeholders. This view is supported by the raw data below:

> *Bank B remains committed to playing our part, working together with business, government, labour and civil society to address structural socioeconomic challenges in the country and improve the lives of all South Africans*. – Bank B transformation journey, 2017

Case analysis suggests that the bank, in solving those challenges, engages in a Public- Private Partnership (PPP) where it partners with the Department of Home Affairs to help effectively and efficiently distribute smart IDs and passports. The other external stakeholder co-creation

is where the bank is working with the National Student Financial Aid Scheme (NSFAS) in effectively and efficiently distributing funds to students at institutions of higher learning. This is supported by the participant's view below:

> *There is a lot of work we are doing with government and one I can think of is the partnership with the Home Affairs where we are helping them with distribution of smart IDs and they are using our bank branches as distribution centre because we are closer to the people who might need this essential services and we also have a relationship with NSFAS to help administer the funds effectively to reach the people who need them most in universities and TVET colleges.* – Interviewee B1

The data further suggests that in the cause of transformation and ensuring financial inclusion in society, the bank co-create solutions with local municipalities to ensure they efficiently bring products and services to the unbanked and under-banked members of society residing in far-flung areas. This ensures that they have access to some form of financial services, as evidenced in the raw data excerpts below:

> *Bank B launches SA's first solar branch in Mncwasa [in the Eastern Cape]. This initiative was undertaken in partnership with the Mbhashe Local Municipality, represented by Executive Mayor, Cllr Samkelo Janda, who spoke at the launch. More than 69 percent of the Mncwasa community is economically inactive and depends on child support grants, with employment concentrated among teachers and small-scale entrepreneurs. The solar branch will enable the rural community to access financial services through cashless, digital-payment solutions such as Masterpass, which enables clients to make online purchases.* – Bank B Integrated report, 2017

In its transformation work and in solving challenges facing SMEs, the bank co-creates solutions with a government department and its agency. This is done as a way of helping to promote efficiency in government and extend governmental reach for the distribution of services in society. The raw data excerpts below support this view:

> *Bank B, the dti [Department of Trade and Industry] and CIPC [the Companies and Intellectual Property Commission] partner to enable small businesses growth. This is exactly what this project is demonstrating: it is a public-private partnership in the true sense of the term where government and Bank B partnered to offer different*

products to the mutual customers through an integrated process. The Bank B partnership is one of a number of the initiatives aimed at promoting efficiencies for end users. He adds that this partnership extends the reach of government services to the most remote areas of South Africa, bridging the digital divide and making it easy to do business in South Africa. It is a one-stop service for an entrepreneur, who needs a convenient and seamless process to register their business and open a Bank B business current account. – South African Government Media Statements, 2016

The case analysis further suggests that in the transformation agenda of financial inclusion and bringing some form of financial services to the unbanked and under-banked members of society, the bank engages in a business multi-stakeholder co-creation leveraging on complementary strengths and capabilities. Indeed, the bank co-creates financial inclusion solutions with other businesses such as a local fintech firm that has digital banking and payments capabilities and MasterCard which has secured prepaid payment capabilities and a common desire to democratise access to financial services. This is supported by the raw data excerpts below:

Local fintech firm Ukheshe [isiZulu for cash] recently announced a new partnership and solution that South African small businesses will likely be interested in. The partnership is with MasterCard and Bank B, with the latter helping to power Ukheshe's new prepaid payments programme. This programme will specifically enable digital payments for small businesses that did have this facility previously, by providing access to prepaid and virtual cards. These kinds of offerings were normally reserved for large enterprises, but Ukheshe says its new solution democratises these types of financial services. Its partnership with MasterCard means that it can now leverage MasterCard Processing, which enables it to launch secure prepaid payments programmes to its customers with greater speed, flexibility, and convenience. As for Bank B's role in this newly forged partnership, it notes that these kinds of digital solutions are a fundamental part of its focus to deliver services to a wider segment of the country. – Hypertext, 2020

To ensure transformation, support and enhancing SMEs the bank has established a business accelerator programme. However, the bank lacks business coaching and incubating capabilities, so the bank leveraged these capabilities through a co-creation with a prominent

business coach and incubator and through leveraging capabilities of talk radio with its mass audience. This understanding is supported by the raw data excerpts below:

> *In 2012 we launched what was called the Bank B Business Accelerator programme. Now it's called Bank B, Business Ignite in partnership with Primedia talk radio and [a] prominent business coach and incubator where we help support entrepreneurs with their businesses and we give them mentorship, funding airtime to showcase their businesses in the radio.* – Interviewee B3

> *Bank B and talk radio station partners Radio 702 and CapeTalk, through Bank B Business Ignite, will be supporting five businesses to thrive during the pandemic. Bank B and the talk radio stations have concluded the eighth year of SA's longest-running small business mentorship and investment programme on air*. – Bank B media release, 2020

Case analysis further suggests that as a way of harnessing the power of technology to co-create solutions to the food security challenge and support agricultural clients, the bank co-creates solutions with a disruptive technology company. This company builds analytics on top of aerial drone and satellite imagery to deliver precision tools to agricultural clients. This is witnessed in the organizational document cited below:

> *The bank has partnered with a disruptive technology company that builds advanced analytics on top of aerial drone and satellite imagery to deliver precision farming tools for agricultural clients.* – Bank B press release, 2018

The CSV co-creation management illustrated above ensures that farmers have the crucial information needed to ensure that their crops are sustainable. This secures food security for society and the agricultural businesses remain productive and profitable, which helps the bank retain clients and gain sustainable revenue.

The bank further co-creates solutions for solving societal challenges with society itself. This is done through co-creating solutions with smaller incubators that run community-based incubation programmes as a way of enhancing their work by providing them with an opportunity to support other SMMEs with meaningful, practical skills, acumen and development through provision of training and business seminars for SMEs, including township entrepreneurs. This is evidenced in the raw data below:

Bank B's Incubator Programme during Global Entrepreneurship Week: Bank B launched this exciting initiative during Global Entrepreneurship Week, with seven developing, community-based incubators across Gauteng. …The objective of this enterprise development intervention was two-fold: ■ to support SMMEs with meaningful, practical skills, acumen and development; and ■ to provide the smaller incubators with the opportunity to participate in Global Entrepreneurship Week. – Bank B Transformation report, 2017

The bank further co-creates solutions for societal challenge such as the lack of necessary skills needed by the country in the Science, Technology, Engineering and Mathematics (STEM) fields. This is done through a co-creation initiative where the bank leverages its financial strength and harness the training and skilling capabilities of an institution of higher learning or a university to provide the future skills pipeline needed by the country. The bank further ensures that bankable opportunities are created through taking a deliberate approach involving a training and skilling programme for these students. This ensures it addresses banking challenges and further creates banking opportunities in real estate while harnessing the power of technology in banking to help improve banking operations. This is depicted in the organizational document cited below:

PARTNERSHIP WITH THE UNIVERSITY OF JOHANNESBURG: The partnership was initiated to address the future skills pipeline focusing on STEM (Science, Technology, Engineering, Mathematics) in line with our digital-first strategy. A total of 24 students were funded for 2019 to address our scarce, critical and future skills requirement. … – Bank B Transformation report, 2019

5.3.3 Case study 4: Commercial Bank C.

Theme: CSV co-creation with internal and external stakeholders

Exploration of the case analysis indicates that as in the previous cases, CSV management practice is internally co-created with internal employees and externally co-created with stakeholders in solving complex challenges facing society. Thus, there is both internal and external CSV stakeholder co-creation within the bank.

Internal stakeholder co-creation

The case data indicates that the CSV management practice, as in the previous cases, ultimately sits with the board and is supported by the dedicated executive committee (Exco) that is responsible for the oversight of responsible conduct, culture, ethics, stakeholder engagement and environmental societal governance and risk management. This understanding is supported by the participant's views and the organizational document and field note cited below:

> *Our group Exco, which is big committee, the big bosses, the big guys. We are very pleased to see now that our group Exco are the one who are now taking ownership of our social strategy.* – Interviewee C1

> *The Bank C board is responsible for ensuring the group conducts itself as a responsible, ethical corporate citizen. Dedicated board and management committees are responsible for the oversight of ethics, conduct, culture, stakeholder engagement and ESG risk management, to ensure our values and standards are reflected in all our day-to-day activities. In 2019, the group adopted a new ESG governance framework, which recognises ESG as a separate risk type within non-financial risk and assigns clear accountability for management of this risk area.* – Bank C Environmental, social and governance report, 2019

> *The CSV management practice ultimate oversight is with the board supported by the management committees as an oversight structure that report to the board*. – Field note, February 13, 2020

Case analysis further suggests that CSV management practice is co-created with the buy-in from senior management who are societally conscious and have internalised, embraced and are indeed championing the practice. This can be witnessed in the participant's view below:

> *I believe our leadership and our board has internalised this and embraced that understanding, and you will see sometimes. If you read the CEO's letter in front of our report you will see this comes out very strongly, …. Banking is now more than just banking, it's about platforms and ecosystems, it's about bringing reputation and legitimacy of Bank C.* – Interviewee C3

> *I report to chief risk officer, and he is the champion of this and our financial director is also champion of this*– Interviewee C1

The bank suggests that beyond the buy-in of senior management, there is also an informal structures or committees or groups that comprise societally conscious members who understand the CSV practice and helps ensure the practice filters across the bank. This is depicted in the participant view below:

> *We also have a kind of a group where we get together. It is not a formal structure, and that group has got chief executive of all our Africa region, it has chief financial officer of our CIB, it has our chief marketing officer, human capital director, so we tried to find people who understand it and are passionate about it, who sit on our Excos or one level down. And we work with them, and we also call that group together when we want to bounce some ideas and so on, and the progress we made is reported to our group executive committee.* – Interviewee C1

Another participant suggests, however, that the informal group or societal strategy group, has not yet been established. It is still in the process of being established to ensure seamless implementation of CSV management practice. This detailed from the participant's viewpoint presented below:

> *After recent engagement we need to develop a societal strategy working group.... So, we are in the process of developing a working group which is currently not in place, but we feel that there is a need for it because we need someone who is consolidating these different views and how we are taking this strategy forward as part of our competitive strategy.* – Interviewee C3

To further ensure that CSV management practice filters throughout the organization, the bank has ensured that the practice is led from the various business units, with individual members who are societally conscious and understand the practice as informal ambassadors of the practice. This ensures that there is a common understanding within the business units and will lead to integration of the practice and the development of products and services, as can be witnessed from the participants' views presented below:

> *There is a central team, but we decided that these programmes should be led and owned by business units themselves, So we ensure that every business units have a representative individual, so it is related to the bank's architecture and operating model. So, the central team develops, like, the tools or toolbox that they can use, things like, what are the principles around shared value, we will set a framework*

that business has to operate in. But it is the business units themselves that have to come with the products and services and integration, and some of them are ahead of the curve while others are behind the curve. – Interviewee C2

So, what we do, is we work with people who understand it and they start to get involved and come up with new products and services, but in Bank C we are not very centralised structure, so no one approves what they are doing and measure and what we doing is to measure after-effects, so what impact did this have? – Interviewee C1

The case analysis further indicates that the bank, in ensuring that the practice is fully embedded and entrenched within the organization, has developed a CSV toolbox to ensure uniform approach, understanding and interpretation of the societal strategy by business units. This view is supported by the participant's comment below:

We are developing a societal strategy toolbox, which is basically a set of documents that will enable business units to know what our societal strategy is, because will ask: What is our societal strategy? How do I interpret within my business? And all of this is going through our Exco, they are the ones who are involved in running the business and approved where societal strategy is today. – Interviewee C3

The bank has further developed mandatory compliance training for all employees, from senior executives to frontline workers, to ensure the practice is fully embedded and entrenched throughout the organizations. The training is digitally based to maximise accessibility and convenience. This is depicted in the organizational document below:

We've made a number of changes to embed our ethics and values across the group. All our people, from our executives to our front line, undertake regular, mandatory compliance training, covering a broad range of issues. We've piloted a new app that allows our people to do this training via their smart mobile devices, to maximise convenience and accessibility. The new training will be rolled out across the group during the first quarter of 2017. – Bank C Report to society, 2016

To further ensure the CSV management practice is fully embedded and entrenched, the bank has also decided to create internal awareness campaigns to build internal awareness. This can be seen from the participant's view below:

> *We are about to start an internal campaign about our report, but in the past, we ran competitions and so on to build awareness internally on this issue.* – Interviewee C2

Case analysis indicated that the bank's CSV internal co-creation comprises of an oversight executive committee (Exco) that ultimately report to the board. There is a buy-in from a societally responsible, committed and conscious executive management, and different executives such as the finance director and the chief risk officer.

To further ensure that CSV management practice is fully entrenched and understood throughout the organization, the bank bring societally conscious and committed individuals acting as informal ambassadors throughout business units. In addition to the oversight committee, the bank created informal structures in the form of societal strategy groups found within business units. The bank has further developed a CSV toolbox to ensure uniform approach to understanding and interpretation of societal strategy by the business units. The bank has also developed mandatory compliance training for all employees from the senior executives to frontline workers. It also created internal awareness campaigns to build internal awareness, to ensure everyone understands that the bank needs to make a meaningful impact on society while simultaneously creating banking opportunities. This shows that CSV management strategy is indeed a bottom-up strategy that is born from the bottom and sold to the executive level through getting buy-in from senior management.

- **<u>CSV co-creation with external stakeholders</u>**

A closer exploration of the case data suggests that in order to achieve societal value, the bank recognises the importance of cooperation and collaboration with other stakeholders across all sectors and geographies. This is supported by the raw data excerpt below:

> *We remain committed to consulting, engaging and partnering with our stakeholders, and to reporting transparently on progress as we work toward strengthening our ESG risk governance and management.* – Bank C website, 2020

Data analysis indicates that the bank engages in the Public-Private Partnership (PPP) to solve some of the pressing challenges facing society, including entering into a pilot co-creation initiative for early childhood development initiative with the Western Cape government. The bank further collaborates with a government department to assist with distribution of ID cards

and passports. In both instances, the co-creation initiative is in the form of a hands-on approach, where the bank becomes active part of the creation of solutions, such as helping to creating ECD bonds and distribute IDs through bank branches. This is supported by the participant view below:

> *We collaborate with different types of stakeholders and sometimes we collaborate with government. We done collaboration with government and piloted an early childhood development bond with the Western Cape government. We also collaborate with Home Affairs in distributing ID cards and passports through our branches, so there is lots of examples of government, NGOs, universities and other companies and fintech companies.* – Interviewee C3

The bank co-creates solutions through the PPP with the Department of Telecommunication and Postal Services to support women entrepreneurs in the ICT space in developing and growing their businesses. This co-creation initiative is a hands-on approach where the bank runs a competition for women entrepreneurs and the winner gets the monetary sponsorship, together with access to markets and opportunity to secure contracts with the corporate sector. This is depicted in the organizational documents below:

> *We partner with the Department of Telecommunications and Postal Services (DTPS) on the Women in ICT programme, which aims to support women ICT entrepreneurs to grow their businesses. We run an annual competition which sees women ICT company owners compete to win development and funding support, together with access to international and local markets and an opportunity to secure contracts with the corporate sector. At the 2019 Women in ICT event, five finalists pitched their businesses to a panel of judges. The winner, Simangele Mphahlele's Ejoobi [an automated recruitment system], was awarded business development support to the value of R300 000 from Bank C. Ejoobi's mission is to enable organisations to connect to hard-to-reach job seekers through customised USSD [Unstructured Supplementary Service Data] and SMS campaigns.* – Bank C Report to society, 2019

> *Bank C sponsored the South African Reserve Bank (SARB) and KPMG Matchi's 2019 Global Fintech Hackcelerator Southern Africa competition, a platform for fintech firms from all over the world to present innovative solutions to Southern*

Africa's financial challenges. Two winning firms received funding to develop a contextualised proof of concept, to be deployed within a year. – Bank C Report to society, 2019

The data further indicates that there is a business-to-business co-creation initiative where the bank co-creates solutions with GE Healthcare. The latter has healthcare capabilities, equipment and know-how, while the bank possesses the financial capability and know-how. The bank also co-creates solutions with retail stores which are more accessible by many in society. The participant's view below attests to this:

We partnered with General Electric Healthcare around helping doctors develop their practices because many times we don't consider doctors as running businesses. We also partnered with many retail shops where we make it easier for people [to] send cash to their loved ones to receive it from retail shops. – Interviewee C2

Bringing instant money closer to you, we're partnering with more retailers so that you can send and receive money quickly and conveniently with instant money anywhere in the country. – Bank C website, 2019

The bank further co-creates a CSV initiative with the technology-based company to leverage on its technological capability to help customers open an account remotely without any geographical hindrances. This offers accessibility to financial services to many in society, as noted below:

We've partnered with Cape Town-based technology company iiDENTIFii to enable new customers to open accounts remotely, using biometric digital identity verification. Customers can open an account in under 60 seconds, from wherever they are, with no need to visit a branch. …iiDENTIFii matches the data from the selfie and the ID document with a facial biometric at an issuing authority or government department. The technology is safe and secure, and iiDENTIFii has been verified as legally compliant by ENSAfrica [a large Johannesburg-based law firm]. Customers can use the iiDENTIFii process to open a MyMo or Shyft account and are able to transact the same day. – Bank C Transformation report, 2019

The case data indicates that the bank co-creates CSV initiatives with fintech entrepreneurs to solve the financial inclusion challenges to deliver societal value such as improved ease of access, convenience and affordability of financial services to many unbanked and under-banked individuals. This is described in the organizational document below:

> *Partnering with Africa's fintech entrepreneurs Bank C works with Africa's fintech entrepreneurs to deliver improved ease of access, convenience and affordability for our clients, while boosting process efficiency, mitigating risk and reducing costs for the bank. We partner with third party service and product providers to ensure our clients have everything they need in one place, while ensuring the security of our clients' data.* – Bank C Report to society, 2021

In bringing accessibility and financial inclusion to the unbanked and under-banked members of society, the bank decided to co-create a solution in partnership with informal sector entrepreneurs, in the form of spaza shops. The bank leverages the convenience and accessibility of spaza shops to many unbanked and under-banked members of society who live close to those spaza shops as an entry strategy to the market. This partnership adds value to society through access to some forms of transacting and banking, while also bring societal opportunity to the spaza shops in the form of new streams of revenue from the bank that is leasing their services. This also reduced bricks-and-mortar costs involved in leasing branches and space for ATMs. The raw data excerpts below support this:

> *Look, we have done lot of work at the inclusive banking side, working hand-in-hand with spaza shops to bring what we call bank-shops closer to the townships and rural areas across the country where our people can conveniently an account at their local spaza shop to deposit and withdraw money and even buy electricity without incurring any transport cost going to town for banking open. And at the same time, we don't incur costs of leasing for bank branches and space for ATMs*. – Interviewee C2

Case analysis indicates that solving societal challenges such as improving support to SMEs, buying an equity stake or Investing in a company, is another form of co-creation strategy or solution used by the bank. The bank has access to fintech entrepreneurs and the capability to train and incubate SMEs. This gives the bank the opportunity to play a role in the fintech space, while also creating opportunities for entrepreneurs to access global capital, talent and

knowledge transfer through the Founders Factory Africa network. This includes world-class entrepreneurs, investors, corporates and successful start-ups across Africa, Europe, the UK and the US. This analysis is supported by the raw data excerpt below:

> *In 2018, Bank C became the first investor in Founders Factory Africa, a South African company operating across Africa to deliver accelerator and incubator services. Our partnership aims to build and grow over 100 disruptive tech start-up companies across Africa over five years. In 2018 we received over 500 applications from fintech entrepreneurs. In 2019, after a rigorous screening and selection process, we selected the first five businesses to receive investment. Founders Factory Africa has committed to growing these businesses through a six-month acceleration, which includes specialised tailored support. The firms will also have access to global capital, talent and knowledge transfer through the Founders network, which includes world-class entrepreneurs, investors, corporates and successful startups across Africa, Europe, the UK and the US.*
> – Bank C Report to society, 2019

The bank further co-creates solutions with society itself by looking at challenges facing SMEs and co-creating solutions with them, or by involving them to ensure they become part of the solutions created for them. This is supported by the participant's view and field note cited below:

> *I also work directly with SMEs to understand the challenges they are facing in day-to-day running of their businesses, and in creating solutions they believe are suitable to those challenges. We work with them in designing appropriate solutions that will support the development and growth of their businesses.*
> – Interviewee C1

> *The belief by the bank is society need to be included and be part of the solutions that are created for them such as in this instance where solutions for entrepreneurs are created with the involvement of entrepreneurs themselves.*
> – Field note, February 13, 2020

Data analysis suggests that the bank further enters into a multi-stakeholder co-creation involving society and other business to co-create CSV initiatives. This view is supported by the raw data excerpt below:

Bank C aims to work with our clients to increase the profitability and sustainability of Africa's small-scale farmers, while improving Africa's food security… The programme is being run in partnership with local farmer associations and cooperatives, relevant UN agencies and international aid agencies, national and local governments, local private sector partners and NGOs. In South Africa, our focus is on bean and vegetable farmers in Limpopo Province and Free State Province. – Bank C Report to society, 2019

The bank further co-creates solutions to solve societal challenges such as improving education outcomes with NGOs to train educators of ECDs with necessary skills. This primarily means the bank co-creates CSV initiatives with NGOs, as witnessed from the participant's view and the organizational document cited below:

There are many collaborations work we do, take the ECD space, we partner with many NGOs that assist us with training programmes for the teachers. – Interviewee C1

We partnered with Fundisani Thuto to improve access to quality learning and teaching in preschools. The programme focuses on teacher development, learner support and community education. It enables unqualified and/or under-qualified ECD practitioners to participate in accredited ECD NQF level 4 training programmes. Once formally qualified, they can access various forms of support from government and civil society organisations. – Bank C Transformation report, 2020

The bank further helps support and empower women in the agriculture space to enhance productivity and income through climate-smart farming methods. The co-creation aspect comes through pledging resources for the UN Women (the United Nations Entity for Gender Equality and the Empowerment of Women) to teach women farmers. This is depicted in the raw data below:

In 2019, Standard Bank launched a partnership with UN Women to assist more than 50 000 women farmers in Malawi, Uganda, Nigeria and South Africa *through a climate-smart agriculture programme. This initiative focuses on modern and*

environmentally responsible farming technologies that increase productivity and incomes– Creamer media, 2021.

5.3.4 Case study 5: Commercial Bank D.

Theme 1: <u>Stakeholder co-creation for shared value CSV management practice</u>

<u>Co-create with Internal and External stakeholders to create CSV-business opportunities.</u>

Exploration of the case analysis indicates that as in the previous cases, CSV management practice is internally co-created with employees or internal stakeholders and externally co-created external stakeholders. Clearly there is an internal and external CSV stakeholder co-creation nature within the bank.

<u>Internal stakeholders CSV co-creation</u>

Case analysis shows that the CSV management practice oversight function is provided by the Social and Ethics Committee (SEC). This is a sub-committee of the board and reports to the board. This makes the board the ultimate watchdog of CSV practice. Participants' views and the organizational document cited below support this understanding:

> *…all these report in what we call Social Ethics Committee, which ensures that all these are being done responsibly. Now the Social Ethics Committee is a sub-committee of the board and it consist of independent non-executive directors…, so they are like watchdogs of the business.* – Interviewee D2

> *We only have a social and ethics committee that looks at this programme…, so we report to the board or social and ethics committee as a custodian just to ensure that whatever it is as per the strategy, whatever the initiatives, actually there is progress when it comes to that but also internally within the group itself.* – Interviewee D3

> *For instance, the SEC is responsible for monitoring conduct and ethics, reputation, people, sustainability and environmental risks. It also monitors key organisational health indicators, responsible corporate citizenship, stakeholder management and the Group's activities pertaining to our role in Africa's growth and sustainability,*

among other issues. – Bank D Task Force for Climate related Disclosures Report, 2020

Case analysis suggest that the bank recognises the importance of identifying ambassadors who act as CSV champions within their business unit to work with, and become reference point or persons to go to, when information is needed. The belief is that these champions should be part of the Exco, to be able to ensure that CSV management practice finds its way to the Exco meetings and drives corporate strategy.

It is those on-going relationship you keep working on. It is also about identifying who are those champions within each and every business unit that you can actually work with so they can be that point person to drive the strategy. You might find that some business units …and maybe when there is some Exco we can actually go there and talk to the strategy, we can talk to what are actual opportunity we can leverage… That's actually how we ensure we are driving the strategy, but actually we give them that ownership to say that this is how you want to do it, it's up to you, we just there to provide strategic direction and ensure that the pillars are there, and we actually assist you according how do you actually go about in setting those KPIs and all that. – Interviewee D3

As a group citizenship we are the champion, as you mentioned, and we drive the strategy. But we are not necessary[il]y the implementers of that strategy, we might not have requisite amount of funding and budget to actually ensure that we are actually driving the strategy because funding might be sitting within business units. So, it calls for that closer collaboration and working relationships with those departments and business units horizontally and vertically, so as to ensure that they understand the strategy and pillars, what is actually we are trying to do and how do they weave in the strategy within their business units. – Interviewee D1

The case data suggests that the CSV management practice or playing a shaping role in society is developed and crafted as one of the three key drivers of corporate growth strategy and business unit strategy. It is embedded and entrenched within the organization's mind-set and the corporate culture in a way that becomes difficult to ignore. This understanding is supported by the raw data excerpt below:

> *I think, though, one of the key enablers for us is that when we design this new growth strategy, we actually elevated playing a shaping role in society as one of those three enablers so that it is there by default. You cannot ignore it, you cannot decide to pursue those two enablers and not the other, so as a business unit, depending on your level, from the C-suite level colleagues there, they also ensure that when they are building their own business unit strategy, how do they address issues of playing a shaping role in society.* – Interviewee D2

The same view is articulated in a different way by the interviewee below, to the effect that the bank ensures the sense of citizenship, or societal good, drives corporate strategy, operations and creation of products and services. The same is true even at bank branches, where a sense of citizenship is embedded, entrenched and embraced. This belief is supported in the participant's view below:

> *It is with the understanding that how do we put the lens of citizenship, how do we put the lens of society that we serve in mind that in everything that we do… even when designing this products, just try to pull those citizenship lens… we are always looking for opportunities to drive the citizenship strategy and actually ensure that again we are playing that shaping role in society, that we are an active force for good. And again, those strategic engagements are about driving thought leadership, various forms of reforms in education, how do we have that lens in place even for a person that is in the branch, just having that at your radar.* – Interviewee D3

The data further indicates that the bank ensures the CSV culture is fully embedded within the organization through motivating, inspiring and encouraging employees to get involved in the issues that affect society, even outside the workplace. They are encouraged to engage in volunteering campaigns, going to schools within communities to gain first-hand experience of the challenges facing society and build empathy and connections with society as a way of ensuring that a sense of societal responsibility and conscience is ingrained in their day-to-day life. The bank suggests that this practice help manifest in their daily operations and decision-making in the workplace. This perception is supported by the participant's view and the field note cited below:

Again, what does it mean being a force for good in society and then they will have regional level types of initiatives that speak to citizenship that they will be doing. And a lot of those might be some of our volunteering campaigns and initiatives that again speak to our citizenship and those initiatives, for an example, will be them going to schools in the communities where we are serving to actually provide some educational programmes, or doing some donation of some sorts. And again everything is linked to broader strategy, but it will be how it is actually implemented and the actual day-to-day KPIs, – Interviewee D3

The bank believes in encouraging employees to volunteer in society as a way of having a first-hand experience of daily struggles faced by society and as an empathy- and deeper connections-building exercise with society that will be taken into consideration in their roles and responsibilities within the bank. – Field note, March 6, 2020

The case data further suggests that in embedding and entrenching CSV management practice or the societal promise, the bank recognises the importance of effective and clear internal communications around ethical behaviour. Likewise, the impact of inappropriate and responsible conduct, with more emphasis on the bank's newly developed values. The bank further has incentive and recognition programmes on performance management of CSV management practice and using malus and clawback mechanisms that underpin the sustainability of performance outcomes. This is depicted in the raw data excerpts below:

Effective internal communication – improving the transparency of reward outcomes through effective communication of overall performance, as well as individual reward outcomes linked to this. …Employees and managers have regular performance and development conversations through both our structured performance assessment cycle as well as on an ongoing basis through informal and formal engagements. Recognition programmes – we have a diverse range of recognition programmes, structured in accordance with the business' needs, to enhance employee engagement in the respective business/function. Responsible business – we drive ethical behaviour and clearly communicate the impact of inappropriate conduct by emphasising Bank D Values and through the use of malus and clawback mechanisms to underpin sustainability of performance outcomes. …… – Bank D integrated report, 2018

> *We developed new Values that now underpin our culture change, our entrepreneurial spirit and the role we are going to play in society and the communities we serve in particular. Our new Values and supporting behaviours are: These Values were a result of an extensive collaboration by colleagues across our business.* – Bank D integrated report, 2018

The case analysis above suggests that the bank's CSV management practice is embedded within the corporate culture and in the daily operations and decision-making. The bank does this by ensuring that CSV practice is fully understood throughout the organization by forming informal structures in the form of forums within business units. These assist the oversight committee. The bank further ensures this through motivating, inspiring and encouraging employees within the bank. Communication and training are also used, while incentive programmes recognise those employees who have brought to the fore innovative ideas that are making a meaningful impact on society while simultaneously creating banking opportunities.

All this is overseen from the environmental, societal and transformation committee. It begins with buy-in from the executive management who are societally responsible, committed and conscientious. This seems to imply CSV management strategy is a bottom-up strategy that is only sold to the executive through getting buy-in from senior management and is accountable to the senior management and the environmental, societal and transformation committee.

External stakeholder co-creation of CSV management practice

Exploration of the case analysis suggests that the bank acknowledges a need to move away from a passive role of giving out money and move into a space of co-creating solutions with partners. This perception is supported by the raw data excerpt below:

> *We have partners who still expect us to give money and let them run with project: then we say things have changed, right, times have moved, we are not in that business of actually giving out money and sit back. We actually are saying we want to be involved, we want to co-create, we want to work together to see it, what that outcome we want to solve for. And we also want to be part and parcel, we want to be in that whole journey and process, and some actually find that as a challenge.* – Interviewee D1

Indeed, the case data suggests the bank recognises that co-creation with external stakeholders such as strategic service partners, regulators, society, charities, NGOs and public/private partnership does amplify positive impact in addressing the complex societal challenges. This understanding is supported by the organizational documents cited below:

> *Collaborative relationships with a range of stakeholders including strategic service partners, regulators and communities where we operate and aim to contribute to socioeconomic development and societal wellbeing.* – Bank D Africa Integrated report, 2017

> *Our success is interlinked with the wellbeing of the societies in which we operate. Charities, non-governmental organisations and public and private sector partnerships enable the Group to amplify our positive impact in addressing a number of socioeconomic challenges.* – Bank D integrated report, 2018

Case analysis suggests that the bank acknowledges that when solving societal challenges for scale and larger societal impact, this cannot be done without a strategic co-creation with other like-minded stakeholders. Like-minded stakeholders mean having common and aligned objectives and goals, and possess the complementary skills, expertise and capabilities needed to augment the limited resources possessed by either party. Thus, the bank recognises the importance of leveraging on external co-creating stakeholder with complementary strengths and capabilities to arrive at the set objectives and strategic goals.

> *For an example, as we look at executing our strategy, we acknowledge that we cannot do it alone as Bank D resources are limited, and we also cannot have all the skills and expertise of solving all these challenges. So, if we go together as partners we can actually scale and influence and have much more larger impact than actually working on our own. We do need like-minded partnership, be it from other corporates, civil society organizations and others. So, it's not about I want to do this, and I want Bank D to fund me but it's about have you looked at my strategy, as to what it tries to achieve and how does your initiative assist us to actually arrive to that strategy.* – Interviewee D3

The case data indicates that there is also a public-private partnership where the bank co-creates solutions with the Department of Basic Education for the education challenges facing the country and the importance of having fully aligned objectives. The bank, through its core

competency, assists in equipping school governing bodies with financial management skills, with the full understanding that if they are able to manage their finances, this will help the schools reduce wastage of resource. This understanding is supported by the participant's view, organizational document and field note presented below:

> *We also understand that education belongs to the government and schools belong to government. You cannot try to solve something owned by someone without involving the owner and we also understand lack of capacity within government, especially when it comes to technical resources. So, we definitely are big when it comes to public-private partnership initiative… you need to ensure that government's objectives, your involvement, is actually going to accelerate their objectives and assist them achieve those objectives and realize their strategy. But at the same time, you also are fulfilling your own strategy as a company*. – Interviewee D1

> *The DBE and ABSA have partnered to improve the financial management skills of thousands of education officials and members of School Governing Bodies (SGBs) at public schools across the country. The School Governing Body Financial Management Programme aims to strengthen financial management and improve accountability of schools.* – South African Government media statement, 2017

> *By being fully equipped and skilled with financial management skills they will be able to manage their finances and improving accountability of schools, which is in the interest of the bank that is holding schools' bank accounts*. – Field notes March 3, 2020

The bank further co-creates solutions for societal challenges through business-to-business co-creation where the bank works with retail shops hosting ATMs. This boosts financial inclusion for the unbanked and under-banked members, mostly found in the townships and rural areas. This perception is supported by the raw data excerpts below:

> *…not everyone is actually comfortable to going to a bank and you might find some are actually comfortable going to PEP store, Checkers or Shoprite. And how do you actually ensure that you are enabling those so that market can also grow and that you are providing the level of basic banking services that is required for inclusive banking and all that?* – Interviewee D2

> *Pick 'n Pay and Bank D have partnered to launch a new Grocery Stokvel Account to cater for groups saving for groceries or other store-bought essentials. …stokvels are able to earn a competitive interest rate on balances of as little as R50, and spend their stokvels' money safely and conveniently at Pick 'n Pay. Last year we launched the Smart Shopper Wholesale Stokvel card. This provides the same Smart Shopper benefits as well as grocery and product promotions. Our collaboration with Bank D means stokvel members don't ever have to take the risk of carrying large amounts of cash again.* – Bizcommunity, 2018

Case data indicates that the bank further enters into business-to-business stakeholder co-creation solutions to overcome SMEs' challenges. Here the bank partners with other corporates in the supplier development programme to equip SMEs with the necessary skills and development, as depicted in the organizational documents below:

> *As the financial partner of the Massmart Supplier Development programme, Bank D will serve the needs of the SME suppliers involved by making funding available to them. In addition to this, we will provide market access and business linkages through our Procurement Portal and provide non-financial support through our network of Bank D Centres of Entrepreneurship located across the country.* – SME South Africa, 2014

> *In 2015 Absa Bank and the Royal Bafokeng Nation launched a Supplier Development programme in Phokeng, North West. The initiative, according to the bank, is aimed at SMEs in the province. The programme provides small businesses access to procurement opportunities in the supply chains of the Royal Bafokeng Nation and other corporate and government institutions in the province. According to Absa, local companies have committed to procuring goods and services worth R400-million from SMEs, and it is expected that 300 small businesses will benefit from this commitment*– SME South Africa, 2020

The bank further enters into business-to-society stakeholder co-creation solutions through co-creating solutions for SMEs' development with the involvement of the same SMEs they are intending to assist. Here the bank's intention is to develop and equip fintech and other start-ups by offering the necessary support to develop the needed products and services. This perception is supported by the raw data excerpt below:

> *You know the Fourth Industrial Revolution is upon us, so we have an innovation hub in Cape Town where we have collaborated with fintech's, and start-ups and we help them through offering business support facilities, resources and access to develop best-in-class technology solutions in Africa*. – Interviewee D2

> *WorkInProgress (WIP), an Absa innovation lab, is a leading workspace that provides top facilities and support to startups, innovators and original thinkers to connect, unlock potential, create and grow solutions. Currently 40 disruptive businesses work from the WIP site in Woodstock, Cape Town. WIP hosts events including hackathons, solvathons, accelerators and startup-support programmes aimed at finding new and better solutions that can be scaled.* – Bank D website, 2019

The bank further co-creates solutions by involving society itself. This is done through the bank launching a competition for supply chain innovators to submit ideas to change and redefine the supply chain process. Here the winner receives funding to implement the winning idea. This is depicted in the organizational document below:

> *Barclays Africa Group Limited (Barclays Africa) crowned Markit Opportunity the Barclays Africa Supply Chain Challenge champion at a panel submission judging event held at The Bandwidth Barn Accelerator in Cape Town last night. The pan-African challenge, under the Rise in Africa umbrella, which launched in July, invited teams of innovators to submit ideas to redefine the supply chain process and enable economic growth across Africa…Markit Opportunity will receive $10 000 in support of their venture. In addition the judges were also so impressed by the Nigerian entrepreneur Job Oyebisi, representing Freshmart, that they awarded his idea a special prize of $5 000. The Freshmart App for Provenance will leverage the blockchain, enabling customers to track the provenance - the chronology of the ownership - of the produce they want to purchase.* – Bank D website, 2015

The bank further enters into business-to-institution of higher learning stakeholder co-creation solutions for employment challenges. It does this by partnering with institutions of higher learning. In this instance the bank collaborates with TVET colleges to ensure that some of their students are given real-life work experience. This is depicted in the organizational document below:

In South Africa, the government's Adopt-a-TVET initiative is critical, and Bank D has collaborated with TVETs across the country to provide an opportunity for a workplace exposure to the students that runs for five days. – Bank D website, 2018

The bank further co-creates solution with the digital academy to provide and build the digital and technology talent pipeline needed within the bank and in society. This is show in the organizational document below:

Bank D has collaborated with The Digital Academy for the last five years to build the talent pipeline in the local tech industry and within Bank D. Through the academy's six-month fast-track software development training course, run twice a year, 40 to 60 students are currently being upskilled every year. The academy offers a unique approach to rapidly building the tech talent pipeline, while creating real career prospects and skills for young people who have the passion, but not the means, to pursue tertiary training. Since the start of the initiative in 2015, The Digital Academy has trained 380 students, 196 of whom have been placed at Bank D's technology division as interns, contract workers or in permanent posts. – Bank D press statement, 2020

The bank acknowledges the importance of this co-creation process as it creates value for the colleges through institutional support from guest lecturing, and donations of equipment and furniture. It also creates value for society at large through giving students work-readiness programmes for experience purposes. It simultaneously creates opportunities for improved value propositions for the bank, such as remaining relevant and enhancing reputation and brand equity with its TVET college clients. This is outlined in the participant's view presented below:

We used to have this initiative called "Adopt a TVET initiative". Few years ago when Ramaphosa was still a deputy, he put a plea for businesses to adopt a TVET. So those colleges have to be elevated in quality education, status and prestige and a legitimate choice for students. Maybe if we actually partner with them so that we can actually provide capacity needed from institutional support, so as Bank D we actually saw value in that call, where through our public sector business unit, and we in fact banking quite a number of those TVET colleges, so obviously it made sense for us to say that how actually can we provide or improve our value proposition, given that these are already our clients, So we saw it fitting to provide

institutional support from guest lecturing, donating of equipment, furniture from actually having some of their students who are in final year of their studies to actually come into our premises to do what we call work-readiness programme for experience purposes, experiential learning, to have a feel of waking up in the morning to experience what is being done in the bank and understand that everyone can work for a bank and inspire them. – Interviewee D3

Critical analysis of the case data shows that CSV management practice has the potential to influence policy and system changes. The bank acknowledges that its educational programme could solve structural challenges within the education system and its ecosystem, all the way from the curriculum itself, to how learners are taught and acquire knowledge. This would change outcomes in the country. This perception is supported by the raw data excerpts below:

How do we fix the structure and actually, when we talk about education reform, explore somewhat controversial, how do we solve the structural problem within our education system and eco-system as a whole, actually looking at the curriculum, looking at how our learners are taught, how they actually acquire knowledge and look at the institution themselves. And the focus is to provide technical skills and the outcome is, we also want to ensure that those capable African leaders that will actually drive institutions and countries forward as whole and thus ensuring that we have this functional and thriving societies… – Interviewee D1

At Bank D Group, we contribute to a systematic and structural change in the education ecosystem by creating platforms to address knowledge gaps, provide opportunities to increase employability to young people, and support institutions and administrators with technical assistance to improve the delivery of quality education. – Bank D website, 2020

5.4 Cross-case analysis

The within-case analysis above was carried out with the purpose of gaining familiarity and uncovering emerging patterns within each case. A cross-case comparison is presented in Table 5.1 below as a way of exploring the differences and similarities across cases to bring new

knowledge to the fore (Khan & VanWynsberghe, 2008). This table illustrates emergent patterns generated from the within-case analysis of the macro-perspective and micro-perspective.

Table 4: Cross- case comparison

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching Themes
Internal co-creating stakeholder					
	The social, ethics and transformation committee and the board is providing oversight and watchdog role	CSV is overseen from the Group Transformation, Social and Ethics committee (GTSEC) and the board	Executive committee (Exco) and the board are responsible for oversight	Oversight function provided by the Social Ethics Committee and the board	CSV is overseen from the Group Transformation, Social and Ethics committee (GTSEC) and the board
	Full buy-in from the senior executive, and the CEO	The buy-in of senior management	Full buy-in from senior management, CEO, financial director, and the chief risk officer		Full buy-in and support from senior management
		Individual CSV informal ambassadors within business unit	Individual CSV informal ambassadors within business unit	Individual CSV informal ambassadors within business unit	Individual CSV informal ambassadors within business unit
		informal CSV business structures or forums		informal CSV business structures or forums	
	Communication and training programme on corporate purpose and CSV	clearly tailored, crafted, and customised over-communication process on corporate purpose and SDGs	CSV toolbox and training to have uniform way of approach and creation of internal awareness campaigns to build internal awareness	Effective and clear internal communications CSV strategy is embedded and entrenched within the organization's mind-set and the corporate culture. Build empathy and connections through volunteering campaigns in schools and communities	Fully embedded and entrenched within the organizational culture through training and over-communication

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching Themes
	Employee incentives programmes			Incentive and recognition programmes on performance management	Employee incentives programmes
	CSV as a bottom-up approach and strategy	CSV as a bottom-up approach	CSV as a bottom-up approach	CSV as a bottom-up approach	CSV as bottom-up approach and strategy
External co-creating stakeholder					
Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)
	Business-to-business co-creation	Business-to-Business co-creation	Business-to-Business co-creation		Business-to-Business co-creation
	Bank-to-institution of higher learning CSV co-creation	Bank-to-institution of higher learning CSV co-creation		Bank-to-institution of higher learning CSV co-creation	Bank-to-institution of higher learning CSV co-creation
	Bank-to-Entrepreneurs CSV Co-creation	Bank-to-Entrepreneurs CSV Co-creation	Bank-to-Entrepreneurs CSV Co-creation		Bank-to-Entrepreneurs CSV Co-creation
	Bank-to-society co-creation		Bank-to-society co-creation	Bank-to-society co-creation	Bank-to-society co-creation
	Bank-to-NGOs Co-creation		Bank-to-NGOs Co-creation	Bank-to-NGOs Co-creation	Bank-to-NGOs Co-creation

Source: Author's own work

The table above illustrate emergent patterns generated from the within-case analysis of the macro- and micro-levels of the co-creating nature of CSV. The study generated emerging perspectives with consensus among the micro-level that the nature of CSV co-creation comprises internal and external co-creation. This differs with the macro-perspective which has only external co-creation. The reason for this is macro-level focuses on an association

governing the banks and is not operational, but rather an advocacy group that urges commercial banks to have a multi-sector co-creation nature for solving the complex challenges facing society.

Cross-case analysis of the micro-level suggests that the internal CSV co-creating nature of all commercial banks is overseen from the Group Transformation, Social and Ethics Committee (GTSEC) and the board as the ultimate watchdog. They further agree that CSV requires full buy-in and support from senior management, with Bank A and Bank C agreeing that this senior management includes the CEO.

Cross-case analysis further shows that three commercial banks (excluding Bank A) agree that in order to ensure CSV is embedded within the organizational culture, there is a need for societally conscious individuals within every business unit to act as informal ambassadors of their units. Two banks (Bank B and Bank C) agree there is also a need for informal structures, forums or committees that help in deepening the CSV understanding within the banks.

To further embed and entrench CSV within organizational culture there is a need for over-communication and training across the organization on CSV and corporate purpose, with Bank C recognising that there is also a need for internal awareness campaigns and to build empathy and deeper connections through volunteering campaigns in schools and communities. Across-case analysis further demonstrate that Bank A and Bank D recognise the importance of employee performance incentive schemes as another way of promoting and encouraging CSV within the banks. There is also consensus among commercial banks that CSV is a bottom-up approach and strategy.

The across-case analysis shows the external CSV co-creating nature of all five cases recognise the importance of public-private partnership (PPP). Three out of four commercial cases recognise business-to-business external stakeholder co-creation, and another three out of four commercial cases agree with the importance of having bank-to-institutions of higher learning external stakeholder co-creation. Three out of four further agree with business-to-society external stakeholder co-creation, business-to-entrepreneurship and business-to-NGOs as part of the external stakeholder co-creating nature of solving complex societal challenges.

5.5 Conclusion

The focus of the chapter was on Research Question 2: **How is the CSV co-creating nature of the South African banking sector?** This involved within-case and across-case synthesis and analysis. The study generated emerging perspectives as follows: There are internal and external stakeholders in the co-creation nature of CSV. The internal CSV co-creating stakeholders are those stakeholders within the bank. This includes colleagues, senior management and other internal bank representatives. The internal stakeholder co-creation nature requires an oversight structure, which is the responsibility of the Group Transformation, Social and Ethics committee (GTSEC) and the board as the ultimate watchdog. CSV requires full buy-in and support from senior management, including the CEO.

In order to ensure that CSV is embedded within the organizational culture, there is a need to have societally conscious individuals within every business unit as informal CSV ambassadors of their units. There is also a need for informal structures or forums to help deepen CSV understanding within the banks. To further embed and entrench CSV within organizational culture there is a need for over-communication and training across the organization on CSV and corporate purpose. Internal awareness campaigns are also needed to build empathy and deeper connections through volunteering campaigns in schools and communities.

Employee performance incentives scheme is also recognised as another way of encouraging CSV practice within the banks. There is also a consensus suggesting that CSV is a bottom-up approach and strategy. The study also focused on the external stakeholders co-creating nature of CSV and the within- and across-case synthesis and analysis suggests there is a public private-partnership (PPP) as part of the external stakeholder's co-creation. Business-to-business, business-to-institutions of higher learning, business-to-society, business-to-entrepreneurship and business-to-NGOs relationships also exist as part of the external stakeholder co-creating nature of CSV in solving complex societal challenges.

CHAPTER 6: CASE ANALYSIS

6.1 Introduction

Creating Shared Value or CSV has been forwarded as a concept that could be used by business in general and the banking sector in particular to create bankable business opportunities out of solving complex challenges facing society. In the process, this would create win-win solutions that harmonise business and society. However, in arguing for this Utopian situation for business and society many researchers in the CSV field have overlooked the challenges, hindrances and tensions that come with implementation and delivery of the CSV concepts in real business settings.

The purpose of this chapter, therefore, is to explore the hindrances or challenges faced by the South African banking sector in the implementation and delivery of CSV management practices. This means the purpose is to answer Research Question 3: **What are the challenges or hindrances faced by the South African banking sector in the implementation of CSV management practice and how are they being addressed?**

The chapter begins this process with the macro-level synthesis and analysis of the challenges through within-case analysis of the Banking Association of South Africa, then zeroing into micro-level analysis through within-case analysis of four commercial banks.

6.2 Macro-level of CSV management practice

6.2.1 Case study 1: The Banking Association.

The macro-level of the banking sector is made up of a single overarching theme, this being the external challenges faced in the implementation of CSV management practice. The macro-level of the banking sector has one overarching theme accompanied by four explanatory sub-themes. Closer exploration of the case data indicates that at the macro-level the banking sector acknowledges that corruption within government has been institutionalised to a point where it is now a challenge for the banking sector to collaborate with government and play a meaningful role in society. This understanding is supported by the participant's view below:

As the banking sector we would love to play a meaningful role, but how do you do that in a space where corruption is institutionalised? Look at what is coming out of state capture, then tell me where do we start to play a role. It is difficult. – Interviewee BASA3

We have tried our level best to help SASSA, for instance making transfer of social grants more efficient, as it is also an issue of national interest, which forms part of society. However, the corruption as we learn recently made it very difficult for us to enter the space and help. But now things are starting to change and there is also a political will. Hence, we are starting to negotiate for us to help. – Interviewee BASA2

The banking sector shares a firm belief that what is needed is the political will from the government to address corruption issues plaguing the country and allow the banking sector some space in which to implement CSV management practice. This would play a meaningful role in the interests of the country and society at large. This understanding is supported by the field note below:

The importance of government having the political will to address the corruption challenges and allowing the banking sector a space to play meaningful role in society is needed more than ever before. – Field note, January 20, 2020

The case data further indicates that the other challenge faced by the banking sector is lack of clearly defined roles and responsibilities between the banking sector and government agencies in the implementation of CSV management. The challenge is that government agencies are not playing their developmental roles and risk-sharing roles such as providing seed funding for nascent entrepreneurs and SMEs, while allowing the banking sector to come in at a later stage to provide growth funding when the SMEs are matured. The banking sector wants to focus different types of risks that comes with growing businesses, as they are using shareholders' money while the government agencies that are using taxpayers' money should focus on more risky financing that comes with nascent SMEs and start-ups. This means the challenge is lack of clearly defined roles and responsibilities between the banking sector and government agencies. This perception is supported by the participant's views below:

I would say that I'm not an expert in that area, but what I can say is that what we have also found is that other DFIs [development finance institutions], DNFs, BBSA

and all of those, they tend to behave like commercial banks and so you ask yourself: So, what value are they adding? .... But we tend to play in the same space, so there is also a bit of a policy issue that isn't working in alignment with commercial banks. – Interviewee BASA1

The field note below suggests that having clearly defined roles and responsibilities in the funding of SMEs and entrepreneurs is particularly important as part of the risk-sharing process that will ensure neither party is over-burdened with risky investments.

Having a clear understanding on the roles and responsibilities of government agencies' funding at an early stage of SMEs while banking sector funding at the growth stage is of paramount importance in risk-sharing interventions. – Field notes, January 20, 2020

In playing their developmental role, government agencies need to understand that another role and responsibility they have involves non-financial support, while allowing banks the space to play their rightful role of providing financing for the high-growth SMEs. The challenge results from government agencies not performing their non-financial role and responsibility, while expecting the banking sector to perform this role. This is supported by the participant's view below:

On the SME side it is not the question of finance, it is just that banks do not get good business deals on the table because emerging SMEs need lot of non-financial support and there are government departments funded to do just that, but [they] are not doing their work. So, to expect banks to do that when we [are] actually paying taxes to government to do that, then banks will say: Why should we be doing this when SEDA is there to do this as it is their job and are funded by taxpayer's money to do just that, and as banks we do pay tax and they must do their jobs. – Interviewee BASA2

The case data further indicates that there are also compliance and regulatory challenges faced in the implementation of CSV management practice. The banking sector point to the fact of being highly regulated, which lead to risk aversion behaviour to protect depositors' money.

Banking is a highly regulated business. I cannot think of anything as regulated as banks. Because they not just subject to the Banks Act and so on…and on top of that,

> *you then get some other things that don't make sense. Of course, you are just raising their risk aversion and this is why the policy that recognizes that, then say: Ok, we do expect banks to be risk-averse because they are protecting depositors' money.* – Interviewee BASA3

The solution to the challenge of over-regulation hindering the banking sector's implementation of CSV management practice is effective public-private collaboration in developing and refining the regulations and policies that govern transformation in the country. This perception is supported by the organizational document below:

> *We believe that through effective, collaborative efforts between the private and public sector we can achieve the tasks before us. We must work together to sculpt and refine the regulation and policies that govern transformation in South Africa. This will help to ensure we are as effective as possible.* – BASA Transformation report, 2016-2018

The case data indicates another important point where societal challenges are so deep-seated and structural in nature which hinders the effective implementation of the CSV management practices. A case in point is where poverty and unemployment are so deep that it becomes difficult to even begin talking about financial inclusion and education when people do not have the wherewithal to forge ahead. This is depicted by the participants' view below:

> *Shared value talks about a role that permeates the entire economy that the financial sector plays and, in that way, at least in theory, society benefits. I say in theory simply because you will know that one of the big problem from an inclusion point of view is that when people do not have a regular source of income it's hard for them to use the knowledge that you gave them and to use the account that you have rolled out and made available to them and any other financial service that you have made available to them if they do not have in our case we have high case unemployment. In our work, what is emerging more and more is the biggest determinant of inclusion is in fact employment, but now if people are not working.* – Interviewee BASA1

Raw data from the organizational document below alludes to the same point of unsustainable levels of unemployment, poverty and inequality, which demand that the bank do more in

society while remaining a sustainable business, and how this hinder effective implementation of CSV management practice.

> *Given the unsustainable levels of unemployment, poverty and inequality in South Africa, banks accept that there will always be demands for them to "do more". However, this cannot be done if they cannot remain sustainable businesses that can safeguard their depositor's money, and meet the reasonable expectations of their regulators, shareholder and broader stakeholder community.* – BASA Transformation report highlights, 2019

6.3 Micro-level: Commercial banks

The macro-level is made up of the internal and external challenges as overarching themes, accompanied by explanatory sub-themes that represent internal and external CSV management challenges.

6.3.1 Case study 2: Commercial Bank A.

An exploration of the case analysis indicates that there are both internal and external challenges in the implementation of CSV management practice within the bank. The internal challenges relate to the internal operations of the bank and the external challenges relate to the external environment, including the external stakeholder relations of the bank.

- **Internal CSV management challenges**

The case data suggests that one internal challenge in the implementation of CSV management practice is the lack of concerted effort which result in some business units focusing on their own duties and responsibilities to meet their targets. This primarily means there is a challenge of working in silos that hinders the implementation of CSV management practice. This is supported by the participants' views and the accompanying field note:

> *We try by all means to ensure that everyone understand that this is the way to go. But the biggest challenge is every business unit has its own duties and responsibility including targets to meet and in order to meet those responsibilities they sometimes solely focus on what needs to be done.* – Interviewee A3

> *The problem is as much as there is progress being made, there is still no comprehensive and inclusive plan to say: Everyone, we are going to do this and sing from the same hymn sheet. So, you will find some unit doing their own thing while others also do their own.* – Interviewee A2

> *Working in silos amongst department is another challenge the bank is facing where every business unit is focusing its targets and how they meet them.* – Field note, January 28, 2020

The other internal challenge is, there is difficulty in distinguishing between inputs (money invested in societal needs and challenges) and output or outcome (societal impact achieved) in the implementation of CSV management practice. This primarily means there is a challenge in the interpretation of the real impact made in society or an input-output challenge faced in the implementation of CSV management practice. The participant's view and the field note below explain this:

> *The interpretation of the impact to say it is not about the input and it is about the output, it's easy for one to say: We have invested thousands in consumer education and inclusion... We always need to convince the business or anyone that the real impact is not on the input, the real impact is on the output of how many people have actually benefitted and go on to improve their lives.* – Interviewee A2

> *Difficulty to understand and distinguish between money invested (input) and the impact (output. In measuring impact, the understanding should not be about the numbers put in, but the impact made.* – Field note, 28, 2020

The raw data excerpt from the organizational document below demonstrates the point of mistaking input, or money such as investment in development of black businesses and women-led businesses, as the impact measured instead of societal impact achieved, or progress made by black businesses and women-led businesses as a result of the input or investment.

> *During the past financial year to June 2019, Bank A banked SME lending reached more than R40-billion on the back of simple, scored, digital lending, with a credit approval taking less than 3 minutes in many instances. The bank further extended over R8-billion to women-led businesses during the same period.* – Bank A press release, 2019

The data further indicates that there is a sense of becoming used to societal challenges or growing comfortable with societal challenges to a point where they are seen as important to be addressed, but never an urgent issue. This hinders the implementation of CSV management practice as demonstrated through the raw data excerpts from a participant's view and the field note below:

> *But the big challenge with societal agenda is that it is always important but it always never urgent, because everything you think about is in the long term. Therefore, often this agenda gets pushed aside because will get to it when we have time.* – Interviewee A3

> *Solving societal challenges by the bank takes the back burner as it remains important, however not urgent.* – Field note, January 28, 2020

The case data indicates another important point where societal issues are interpreted and discussed through environmental issues or as combined, with more emphasis being placed on environmental issue and societal issue as just concomitant issue. This leads to a "crowding-out effect" where societal challenges are crowded out by environmental challenges, and not being given equal attention, or being seen as a stand-alone challenge, even in organizational reporting. This view is supported by the organizational document below:

> *The environmental and social risk team will focus on the following in the next financial year: Operational impact management programme: development of science-based greenhouse gas emission reduction targets in line with the Paris Agreement, together with an internal initiative to formalise the monitoring and reporting of the group's programmes and initiative for water and waste management. Management of portfolio risks: implementation of the TCFD recommendation and the establishment of processes to conduct stress testing of the credit portfolio in relation to environmental risks.* – Bank A TCFD report, 2021

Closer exploration of the case data suggests there is a lack of meaningful CSV initiatives that meet the deep-seated needs and challenges facing society, most importantly those at the lower end of the market or the bottom-of-the-pyramid market. This helps to ensure many do not fall victims of draconian operations such as loan sharks with exorbitant interest rates.

> *Secondly, we mustn't shy away from the fact that maybe we do not have products that are suited for people's circumstances. Why does a person go to a mashonisa? Is because a mashonisa [unregistered lender] is most likely a neighbour that he or she can go to after hours and say: Hey you know I need money for this. And they get it.* – Interviewee A2

Case analysis further suggests that this lack of meaningful CSV initiatives is as a result of CSV being caught in feel-good initiatives or creating feel-good products that make no meaningful changes in the lives of the people or in the BOP market where they are most needed. This perception is supported by the raw data excerpts below:

> *I believe we still have a problem of focusing on those feel-good projects and claim its shared value without meaningful change, when we have to enter low-income market and ensure that these people get meaningful products that secures their wellbeing, we come up with reasons not to. We say lower income market is too risky, we can't enter in that space, we can't play in that space but that market in terms of volume is quite big.* – Interviewee A3

The lack of suitable products and services for the lower end of the market, or BOP, comes as a result of another challenge of the market being seen as a risky market as shown in the above raw data excerpt. This is as a result of the incorrect assumption that the poor are less sophisticated and cannot afford the bank's products and services. This is supported by the participant's view below:

> *Then the second thing is when you talk about the poor, whether they will start a business or individuals, there's a really bad assumption that they are bad with money and that the poor don't know how to manage money. But the reality is that they actually way more sophisticated about it because they have to turn these pennies around three times, four times, more than we do.* – Interviewee A1

Another challenge faced by the bank in the implementation of CSV management practice is the short-termism nature of meeting quarterly business targets, while also considering long-term societal challenges. This creates tensions between short-termism of business value and long-termism of societal value, or CSV tension, as shown by the participants' views and the field note below:

The biggest challenge is every business unit has to make money and has its own business targets and you bring shared value project. Sometimes when you cost something you realise: Hey, this might not cut it, and the time will not allow to do this and meet my business target. – Interviewee A3

The thing is, we sit with our people and show the importance of taking shared value into their business, but reality is these people are incentivised based on business indicators and performance. When you want to solve for a particular challenge then you realise that, hey, there is a target I need to meet to earn some performance bonuses and recognition. Then shared value project takes a back seat. Maybe we also need to begin incentivising people based on this shared value targets. – Interviewee A1

When it comes to shared value there are tension between business imperatives and societal imperatives. – Field note, January 28, 2020

The case data offers a solution to harmonise these CSV tensional challenges such as incentive programme to reward societal value creation.

- **External challenges of CSV management practice**

The case data indicates a similar pattern as in the macro-level where the bank agrees that corruption within the public and private sector presents a challenge for the bank to find ways to co-create CSV solutions:

The problem of corruption is huge both in government and also in private sector, so it becomes a challenge in our work trying to collaborate with government to help solve problems of service delivery like the low-cost housing for people. – Interviewee A1

I will give you classical example one of the things facing the country is corruption. Can you maybe level lower to say: If you look at government, they have got a challenge, whenever people are supplying government with whatever it is, they overcharge the government. …. – Interviewee A3

Another challenge is the highly stringent regulatory environment that hinders the implementation and delivery of the CSV practice. This is supported by the raw data excerpts below:

> *We would like to engage in deals, we would like to help build low-cost houses, financial inclusion, and employ as many people as possible, but hey, South African regulatory environment is very stringent and stifle progress.* – Interview A2

> *Banks are everywhere. … We want to help government solve challenges, but we don't make the rules. We avail ourselves subject to obviously competition rules, no matter how frustrating those rules might be, but the banks are almost always available to lend a helping hand.* – Interviewee A1

Data analysis suggests another challenge facing banks is the lack of risk-sharing alternatives such as a vibrant micro-credit space that focuses on the lower end of the market while banks focus on the upper segments of society. The reason for this is banks cannot offer micro-loans where one can borrow today and pay the following week because the cost structures and risk involved, making it difficult for the bank to address the needs of that market. This perception is supported by the raw data excerpts below:

> *Micro-finance sector is very nimble, it offers very low-value loans to people, you can borrow and pay next week, so it is really targeted at the low end of the market. Here we do not have that vibrant micro-finance sector to finance low-incomes, so everyone expects banks to meet all the needs of society and it's a fantasy, because there are cost structures that are embedded in having institutions such as banks that would behave like, say, a micro-finance institution.* – Interviewee A3

The same understanding is articulated where there is a lack of alternative banking institutions that will assist banks by providing funding for nascent SMEs while the banks focus on growing SMEs. The challenges is many government agencies tasked with the development of small entrepreneurs are not performing their role of focusing on the small and nascent businesses while giving space for banks to focus on big and medium-sized businesses

> *We have a financial sector that is dominated by banks, [this] is probably what explains these weaknesses, that we have not developed these other institutions that are similar to banking. I mean providing finance for businesses. Banks are good at*

providing products for large corporations and sort of medium-size corporations, but not very good at providing [for] small and micro-businesses. That is the space that should be closed by government. – Interviewee A2

You know many people always complain that the banks are not funding the SMMEs, regardless of your business plan or business case. But the problem there are government institutions that should fund these small businesses until they can stand on their feet, then transfer them to banks. If they could do their work properly, we will achieve a vibrant entrepreneurial society that create jobs for many of people. – Interviewee A3

The bank agrees that to address this challenge there is a need to have clearly defined roles and responsibilities and a balanced position on risk-sharing between the bank and other government agencies. The idea is government agencies should focus on the risky nascent entrepreneurs while the bank focuses on high-growth businesses where risks are reasonable. The raw data excerpt below supports this:

A partnership is exactly that. Where I think what you need is, you actually need a meaningful partnership. You can't have the state saying: Well, private sector we want you to do this, we want you to carry unacceptable levels of risk. You can't have the private sector saying to the public sector guys: I want you to enhance that deal so much that it actually favours me. What we want is balanced position where both parties carry risk. Where there's reasonable levels of risk to actually make it work, because otherwise you don't have a partnership, it's like a marriage and you got to be there for the good and the bad. – Interviewee A3

Another challenge faced in the implementation of CSV management practice involves the conflicting purpose, goals and objectives of co-creating partners which hinders the implementation and delivery of CSV management practice. The raw data excerpt below supports this view:

We partner with government Department of Education; we also partner with universities, and we partner with NGOs. On the challenges so far, government has been very responsive. But with NGOs sometimes it is the understanding of why we doing what we are doing and what we want to achieve versus why are they doing what they are doing and what they want to achieve. And if they are not in sync, it

becomes a huge challenge, so they need to understand that we are there to solve the same problem: it is only when we collaborate that we will be able to maximize opportunities that are there. So, the ability to learn from each other need to be encouraged. – Interviewee A1

Beside the conflicting challenges with co-creating partners there is also rivalry and competition, mostly within the business-to-business co-creating work. The solution for this is to have the same goals and objectives of transforming society for the better. This perception is supported by the raw data excerpt below:

We work in collaboration with other corporate partners to solve other challenges, so with corporate there will always be that rivalry to say who has to make more money than the other, so to some it becomes a competition. So, we will have to have the same objective of making the world a better place more than anything, so we need to find a way of aligning our objectives. – Interviewee A2

The case data indicates a similar pattern to that in the macro-level where the bank agrees that deep-seated structural challenges undermine the good work the bank intended doing in society, as the bank would like to teach financial education and inclusion. However, many within society are poor and unemployed and not in a position for inclusion. So, these deep-seated structural societal challenges hinder implementation of CSV management practice, as shown by the participant's viewpoint and field note cited below:

What I would say is that the thing about financial education as a concept is quite difficult. So usually, these things start making sense when you need to use them, for me I could attend a workshop on something and the people speak and I don't understand a thing. But when I realised, okay I am trying to buy a house, and I am told there are these elements to buying a house, there are transfer fees and so on. So, what I am saying is that the effectiveness of simply giving information to people when they don't have immediate use for it is of questionable value. I mean teaching financial education and inclusion to people when they don't have any means to be included is of questionable value. But it doesn't mean we should not do it, because sometimes you just raise enough awareness for them to know that when I am in the right position to know about this thing, who to go to. – Interviewee A1

Deep-seated and structural challenges which makes it difficult to realise immediate use of some of the CSV management practices. – Field note, January 28, 2020

Exploration of the case data indicates that internal and external challenges hindering implementation of CSV management practice within the bank have led to many CSV initiatives and projects being abandoned, with some relegated to CSR, or corporate philanthropy. This view is supported by the raw data excerpts below:

We do our best in playing in the shared value space, but this is difficult. We find ourselves reverting back to CSR most of the time. We will have a programme that we intend to make money, then we find it difficult to take charge. We end up becoming part of our commitment of being responsible corporate citizen. – Interviewee A3

Look, there is two ways you can look into this thing, and the first way is to say: If you do it from granting perspective, will you able to solve those challenges? And the answer is no, because the money is not sufficient, but when you bringing it to the core, then the balance sheet is bigger, then you might be able to solve for that. However not everything will be able to be taken to the core business. If it's not working, leave it as a grant, so it's how you play these different pots in such a way that you are able to solve a bigger problem. – Interviewee A2

6.3.2 Case study 3: Commercial Bank B.

Exploration of the case analysis indicates that there are internal and external challenges faced in the implementation of CSV management practice within the bank. As noted in the previous case, internal challenges are related to the internal operations of the bank and external challenges to the external environment, including the external stakeholder relations of the bank.

- **Internal CSV management challenges**

Closer exploration of the case data suggests the bank faces a mind-set challenge where the bank acknowledges the difficulty of fundamentally transforming and changing people from the traditional way of thinking to a new and different way of thinking about business and societal challenges:

It is difficult. You try to change how people think, what they believe, and try to change whole way the company works. It's not just: before we use to press the left button and push the right button. Everyone can do that, now it's not, it's fundamentally changing the way we are asking people to think about things. We make small wins in the right direction, but it is hard. If it was not hard, everyone would do it. – Interviewee B1

I think if you look at business in general it's got its tried and tested ways of doing business, it struggles to transform, but change is difficult because you know what I'm currently doing, I know it's good, I know it's profitable. Why would I want to take on something that I don't understand, and I don't quite know where it is going to end up? Are the opportunities more than what I'm currently doing, yes or no? Why are you telling me this is not sustainable and that will be more sustainable? So, there's a lot of uncertainty around moving. – Interviewee B2

The case data further points to the tensional challenges between the long-termism nature of societal challenges and short-termism nature of business in the implementation of CSV management practice. Business targets in the bank are expected to be met, and those that do not meet their targets get less recognition from their line managers. This ends up leaving many unsure of the way forward. There is CSV tensional challenge or a tension between business value and societal value.

The other challenge faced by the bank is the long-term nature of societal challenges, which creates problem with short-term targets, takes priority within our banks. This creates problem for employees: they no longer sure what to do. – Interviewee B1

Internally there is still a lot of pressure to achieve your profit targets. Any worker who is assumed to not assisting in achieving the profit targets and will get less time and focus. The short term focuses instead of long-term focus. – Interviewee B3

The data further indicates that there are rigidity challenges, where a change is considered risky for the bank, as a large business that has existed for a long time with its tried and tested way of doing business, finds it difficult to change and adapt. This perception is supported in the participants' views cited below:

…. But the challenges are for a big business that has existed for a very long time, that opportunities are not easy to access as big corporates, sometimes they little bit risky, so in order to leveraged those opportunities you have to start run the business in a different way and take slightly different risk appetite. And that's where there is challenge for larger corporates. – Interviewee B3

It is not as easy to solve these issues because we have been around for very long time, and we have a certain way of doing things and businesses that are over 100 years old find it difficult to do things differently. – Interviewee B2

Case analysis further suggest that being a large institution with thousands of employees all with their own roles and responsibilities including business targets, makes it difficult for the bank to have a concerted effort at implementing CSV. Many are still working in silos and focusing solely on their business targets. This understanding is supported by the raw data excerpts below:

As I have alluded on the challenges of large corporation with more than 30k staff and 3 000 new staff coming in every year, so people have their own targets and responsibility, so it makes it difficult for everyone to be on a same page in understanding this agenda. – Interviewee B3

The data further indicates there are still measurement challenges faced in CSV management practice, where the bank acknowledges that it remains difficult to measure progress in societal value and the impact created. The raw data excerpts below support this view:

I will be the first one to accept that we are still struggling to measure how we are doing on this process, which makes it difficult for us to say: Yes, we have made progress and impact in the lives of the people. – Interviewee B2

We do get feedback from other department… but problem is the data on financial consumer education is very difficult to collect because you could collect data that says banks have done so many workshops and have reached so many people. But that doesn't tell you about whether behaviour of those people have changed. It tells you very little. – Interviewee B1

The critical raw data analysis indicates that another issue is the difficulty of many CSV initiatives succeeding in the core business. This led to many initiatives being abandoned entirely or relegated to CSR, while those that were supposed to graduate to the core business remain as just CSR or part of the foundation work or corporate philanthropy. This primarily means there is a relegation effect for CSV projects within the bank, further demonstrating the complexity of the business-and-society practice. This perception is supported by the raw data excerpts from participants' views and the field note below:

> *We had a Fair Share programme in the bank and does not exist anymore and has been replaced by the purpose and focus on SDGs. Philosophy of Fair Share still exist which was: ... It wasn't easy, many projects did not see the light of the day and they remained just CSR programmes.* – Interviewee B1

> *Depending on who you speak to, in my team they will tell you that Fair Share was a total failure. But I don't think it was a total failure, the idea was we need to address social issues and achieve success in business, but it did not achieve desired results. But at least society was impacted immensely, however the same can't be said on the business side – it was not abandoned entirely, many of its programmes became major part of our foundation work, ….* – Interviewee B2

> *Many of the initiative which did not work for business side are left or sent to the CSR or become part of the foundation's work.* – Field note, January 27, 2020

Critical analysis of the raw data further indicates that there is a crowding-out challenge of societal issues by environmental issues within the bank. This is where the societal issues, risks and sustainability are always understood and responded to from the environmental sustainability perspective. This understanding is supported by the participant's view and the field note below:

> *The meeting I had from the same area, they cover environmental and societal risk from the risk perspective. So, we have interactions on issues of risks from stress testing are taking into account climate change or environmental and social risk. And we also interact with marketing to say we should consider sustainability as part of our business brand. We also work with business department that carry out some of the deals such as energy team and mining teams and other back-office areas.* – Interviewee B3

Social issues and risks are understood from the environmental issues and risks, when societal issues are raised, response comes in the form of the environmental perspective, meaning societal issues are drown-out by environmental issues. – Field note, January 28, 2020

- **External challenges of CSV management practice**

The data indicates that one external challenge faced in the implementation of CSV management practice involves the conflicting goals, objectives, and targets in the co-creation process. The suggestion is other partners, mostly those tasked with societal changes such as government and NGOs are complacent and lack sense of urgency and agility found in business, where there are short-term targets and milestone. This perception is supported by the raw data excerpts below:

We have challenges with government, …. We want to finance low-income housing, but houses are not being built, so government is not building enough housing for low-income people and many developers have also moved out of that area because it takes municipalities too long to put in bargain infrastructure, and this led to many developers moving out of that market. So, there is a whole lot of stuff government should be doing and if they start being more efficient. – Interviewee B3

We work with NGOs, remember this, people work with communities day in, day out, so to them it's their lives, they are used to it. Now you find that there is serious lack of urgency in implementing programmes: people take their time. – Interviewee B2

Critical analysis of the raw data indicates lack of alternative funding institutions and reluctance by government funding institutions to help banks with a risk-sharing and scaffolding role to enhance the deal for banks as a hindrance in the implementation of CSV management practice. This understanding is supported in the participants' views below:

…, this actually calls for a partnership and essentially what you want to do is to take a deal which is sub-commercial, which we wouldn't normally get involved in, and you want to enhance that deal to where it's commercially viable and sustainable. And you can do it in a couple of ways: it could be part grant money, it could be a risk enhancer to reduce the level of risk to acceptable levels and so on,

but by blending those two together you can actually create initiative where the private sector can deepen its penetration into the market. So we still do not have such institutions around, which makes it difficult for banks to begin financing deals or even SMEs. – Interviewee B3

There is a need for policy that recognizes that Ok, we do expect banks to be risk-averse because they are protecting depositors' money, but how can we then help them by making sure that government entities take the risks. We don't see this as a scaffolding, where somebody is helping people move up the ranks: we see this as sort of competition and it's unfortunate it is supposed to be scaffolding where government takes a little bit risk [and] helps people who would otherwise not access banks loans. Banks have much stronger balance sheet, so they have better able to offer bigger loans in the long run. So, one, you've demonstrated that you are a business that is growing your needs for capital grow forward they are going to be better made by banks than by state-owned enterprise or DFI because DFI operate off very low balance sheet or weak balance sheet. – Interviewee B2

Critical raw data analysis indicates that the regulatory framework remains a major hindrance with competition laws restricting collaboration processes and hinder bank-to-bank co-creation of CSV management practice. This view is supported by the raw data except below:

On other matters banks always have to be careful because they are commercial enterprises that are in competition with each other. So, I'm saying in some instances our ability to collaborate is restricted by the competition laws. We don't make the laws; we just follow them. – Interviewee B1

Critical analysis of the raw data indicates the same pattern as in the previous case analysis where South Africa's deep-seated and structural challenges such as unemployment, poverty and inequality are a hindrance in the implementation of CSV management practice. The bank suggests a desire for inclusion of the unbanked and under-banked into the formal financial system, but efforts seem to be undermined by people being poor, unemployed and without the necessary resources to begin transacting and interacting with the formal financial system. This understanding is supported in the raw data excerpts below:

With the structural challenges such as unemployment, poverty and inequality in South Africa and the economy that is not growing, it is difficult to speak about

inclusion when people are not in a position to use those interventions. We speak about the unbanked and the reason is they are unbanked because they do not have jobs and are living in poverty. So how do you begin banking someone who is not working, doesn't have the wherewithal to even feed himself and the loved ones? So maybe we need to address that first. – Interviewee B2

It's a crisis, so having a bank account, you might not be able to use it today, but it does enable you to access opportunities. Preferably we would want people to be fully employed to use those accounts so that they can access other financial services. Unfortunately, we are in an economy that's not able to absorb everybody into employment, so we might [do] everything in our powers to include them but how do you do that in a jobless economy? – Interviewee B3

6.3.3 Case study 4: Commercial Bank C.

The bank has acknowledged that CSV management practice is not a seamless process free of challenges as it comes with hindrances and indeed trade-offs in its implementation. This perception is supported by the raw data excerpts below:

As a large and complex business with a diverse set of stakeholders, we assess and manage trade-offs in respect of strategic and operational decisions. These trade-offs include the need to balance the challenges posed by climate change and the need to support access to reliable energy to support economic growth and poverty alleviation. Our decisions consider the optimal strategies to mitigate environmental impacts and are always made on the strict proviso that human rights are upheld, and applicable laws and regulations adhered to. – Bank C ESG report, 2019

- **Internal challenges**

Critical analysis of the case data indicates CSV infancy challenge as one internal challenge faced in the implementation of CSV management practice. The bank indicate that some are still caught in a social responsibility way of thinking, because this thinking is still new, and many have not been exposed to it within the bank. This is supported by the raw data excerpts.

"Another one is this way of thinking about business is still new and people have not been exposed to this way of thinking" Interviewee C3.

"So, I think that is the biggest thing about it. Other challenges are just simply getting people to understand that it is not CSI, other people just assume it is CSI, so it is taking some time to do that" Interviewee C2.

Another internal challenge faced within the bank is the mind-set challenges or old and traditional way of business thinking where many still think of CSV or sustainability issues as getting in the way of business – a view supported by the raw data excerpts below:

> *First and foremost, one of the challenges we dealt with is the old thinking. So, I think the biggest challenge has been changing that mind-set. I have had a very negative mind-set against sustainability as the guys who are in the different business unit might find a little bit: …* – Interviewee C1

> *So, people see it as purely risk management, so the biggest challenge has been to change that thinking that sustainability is not a policeman. So, sustainability was getting in the way of business, whereas now it's all about changing that thinking, that sustainability is there to bolster the business, most especially for the long term.* – Interviewee C2

Another challenge that hinders the implementation of CSV management practice is working in silos where business units prioritise and focus solely on their business units' strategic focus and targets, making it difficult to synchronize everything. The raw data excerpts below support this perception:

> *I will tell you that it is a big challenge to ensure that the strategy filters throughout the organization. Many business units, depending on your level, as much as they ensure that this happens, they have their own strategic focus and targets which makes it difficult to synchronize everything. And we still operating in silo in a way, it is a challenge and there are also lessons learned on that.* – Interviewee C1

> *They have particular business unit, and those business units focus solely on what they are supposed to do, so it will be difficult to say: This is how we will be doing things. They will agree, then when you turn, they revert back to their work.* – Interviewee C3

Another issue that hinders the implementation of CSV management practice is the difficulty for a large institution to change its tried and tested or traditional way of doing business that has

worked for decades. This primarily refers to business rigidity, where business finds it difficult to adapt and change. This perception is supported by the raw data excerpt below:

> *I think because this is an old bank [it] has its own way of doing things, which has worked for decades, and decades, and has worked well and made profit for the bank. And they agree that business need to start having a developmental approach in how they do things, and they need to start thinking differently, but it is difficult to teach an old dog new tricks, my man. But we are getting there – slowly but surely.* – Interviewee C2

> *Obviously one challenge would be: banks are large institution and the way they are structured makes it difficult to change.* – Interviewee C1

There is another tensional challenge between shareholder and societal values that hinders the implementation of CSV management practice. The bank acknowledges that the economy and the financial system are geared towards creation of shareholder value (ROE) and that employees are incentivised by working towards achieving shareholder value and this makes it difficult to focus on creation of societal value as those working towards that goal are regarded as being socialist. This understanding is supported by the raw data excerpts below:

> *I would say the first is actually institutional, in that the whole economy and the financial system is geared towards return on equity for shareholders. So if everything is geared towards that and you came and say: People should think of shared value when others are focusing on shareholder value – they think you mad, they think you are a socialist.* – Interviewee C2

> *But it is such a challenge …is not something that comes as given to bankers, especially when you are paid from how much money you generate and not how much social impact you created.* – Interviewee C1

Another challenge faced in the implementation of CSV management is while shareholder value is readily available and quantifiable there is lack of standardised measurement tools or methodologies for societal value which makes it difficult measure:

> *Our financial director/ CFO, when he does his financial reporting to the Exco, he doesn't only include financial, but he also includes social strategy measures as*

well. At the moment it is still qualitative, because it is not yet mature enough to have like monthly data, so he puts what he can. So, at the moment it is kind like all over the place. – Interviewee C3

…. But we still in the process to measure social value, shared value and social impact and there is no standardised definitions or methodologies or ways to do that, so that is another thing. – Interviewee C2

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practices on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. – Bank C Assurance statement, 2018

Another notable challenge is that CSV is full of superficial and clamorous products such as technology and apps, which works in the upper markets, but there is a lack of meaningful shared value initiatives that make a societal impact at the lower end of the market or the bottom-of-the-pyramid market. This view is supported by the raw data excerpts below:

There is money to be made. The question, does it also respond meaningfully to people's challenges? However, commercial opportunity is definitely there but the thing is, we focus too much on innovation, on "Ohh, let's have an app on Apple watch" – instead of being innovative in terms of how do we find that renewable energy, how do finance education and healthcare, how do we finance agriculture. Meaning we've got to re-orientate what we focus on rather that going for the obvious and clamorous like technology and apps all the time. – Interviewee C2

I do believe there are real shared-value stories out there. Look at the Capitec story: it is a real shared-value story – lower fees, banking the unbanked. Look at the SPARK schools – low-cost private education model that is really shared value, some people declare themselves to be shared value like Discovery. I have questions about the Discovery example. Clear examples are Capitec or TymeBank – through

innovation they are bringing low-cost banking solutions that serves the unbanked. – Interviewee C3

- **External CSV challenges**

A closer exploration of the case data indicates that the regulatory framework remains a major hindrance. Most importantly, competition laws also restrict collaboration as it might be thought of as collusion. This perception is supported by the raw data excerpt below:

I think it is also an issue on housing finance where certain regulation might get in the way of us in funding affordable housing and also regulations restrict us from taking risks on certain investments. – Interviewee C1

Other matter is as banks we always have to be careful because we are commercial enterprises that are in competition with each other so the extent to which we can club together in any matter is restricted by the competition legislation. And so, I'm saying in some instances, our ability to collaborate is restricted by the competition laws: we don't make the laws, we just follow them. – Interviewee C3

Critical analysis of the case data indicates a co-creation challenge where there are conflicting goals, targets and timelines. These would include NGOs moving at their own slow pace when implementing projects or government bureaucracy slowing the implementation of societal initiatives. This is explained in the raw data excerpts below:

We partner with NGOs and government when we engage societal issues. Remember as business we have strict timelines when we do this thing, however you find government bureaucracy in signing [an] MOU or even with NGOs moving at their own pace, you ask about the targets or something that was supposed to be done, you will be send from pillar to post. That becomes a problem. If we have targets, everyone should stick to that. – Interviewee C1

I can think of things like energy crisis, when Eskom is not signing the IPPs, that put pressure on us as a bank because we want to invest on renewable energy and when Eskom is not purchasing power from the companies, we are financing, it means it is a very transaction for us. It means we are going to pull back and not invest anymore. I think that is one of the challenges we get, that kind like slows our

impact in us trying to increase our share on renewable energy rather than having fossil fuel base energy. – Interviewee C3.

Many business managers lament the speed with which partners moves with such as "government bureaucracy" or the slow speed of NGOs vis-à-vis the speed they, as business, moves with as one of the challenges they face in collaboration or PPP arrangements. – Field note, February 18, 2020

Closer exploration of the case analysis points to a similar pattern as in the previous case where deep-seated societal challenges hinder the bank's implementation and delivery of CSV practice. The raw data excerpts below support this belief:

We have an obligation from financial sector charter to focus on financial inclusion to people, but we need to include people who don't have immediate use of financial products, not because they don't want to be included but because they are just poor to even think of being included. They literally do not have money: how do you teach or even encourage a poor person to safe when he doesn't have money to feed her children? – Interviewee C2

We need to empower people, but if they are not in a position to respond positively? If people are not able to manage their financial lives better, as you would know our marketing strategy is "live better, bank better," meaning that if you transact responsibly then you would be able to live better. So, we cannot talk about this without addressing problems. With high levels of poverty in South Africa, people are so poor and what occupies their mind is feeding their kids, so they cannot live better, so it's that whole cycle of different problems that we have that are hindrance in meeting those objectives. – Interviewee C1

The case data further indicates that as a complex agenda, CSV faces many challenges that hinder its implementation, leading to some projects failing and ending up being abandoned. This perception is supported by the raw data excerpts below:

As I have said before this agenda is not easy for many of us. We keep learning and understand that not all projects will go as planned, so we win some, we lose some, and not all projects will work, and we have to move forward. – Interviewee C3

Hey, we had a project for the under-served members of society with spaza shops to start spaza shop bank to give them a chance to transact without having to take expensive taxis to town to withdraw money but unfortunately the initiative didn't go as planned and I think the initiative no longer exist as it didn't work. – Interviewee C2

6.3.4 Case study 5: Commercial Bank D.

- **Internal challenges for CSV management practice**

Critical analysis of the case data indicates that there are competing challenges between the short-termism nature of business and the long-termism nature of societal challenges where short-term profits and targets are prioritised, with societal value playing second fiddle:

Internally there is still a lot of pressure to achieve your profit targets, any worker who is assumed to not assisting in achieving the profit targets and will get less time and focus. – Interviewee D1

At the end of the day, we are a bank, we are a business. There is very much competing priorities when it comes to commercial vs. social initiatives and sometimes, they come at the expense of some of the social initiatives. An executive might say: As long as I have met my commercial expectations whether or not some citizenship lens were put in place, I cannot be held accountable for that. – Interviewee D3

Data analysis suggests an entrenched maximisation of profit and shareholder value mind-set as a hinderance to the implementation of CSV management practice. This mind-set hinders an understanding that shareholder value can still be maximised while simultaneously taking societal challenges along. This is supported by the raw data excerpts below:

I think the socioeconomic agenda calls for us to do things differently, but it is not always easy for big corporates to respond to socioeconomic challenges. While there are business opportunities, it is not always easy to harness them, because of the way we think, to be honest. – Interviewee D2

I think traditionally people are attracted to banks because they want to make big bucks. When you turn around and say: Yes, we can make big bucks, but in a

different way, but it is going to be harder for you, it's gonna mean you need to think differently, it might mean we are not going to make quite as much money initially. People are surprised by that, why would I wanna do that when I can do what i always did to make big bucks, you know, so changing that mind-set is difficult …. So, when you start talking about the sustainability staff, you [are] challenging what people fundamentally believe in, and that is difficult and becomes quite emotive. – Interviewee D1

Case analysis suggests a lack of measurement tools to measure the impact made as a hindrance to the implementation of CSV management practice. Indeed, there is a lack of clear accountability matrices to hold people accountable for not meeting their societal outcome targets or CSV targets, and to help as a guiding principle in what needs to be prioritised to meet the required target. This perception is supported by the raw data excerpts below:

The challenge about this agenda is it lacks clear accountability platforms and matrices. How do you hold people accountable when you not even sure of the impact the programme has made in communities, let alone a uniform way of measuring that impact… – Interviewee D2

Case analysis further suggests that there is also a challenge of interpretation of input-output faced in the implementation of CSV management practices, where there is still difficulty in distinguishing between the inputs (money invested in societal needs and challenges) and the output or outcome (societal impact achieved). This can be witnessed from the raw data excerpts below where money invested is mistakenly credited as impact or outcome.

So again...they are doing a very good job in impacting society. Millions and millions have been invested in those programmes, which makes one of those corporate with impact towards society. – Interviewee D2

There is a lot of work that we need here. Maybe we might also need to invest in research on how we can measure our impact. There is difficulty to understand and distinguish between input and output when measuring. I attended a CSR event last time and we listen to people telling us how good their business impact [was on] society, then you try to understand how this is done. Then people begin telling you about the money they have invested in their initiatives and call that impact: hence I say we might need to invest in research to find ways on this. – Interviewee D1

The results further suggest a 'working in silos' as another challenge that hinders the seamless implementation of CSV management practice, where there is a lack of close networking, collaboration, and information transferral, between employees of the bank which lead to many missed opportunities in implementation of CSV management practice. This is supported by the raw data excerpts below:

> *I think it remains a challenge ... Sometimes you get feedback from Excos or senior management that they have got other initiatives they are working on, so it will always remain a challenge. But [what] we are trying to do is to try and involve as many people as possible.* – Interviewee D3

> *…, I think sometimes we miss a lot of opportunities by not having that close network and close collaboration and information transferral. …I think having such forums will really assist in alleviating the problem of silo working relationships and it would be much better.* – Interviewee D1

Critical case analysis indicates that another internal challenge faced in the implementation of CSV management practice is the perception that lower end of the market or the BOP market is a risky market for the banking sector to enter. This leads to the CSV management project being perceived as risky business. Raw data excerpts below support this perception:

> *So, it really boils down to one thing at most is how you price the risk that you are taking, right? Unfortunately because of our history many of poor people will be black and will not have tangible assets that banks can use as security and so if I have something that I can hold on to as an asset to back up a loan that I'm giving to you, then I can say my risk is lower by the fact that if this guy does not pay I take the asset. So, if there is no asset or whatsoever, I'm relying on somebody who has absolutely no asset.* – Interviewee D2

- **External challenges for CSV management practices**

Closer exploration of the case data indicates that there is another challenge of conflicting goals and objectives, targets and misaligned timeline in the external stakeholder co-creation that hinders the implementation of CSV management practice. This understanding is supported by the raw data excerpts below:

There's always challenges when you try to identify the right type of partner… I mean there is an issue of competing strategies and misalignment of strategies. They might actually have a different strategy or different understanding, or different expectations of those partnerships as well, and sometimes when it comes to those who need funding, they clearly need your money instead of collaboration…. – Interviewee D1

Also, government objectives might also be different. They might also be looking for something else… but I think if you have identified the right type of stakeholders and you have agreed on the goals and objectives and all that, then it becomes a matter of ensuring that implementation takes place. – Interviewee D3

The bank further recognises that in order to address this issue of misaligned objectives, targets and timelines, all stakeholders need to rework their objectives, goals and timelines in order to ensure they are clearly aligned and geared towards creating mutual benefits for every stakeholder involved. The raw data excerpts below support this perception:

But the way in which proposal are coming are not necessarily speaking to what you think. We want to get it so there is a lot of back and forth with regard to actually ensuring that we are fine-tuning things. And the manner in which we are actually looking after the expectation and those commitments and we need some amount of delicacy as well, so that you are actually able to ensure that at the end of the day it's more like there is a win-win type of thing. And they also do not feel like they are only there to fulfil your own strategy, but it is a partnership, a collaboration. We are in those things together, there are advantages for both parties. – Interviewee D2

The case data further indicates the deep-seated structural challenges that hinders the implementation of CSV management practice. For instance, the bank would like to teach financial education and inclusion, but many within society are poor and unemployed and not in a position to take up those programmes as they lack money, as shown by the raw data excerpts below:

…no matter how much positive taglines we can have as a bank, if people are not working, they do not have a chance to respond positively, so we cannot talk about this without addressing problems. With high unemployment in South Africa, if

people cannot find employment, they cannot respond positively. If people are poor and hopeless, they do not have money to respond positively. So, it's that whole cycle of different problems that we have that are hindrance in meeting those objectives we have to society. – Interviewee D3

When we talk about education reform, explore somewhat controversial: how do we solve the structural problem within our education system and eco-system as a whole, actually looking at the curriculum, looking at how our learners are taught, how they actually acquire knowledge and look at the institution themselves and the focus is to provide technical skills and what is the outcomes? We need to ask this question: Are we also capable or do we have expertise as a bank or business to fix our poor education system for the better? I am not sure if I can confidently say yes, but we can do our best. – Interviewee D1

6.4 Cross-case analysis

In gaining familiarity and uncovering emerging patterns within each case, the within-case analysis of the challenges and hindrances in the implementation and delivery of the CSV management practice is detailed above. Cross-case comparison is undertaken in Table 6.1 below to explore the differences and similarities in cases to bring new knowledge to the fore (Khan & VanWynberghe, 2008).

Table 5: Cross-case comparison

BASA	**Bank A**	**Bank B**	**Bank C**	**Bank D**	**Emergent overarching themes**
Internal CSV challenges					
	Measurement challenge:	**Measurement challenge:**	**Measurement challenge:**	**Measurement challenge:**	**Measurement challenge:**
		Still struggling to measure progress	Lack of standardised measurement tools or methodologies while shareholder value measurement is readily available and quantifiable	Still lack of clear accountability matrices that helps measure CSV outcome	Lack of clear accountability matrices to measure CSV

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching themes
	Interpretation of the impact to say it is not about input, it is about output			Difficult to distinguish between inputs and output	Interpretation of input-output challenges
	Tension between short-termism and long-termism leads to CSV being seen as always important to be addressed, but never an urgent issue because of its long-term nature	Tension between long-term nature of societal challenges and short-termism nature of business	Achieving the shareholder value, which makes it difficult to focus on creation of societal value	Competing priorities between commercial imperative such as achieving short-term profits and targets, and social imperatives which are long-term in nature	Tension between long-termism and short-termism
		Difficult to change traditional way of thinking	Challenge is old thinking where many believe CSV is getting in the way of business		Mind-set challenge
			Lack of understanding of the new CSV thinking		Infancy challenges
	Business unit has its own duties and responsibility including targets to meet, and in order to meet those responsibilities they sometimes solely focus on what needs to be done	Employees with their own roles and responsibilities including business targets makes it difficult to have a concerted CSV effort across the bank	Business units still prioritise and solely focus on their targets, which makes it difficult to synchronize everything	Not having that close network and close collaboration and information transferral among employees of the bank	Business units working in silos
		Difficulty of changing and adapting for a larger business	Large institutions which have tried and tested ways of doing business which have worked for decades and make it difficult to change traditional ways		Rigidity or legacy challenges

BASA	Bank A	Bank B	Bank C	Bank D	Emergent overarching themes
	Lack of products suited for people's circumstances		Lack of meaningful shared-value initiatives or programmes		Lack of meaningful CSV initiatives
				CSV still perceived as risky business	CSV still perceived as risky business
	Societal issues are interpreted and discussed through the environmental issues	Societal risk and sustainability are understood from an environmental risk and sustainability			Crowding-out effect of societal challenges by environmental challenges
	CSV as a bottom-up approach and strategy	CSV as a bottom-up approach	CSV as a bottom-up approach	CSV as a bottom-up approach	CSV as bottom-up approach and strategy
External CSV challenges					
	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)	Public-Private Partnership (PPP)
Structural and deep-seated nature of societal challenges becomes a challenge to CSV implementation	Structural and deep-seated nature of societal challenges becomes a challenge to CSV implementation	South African deep-seated and structural societal challenges such as unemployment, poverty and inequality as a hindrance to CSV	How to include people who don't have immediate use of financial products because of poverty	With high unemployment in South Africa, if people cannot find employment, they cannot respond positively. If people are poor and hopeless, they do not have money to respond positively	Structural and deep-seated nature of societal challenges becomes a challenge to CSV implementation
Compliance and regulatory challenges	South African regulatory environment is	Competition laws and regulation become a	Restrictive regulatory framework		Compliance and regulatory challenges

	stringent and stifles progress	challenge and a hindrance			
Government agencies not playing their developmental roles in a risk-sharing role	Lack of alternative banking institutions such as the micro-financing institutions	Lack of alternative and government funding institutions to help banks with risk-sharing collaboration and roles			Lack of alternative risk-sharing institutions
	Conflicting purpose, goals, and objectives amongst co-creating partners	Conflicting goals, objectives and targets in the co-creation process	Tension between bank with strict timeliness while partners such as government have bureaucracy	Co-creating partners have own goals, objectives and the timelines	Tension between organizational culture, objectives and goals among co-creating parties
Institutional corruption	Institutional corruption				Institutional corruption
	This is difficult: we find ourselves reverting to CSR most of the time	The bank had a Fair share programme: it was not abandoned entirely, many of its programmes became a major part of the foundation work	The spaza shop bank initiative no longer exists as it didn't work		Many CSVs are abandoned with some being relegated to CSR or corporate philanthropy

Source: Author's own work

The table above illustrates emergent patterns generated from the within-case analysis of the macro- and micro-levels of the CSV challenges within the South African banking sector. The main aim of this cross-case synthesis and analysis was to list the similarities and differences between each pair. CSV management challenges are internal and external in nature with macro-perspective (BASA) only alluding to external challenges as hindrance to the banking sector's implementation of CSV. On the micro-level, all commercial banks highlighted internal and external challenges as issues hindering implementation and delivery of CSV.

On the internal challenges, in all four cases the micro-perspective (commercial banks) indicates consensus on the existence of tensions or competing logics in the CSV space, or between business value and societal value creation. All the cases highlighted these competing logics or tensional relations, which include tensions between the long termism of societal value and the short-termism of shareholder value. Another issue is the tension between shareholder value having readily available measurement tools and the lack of measurement tools for societal value, which led to many reverting to shareholder value for concrete measurement. One case highlighted the fact that shareholder value and societal value compete for time and recognition: almost all the time, business value supersedes societal value, as the understanding is that while societal challenges are always important, they are never urgent.

Another measurement issue is the input-output challenge, which Bank A and Bank D highlighted as a challenge that hinders the seamless implementation and delivery of CSV. Three (B, C and A) out of four cases highlighted the traditional way of thinking or mind-set inertia as one challenge and a hindrance faced in the implementation of CSV. Two (B and C) out of four cases agree there are also rigidity/legacy issues, while all four cases are in agreement that there is problem of working in silos that hinders implementation and delivery of CSV.

One case (Bank C) highlighted the infancy stage of CSV as another hindrance to implementation. Others (Bank A, Bank B and Bank C) noted the perception of CSV as a risky strategy and this is a challenge that hinders its implementation. Commercial banks (A and C) agree that CSV initiatives are still found in feel-good projects and lack meaningful initiatives that make a meaningful impact on the lives of people, most importantly those in the BOP markets. Bank A and Bank C agree that there is a "crowding-out effect" between societal and environmental challenges, where societal challenges play second fiddle to environmental challenges.

Regarding the external challenges, there are similarities between BASA and Bank A about the institutional corruption that hinders co-creation of CSV. Four (BASA, Bank A, Bank B and Bank C) out five cases cited regulatory issues as hindering implementation and delivery of CSV. Three cases (Bank A and Bank B, including BASA at the macro-level) highlighted the lack of risk-sharing alternative institutions such as government agencies and micro-financiers to help fund the lower end of the market or start-up businesses as posing another challenge to implementation and delivery of CSV. This argument reinforces the point made above by the banks, that CSV strategy is indeed risky, hence they require a risk-sharing collaborative

relationship. All four commercial bank cases raised the issue of conflicting objectives, goals and timelines with the co-creating stakeholders as a challenge in the CSV implementation: Bank A even cited rivalry challenges. Three out of five cases raise a CSV paradox of deep-seated structural challenges hindering CSV. Since CSV faces many challenges that sometimes hinder its implementation, this leads to many CSV initiatives being abandoned or relegated to CSR or corporate philanthropy, as agreed by three (Bank A, Bank B and Bank C) out five bank cases.

6.5 Conclusion

The chapter focused on within-case and cross-case synthesis and analysis of the macro- and micro-levels of the challenges and hindrances found in the implementation and delivery of CSV within the South African banking sector. The study generated emerging perspectives that suggest these challenges as being both internal and external in nature.

The internal challenges show that there are tensional relationships between business value and societal value, characterised by tensions between the long termism of societal value and the short-termism of shareholder value, with competing logics between commercial value and societal value. There are also measurement challenges characterised by lack of matrices for societal value while there are readily available matrices for business value. These measurement challenges also include the "input-output" measurement challenges. Other internal challenges are the rigidity/legacy issues, working in silos, mind-set challenge, CSV infancy stages, lack of meaningful CSV initiatives, environmental-societal crowding-out effect and the abandonment or relegation effect of CSV.

External challenges include corruption, regulatory frameworks that hinder banks from seamlessly implementing CSV management practice, and the lack of risk-sharing alternative funding institutions, which lead to a lack of clearly defined roles and responsibilities. The differing or misaligned expectations, goals and objectives in the external co-creating stakeholders is another challenge faced in the implementation and delivery of CSV. The culture shock challenge between co-creating partners such as the lethargic nature of NGOs and government, and the agility of business all lead to culture clashes in the implementation and delivery of CSV. Other external challenges faced are structural or deep seated, such as high

unemployment, persistent poverty and inequality. These undermine CSV initiatives and render CSV ineffective. Interpretation and discussion of the emergent thematic areas is provided in Chapter 7.

CHAPTER 7: INTERPRETATION AND DISCUSSION OF RESULTS AND A PROPOSED CSV-OPPORTUNITY FRAMEWORK

7.1 Introduction

The purpose of this chapter is to interpret and discuss the key empirical results pertaining to the CSV management practices that create business opportunities out of solving societal challenges within the South African banking sector. The main aims and objectives of the current study were:

1. To explore the understanding and conceptualisation of CSV within the South African banking sector.
2. To explore the CSV co-creating nature of the South African banking sector.
3. To explore the challenges faced in the implementation and delivery of CSV practice.
4. To establish the potential association or link between the concept of opportunity and the CSV concept, using the Wood and McKinley (2010) Opportunity Production model
5. To propose a CSV-Opportunity conceptual framework.

The chapter is divided into three sections. The first section interprets and discusses the initial three objectives using the five mutually reinforcing elements of shared value conceptual framework of Pfitzer et al. (2013). The second section interprets and discusses the empirical results concerning the fourth objective, establishing and basically linking the first section of five mutually reinforcing elements of Pfitzer et al. (2013) to the opportunity production model of Wood and McKinley (2010). Some of the overarching themes that do not fit in the first section are included in the second to establish the linkage. The last section focuses on proposing the CSV-opportunity conceptual framework.

The current chapter places particular focus on interpretation and discussion of the emergent overarching themes on the conceptualisation of the CSV concept as explored in the case analysis in Chapter 4. As part of the conceptualisation of the CSV concept, the study shows

that the banking sector's transformation agenda overlaps or equates to the CSV concept. In the process it brings to the fore an empirical demonstration using three-dimensional CSV strategies, showing how the transformation agenda equate to the CSV initiatives that creates opportunities by solving societal challenges. The chapter also considers the discussion and interpretation of the emergent overarching themes of the CSV co-creating nature of the South African banking sector as explored in Chapter 5's case analysis. Focus is then given to the contextual challenges faced in the implementation and delivery of CSV management practice, as presented in Chapter 6's case analysis.

As highlighted above, the first interpretation and discussion of the empirical results is done in the context of CSV, relying heavily on the five mutually reinforcing elements of shared value, as per Pfitzer et al. (2013), as shown in Table 7.1 below. The framework is relevant and critical for the current study as it concerns itself with the business leaders who are awake to the opportunities for growth, profitability and the competitive frontier that come with the CSV concept, but, however, struggle to attend to those potentially bankable business opportunities (Pfitzer et al., 2013).

Similarly, the current study is also concern (problem statement) with the palpable struggle and lack of guiding principle by businesses in general and the banking sector in particular to attend to bankable business opportunities while solving complex challenges facing society. The right column of Table 7.1 below includes relevant emergent and overarching themes that are interpreted and discussed in the current chapter. The first element – embedding a corporate societal purpose – pertains to the first research question: *conceptualisation and understanding of CSV within the banking sector*. This includes motivating and driving factors of CSV and the second element – defining societal needs and challenges – also pertains to the first research question. The fourth element – creating optimal structures – also pertains to the first research question of conceptualisation as it likewise focuses on the motivating driving factors of CSV. The fifth element – co-creating with external stakeholders – pertains to the second research question: *the co-creating nature of CSV*. While the third element – measuring the social and business value – pertains to the third question: *the contextual challenges faced in implementation and delivery of the CSV management practice*, the focus is however only on measurement challenges faced in the implementation and delivery of CSV.

The banking sector faces many challenges in the implementation and delivery of CSV. However, the theoretical framework focusing on measurement restricts consideration to

measuring challenges encountered by the banking sector in the implementation and delivery of CSV. Other challenges are covered in the second section of the link or in the expanded theoretical framework in Table 10 below.

Table 6: Emergent overarching themes

Theoretical framework	Relevant emergent thematic areas
Embedding a corporate societal purpose	**Conceptualisation of CSV/ Research Question 1** Esoteric requisite mind-set / thinking differently. Complex and emerging concept Understand business is part of society and its health is closely intertwined with that of society. CSV at the intersection of business and society CSV embedded into corporate purpose and incorporated in the core banking strategy. Use as differentiation strategy. CSV as an extension of other related concepts most importantly transformation concept **CSV strategies** Reconceiving market, product and services Redefining productivity in the value chain Improving local clusters **Motivating driving factors of CSV** Responsive or reaction to external pressures CSV societal case: the need and desire to drive societal change as a driving factor of CSV management practice. Proactive driving factors Instrumental driving factor (business case) Proactive actions of the bank

Theoretical framework	Relevant emergent thematic areas
Defining societal needs and challenges	**Conceptualisation of CSV/ Research Question 1** Societal scanning to identify and gain insight. Focus areas of societal challenges
Measuring the social and business value	**CSV challenges / Research Question 3** Measurement challenges
Creating the optimal innovation structure	**Conceptualisation / Research Question 1** **Driving factors of CSV** Leverage societal initiatives as transitional vehicle to CSV.
Co-creating with external stakeholders	**CSV co-creating nature / Research Question 2** Co-creating with internal and external stakeholders.

Source: Author's own work

7.2 Theoretical Framework

The empirical results show that there are differing understandings of the CSV concept in the banking sector. The sector perceives the meaning and understanding of CSV as a complex and emerging concept that needs to be embedded within corporate purpose and fully incorporated into corporate strategy while being leveraged as a differentiation strategy. The CSV concept is also understood as an extension of other related concepts. It begins with fundamental requisite and esoteric mind-set. Motivating driving factors in the implementation and delivery of the CSV concept include corporate societal initiatives such as CSR and corporate philanthropy: these corporate societal initiatives are leveraged as catalysts or transitional vehicles or enablers of CSV concept.

7.2.1 Embedding societal purpose.

According to Pfitzer et al. (2013) businesses that succeed in building large-scale social enterprises understand that solving societal challenges in a way that creates opportunities for

growth and profit is the "raison d'être" for business, hence embedding societal challenges within a corporate purpose becomes a no-brainer (p. 4). The empirical results suggest that within the banking sector CSV is understood as a manifestation of, and shorthand for, corporate purpose, hence the CSV concept begins with having a corporate purpose that has societal good embedded and ingrained in it. For example, Bank B has ensured that its corporate purpose is centred on societal good, as it reads: "To use its financial expertise to do good for individuals, families, businesses and society". This corresponds with the argument of Porter and Kramer (2011) that the purpose of business should be centred around the CSV concept and "not just profit per se" (p. 4), with Eckert and Silten (2020) arguing that CSV is the most powerful practice for purpose-led companies and the dominant element in driving significant impact for society.

The results further demonstrate that all the banks that took part in this current study have recently recrafted and redefined a new corporate purpose centred around societal value creation or ***with societal challenges neatly embedded in that corporate purpose***. By recrafting and redefining a new corporate societal purpose, the banking sector acknowledges having taken a first and powerful step to begin making sense of, and framing and packaging, the concept in order to rally everyone behind CSV and ensure that everyone understands and embraces CSV as a new management practice within the sector. This is in line with the EY Beacon Institute (2015) study defining purpose as "an aspirational reason for being which inspires and provides a call to action for an organization and its partners and stakeholders and provides benefit to local and global society" (p. 1). Thus, the CSV concept within the banking sector is also driven from the corporate purpose, meaning corporate societal purpose is one of the driving factors of the CSV concept, hence the concept of purpose-driven corporations (Rey, Bastons & Sotok, 2019; Quinn & Thakor, 2018).

The empirical results suggest that the CSV concept is ***a complex and emerging concept within the banking sector***, as it is regarded as a new way of doing business within the sector or an emerging strategy to address societal needs and challenges in a profitable way (Bednarski, 2019). What makes it complex as a concept is that it is not yet well-developed (Awale, 2016) in the banking literature and is still emerging as a concept in the banking sector and a new concept in management (Nicholson, 2017), meaning *"the tools to put this concept into practice are still in their infancy"* (Porter et al., 2012, p.1).

This makes it difficult to make sense, frame, package and rally everyone behind the concept of factoring societal challenges within banking activities and strategic decisions. This corresponds with the argument of Waddock and Graves (1997) that the complexity of strategic decisions means they are now assessed on how they factor in societal needs and challenges. The empirical result further suggests that CSV as a concept embedded in a corporate purpose is fundamentally born from the understanding that ***banking is an integral part of society, and the long-term health of banking is closely intertwined with that of society***. This means banking is an integral part of any successful economy and society at large and should contribute strongly to the wellbeing of the economy and society at large. Indeed, great companies the world over think their way to success by recognising that business – like family, government and religion – is an intrinsic part of society (Kanter, 2011a) and that business competitiveness (and by extension that of the economy) is closely intertwined with that of society and natural resources where the company operates (Porter & Kramer, 2011; Pfitzer & Scholz, 2019).

This suggests that at the centre of the CSV concept is the idea of creating a virtual link between business success and societal progress (Porter & Kramer, 2011). Different scholars have argued that the CSV business model can generate simultaneous business and societal results (Porter et al., 2012; Brown & Knudsen, 2012; Mehera, 2017). The empirical results suggest that ***CSV is at the intersection of business and societal value creation***. This means CSV is strategically positioned within the interactive arena of societal and business value creation (Bockstette and Stamp, 2011) to fulfil basic human needs while also pursuing financial profitability (Beschorner, 2013). The strategic positioning of CSV concurs with the empirical results that suggest ***CSV is understood as a strategic way of deploying banking sector's core business activities*** and expertise to develop commercially viable banking solutions, products and services that are designed to solve societal challenge. This corresponds with the argument of Pfitzer et al. (2013) that turning CSV into a regular business activity requires defining a clear societal purpose and embedding it in core business processes such as strategic planning and budgeting. Mehera (2019) agrees that CSV essentially involves leveraging core business competencies on social issues and opportunities as a way of maintaining competitiveness and consequently developing a virtuous cycle of increasing the benefits for both corporations and society. For this to happen, the empirical results suggest that in fact the CSV ***concept should be a link and guide to corporate strategy***, as Porter (cited in Bockstette et al., 2015) argues that it is imperative for CSV to be approached as a business strategy, not a public relations exercise. For example, Bank B's corporate objective is that *"This purpose guides our strategy,*

behaviours and actions towards delivery of long-term value". CSV should therefore be aligned with, and fully incorporated into, corporate strategy. Hence CSV is seen as an innovative corporate strategy for creating profitability and competitive positioning (based on win-win scenarios) for generating long-term societal impact (Hills et al., 2012; Porter et al., 2012).

The empirical results suggest that all four banks taking part in the current study are aware of the concept of CSV, as all have in the past referred to their corporate strategy as the CSV strategy. To demonstrate this, Bank D writes: *"To drive execution, we have four strategic imperative and four strategic enablers that work together to deliver shared value to a broad range of stakeholder".* According to Porter and Kramer (2011) three-dimensional strategies: reconceiving products and markets, redefining productivity in the value chain, and improving local clusters, could be used to create shared value. The empirical results suggest that within the banking sector, CSV manifests through three-dimensional strategies of shared value: reconceiving markets, product and services; redefining productivity in the value chain; and improving local clusters.

Results further suggest that not only is CSV a competitive strategy, but that CSV is also used as a distinguishing factor and indeed ***a differentiation strategy within the banking sector***. This is also supported by Bockstette et al. (2015) who found, in their case study of banking around the world, that global banks are making CSV a critical part of their core business strategies and a differentiation strategy that maintains an edge in the face of growing competition, client demand and regulation. Similarly, Porter and Kramer (2011) assert that CSV helps reset the boundaries of capitalism, in which proper alignment of business success with that of society opens many ways to serve new needs, gain efficiency and create a differentiated position in the markets. Indeed, strategic theory holds that to be successful, a company must create a distinctive value proposition that meets the needs of a chosen set of customers. Many companies have overlooked the opportunities of meeting societal needs and misunderstood how societal harms and weaknesses could be leveraged as a distinct value proposition to make the company successful (Porter & Kramer, 2011)

- **CSV is understood as an extension of other related concepts.**

As much as CSV is seen as different from other related concepts and theories within the banking sector, there is also a view that CSV is an extension of, and indeed closely related to, other societal concepts and theories such as stakeholder theory, CSR, corporate purpose,

sustainability, corporate philanthropy, bottom of the pyramid (BOP) and, most importantly, the transformation concept. This demonstrates that the boundary between CSV and these established concepts is not that clear.

- **CSV as an extension of CSR and other related concepts**

The empirical results suggest that the CSV concept is seen and understood as building on the established concepts and theories such as Corporate Social Responsibility (CSR), the Environmental, Societal and Governance perspective (ESG), and Sustainability. This contradicts the view of Porter and Kramer (2011) that the CSV concept is unrelated to other allegedly related concepts. However, these results are somewhat in agreement with different scholars who asserted that the CSV concept is not original and is a mere extension of other related concepts such as ESG, CSR, sustainability, and so on (Crane et al., 2014; Beschorner, 2013), as they are all based on a similar overlapping concept of "doing good by doing well" (Awale, 2016, p.218). Indeed, by virtue of being based on a similar outcome – creating societal value – with related concepts and theories, clearly the concepts are intermixed (Dembek et al., 2016).

This has also attracted other scholars such as Brown and Knudsen (2012) who have in fact used CSR and CSV concepts interchangeably, while in his PhD work Camilleri (2012) suggests that CSV could still be created through strategic CSR and Høvring (2017) in her PhD work is also at pains to theoretically and empirically demonstrate that CSV can be communicated as CSR. Elkington (2013) laments attempts by Porter and Kramer (2011), using their shared value concept, to elbow aside sustainability and argue that, in fact, if properly addressed sustainability might be the ultimate form of shared value. The results further suggest that the CSV concept has its roots in the stakeholder theory of Freeman (1984), as the concept has been generally referred to as the stakeholder management approach (Salonen & Camilleri, 2020; Crane et al., 2014; Beschorner, 2013).

Much as the empirical data suggests that CSV overlaps with other related concepts, there is also a conflicting empirical result to note where the banking sector has a firm belief that CSV differs from CSR or corporate philanthropy. This is in line with the pioneers of the CSV concept who have persuasively attempted to distance it from these existing concepts by pointing out that CSV is not CSR, philanthropy, or even sustainability, but a new way to achieve economic success. Indeed, the belief is that by virtue of it being placed in the core

banking operation rather than on the periphery of business, the concept is focused more on creating value out of opportunities gained from solving societal challenges, whereas CSR, philanthropy and sustainability programmes concern themselves with the single value of creation of societal value (Borgonovi et al., 2011; Porter, cited in Bockstette et al., 2015).

- **CSV as an extension of the bottom-of-the-pyramid (BOP) concept**

Criticism did not end there as CSV is still seen as overlapping to a greater extent with CSR and other related concepts, and thus not novel (Crane et al., 2014), as it has hallmarks of concepts such as bottom-of-the pyramid market (BOP) (Prahalad & Hart, 2002). Indeed, the empirical results within the banking sector suggest that CSV interventions within the banking sector are caught among the "feel good" and superficial projects instead of focusing on, and making a meaningful change at, the BOP markets where they are needed most. The banking sector shares a firm belief that for the CSV concept to be meaningful, it should be solely focused on the BOP market, meaning CSV should in fact be part of BOP strategy. This is in line with the findings of Awale (2016) that in construction management, CSV is seen as a BOP strategy.

- **CSV as an extension of the transformation concept**

It is worth noting that in the South African banking sector, CSV is commonly understood as an extension of the concept of transformation. The reason behind this is the transformation agenda and policy direction of the South African Government after attaining democracy, given the history of South Africa. The financial sector charter has urged the financial sector in general and the banking sector in particular to play a prominent role in transforming the economy and society at large (Raliphada, 2017) by ensuring that business operates in a way that positively transforms society and the environment while offering better economic performance and sustainable growth for the banking sector. The South African banking sector has therefore committed to deploying CSV as the vehicle and strategy to transform the economy and society at large, as per the promise of Porter and Kramer (2011) that CSV holds transformative powers for reshaping and transforming capitalism in its relationship with society. Indeed "when giants transform themselves from impersonal machines into human communities, they gain the ability to transform the world around them in very personal ways" (Kanter, 2009, p. 44). The empirical results show that the transformation agenda as a multi-dimensional project from the banking sector could also be categorised within the three-dimensional strategies of CSV as envisaged by Porter and Kramer (2011).

Reconceive markets, products, and services.

The first dimension of transformation agenda that creates bankable business opportunities includes the CSV dimension of reconceiving markets, products and services towards including previously excluded individuals, informal sector entrepreneurs and SMEs in the financial sector while ensuring that banking opportunities for new markets are created through such inclusion.

In reconceiving markets, products and services as part of the transformation agenda, the four banks have created products and service, for instance cardless instant cash withdrawal. In this instance, an individual with a bank account can transfer money to the unbanked individual who do not have a bank account but is now able to withdraw or to receive money without the use of a bank card. The product is also used by informal sector entrepreneurs to pay their employees who do not have bank accounts. The product is able to transform society through inclusion of many currently excluded from the formal banking system. This helps the banking sector to reconceive markets or create new markets.

To ensure that many people are included, and a new market is reconceived, Bank C is not only using established retail shops but has also broadened the access point and retail footprint by including spaza shops as access points for cash. This corresponds with the suggestion by Porter and Kramer (2011) that CSV also recognises that not only conventional economic needs define markets, but that also societal challenges have the potential to define markets and create business opportunities such as increasing productivity and expanding markets as a result.

The results suggest the banking sector further reconceives markets, products and services through harnessing the potential brought by technology and technological advances to create or reconceive products and services for under-served markets. This even includes banks leveraging or tapping into their technological market-leading legacy to improve access to banking products and services for the unbanked and under-banked members of society and informal sector entrepreneurs. For example, Bank A has leveraged its legacy of being the best digital bank in the country by further increasing its focus on, and investments in, technology and data platforms to additionally expand the tools and services it provides to assist customers to thrive. This is what Pfitzer et al. (2013) refer to as a leader drawing on a different legacy to direct the organization toward a societal purpose.

Redefining productivity in the value chain

The next dimension of the transformation agenda is to enable a meaningful role at the executive level for, and participation by, black people and women and those living with disabilities, and the transformation of the racial and gender composition of staff and management in the banking sector to ensure a meaningful participation in the productivity of the sector. Empirical results suggest that this is done through the banking sector providing internal skills development programmes for employees that include skilling and upskilling of employees in technology as a way of improving efficiency and productivity in the sector.

The banking sector provides bursaries to employees to further their education. It also focuses on accelerating the transformation of senior management to ensure this reflects the demographics of the country. This is done through the advancement of Africans and black women, including persons with disabilities to senior management. In ensuring the transformation agenda materializes, Bank C – as an international bank with footprint in different countries – operates employee exchange and secondment programmes. This gives international exposure to its employees through training opportunities with different international partner banks while also receiving employees from those international partner banks to build cross-cultural awareness that grows capacity to conduct business across different jurisdictions. Doing this helps with succession planning for key roles within the bank. All this could be categorised as redefining productivity in the value chain (Porter & Kramer, 2011).

Improving local cluster

The third dimension of the transformation agenda includes enabling a meaningful participation of blacks, and women in particular, in ownership of the financial sector and the provision of access to funding through bursaries and scholarships. This enables access to education for poor deserving South Africans who would like to access higher education and training, access skills and development. The banking sector further works on the challenges of youth unemployment through improvement of local cluster programmes such as providing internships, learnerships and graduate programmes and by additionally contributing to the Youth Employment Programme (YES). All this can be categorised as improving local clusters (Porter & Kramer, 2011). It speaks to how the banking sector lends to small and medium-sized businesses,

procuring goods and services from black- and women-owned companies, and helping farming communities and ensuring that black- and women-owned farmers are assisted and financed.

In further ensuring financial inclusion, the banking sector invests in financial education and literacy through training programmes, workshops, seminars and conferences to help encourage responsible interaction with finance and banking. The sector also provides for SMEs' development through the enterprise and supplier development, preferential procurement of black-owned and black-women owned businesses and agricultural farming businesses, including township entrepreneurs. It is also done through running in-house incubators for small businesses. The banking sector further improves the entrepreneurial culture through sponsorship of entrepreneurial awards, and of entrepreneurial seminars and conferences. The sector also ensures that improvement of local clusters is done through harnessing the potential brought by technology through creating app-based entrepreneurship coaching, mentorship and learning material.

The empirical results further show that the banking sector goes beyond just improving local clusters by playing another pivotal role of improving governance gaps in government provision of services in society, such as helping the National Student Financial Aid Scheme (NSFAS) by using banking facilities to efficiently distribute student financial aid. This is another way of helping with the provision of higher education. The banking sector further helps to improve government work through assisting government departments such as the South African Social Security Agency (SASSA) in efficiently and seamlessly distributing social grants to recipients via banking facilities. Another way the banking sector helps is through aiding the Department of Home Affairs by making bank branches collection points for smart IDs and passports.

As has been alluded to above, the transformation agenda should be done in an environmentally and societally responsible way while also ensuring the financial sector remains profitable. It simply means the power of business should be unleashed to help solve societal challenges while simultaneously creating major business opportunities for growth, profit and competitive advantage (Porter et al., 2012)**.** The empirical results suggest the banking sector is engaging its transformation agenda by solving societal challenges such as education and skills development, financial inclusion, SME development and employment challenges facing society while simultaneously creating bankable business opportunities for growth, profitability and competitive advantage.

Bankable business opportunities created from reconceiving markets, products and services.

Reconceived new markets as a part of financial inclusion led to the creation of banking opportunities such as improved market share, new revenue streams, and increased growth and profitability. There are also cross-selling opportunities (investment savings, burial cover for individual members) that come with the banking sector recommending new and suitable products for adoption by those recently brought into the formal financial system. For example, Bank D has recommended to stokvel account members new investment products and affordable funeral products. In creating financial inclusion for SMEs, the banking sector creates banking opportunities such as forging a leading position in SMEs' banking and additional recognition from global SME banking awards that comes with creating products and services suitable for tackling SMEs' development challenges. For example, Bank A has been recognised as the Global SME Bank in 2020 in addition to being recognised as the *Sunday Times* Best Business Bank in South Africa for seven straight years. There are also cross-selling opportunities that come with the banking sector recommending new and suitable products ripe for adoption by SMEs.

Banking opportunities are also created through harnessing the power of technology in ensuring financial inclusion for the unbanked and under-banked, such as competitive edge as a leader in innovation and tech-savvy organisations, low overhead costs, or lower bricks-and-mortar costs and access to new clients through broader geographic reach and scalability of products through this outreach. There is also opportunity to create markets for new fintech's emanating from financial inclusion and access to new clients through broader geographic reach, plus the scalability of products through broader geographic reach that comes with harnessing the power of technology in improving local clusters.

Opportunities also arise from competitive edge as leaders in innovative and tech-savvy organisations. For example, Bank A was recognised as the best digital bank in South Africa in 2020 and was ranked second in 2021. By solving societal challenges through the CSV strategy of reconceiving products and markets, businesses are able to create opportunities for revenue growth, profitability and market share (Porter et al., 2012).

Bankable business opportunities created from redefining productivity in the value chain.

The empirical evidence suggests that the banking sector should leverage the CSV strategy of redefining productivity in the value chain and in the process create bankable business

opportunities such as access to a skilled, productive, inspired and motivated workforce. This can help improve internal operations, reducing cost and further leading to improvement in efficiency and productivity in the sector. This corresponds with the argument of Porter et al (2012) that the CSV strategy of redefining productivity in the value chain helps business to improve internal operations, costs and productivity.

Bankable business opportunities created from improving local cluster.

Some banking opportunities derive from improving local clusters in solving education and skills development challenges are access to readily available and skilled future workforce, and the educated and long-term affluent clientele. This leads to bankable opportunities such as future growth opportunities, future long-term productivity and future long-term profitability of the sector as it begins absorbing those cohorts of newly trained and skilled individuals, plus improved efficiency and productivity. This is in line with the shared-value business case and the promise made by Porter and Kramer (2011) that redefining corporate purpose as CSV, and not just profitability, drives the next wave of innovation and productivity growth in the global economy. There is also opportunity for increased revenue through interest earned on the education or study loans.

The banking sector has an opportunity for driving additional demand for its products and services as those newly trained and skilled members of society begin receiving income and interacting with the banking sector for products and services, creation of new markets, improved market share, competitive edge from brand affinity, cost reduction in credit losses, creation of new markets, cross-selling opportunity (investment savings, burial cover for individual members), new revenue streams, improved profitability and competitive edge.

By developing and supporting SMEs, the banking sector ensures increased access to skilled, competent, productive and capable SME suppliers, and to productive and competent women-led business suppliers. This all comes as a result of SMEs' development, which leads to increased efficiency, productivity and improved revenue and profitability, plus improved interest earned through credit and overdraft SME facilities, continuity of working relationship with suppliers, and leading market positioning in banking for SMEs.

CSV management practice geared towards tackling of employment challenges by the banking sector brings with it bankable opportunities such as increasing productivity with lesser costs, new sources of revenue generation (through new prospective clientele), reduction in future

recruitment costs and improved B-BBEE levels. This aligns with Porter et al. (2012) who argue that business which engages the CSV strategy of enabling local cluster development by improving the external environment through community investments and strengthening local suppliers, local institutions and local infrastructure, can create opportunities for enhancing business productivity.

In tackling other societal challenges such as closing governance gaps or helping government in its service delivery work, the results suggest that the banking sector manages to create bankable opportunities such as cross-selling and upselling opportunities from the walk-ins for collection of IDs and passports. For example, three banks have agreed their branches will cater for consumers to apply and collect their IDs and passports: this offers a service provider opportunity for cross-selling and upselling from the collection walk-ins, or even for selling products and services offered by the banks.

Another opportunity created is future potential business growth through partnering with other government departments to process unclaimed benefits – a source of revenue generation. For example, the banking sector suggests that after its successful partnership with government to distribute social grants and NSFAS grants for students, other government departments are now willing to come on board and partner with banks to assist. Indeed, careful alignment of both the core business and societal challenges strengthens a company's competitive position, opens up new sources of revenue, and boosts the bottom line (Porter & Kramer, 2011).

As noted earlier, the transformation agenda of the country is centred on inclusive economic growth and further addressing the inequities in business and redressing the racial injustices of the past by ensuring inclusion of previously excluded black people into the mainstream economy. It would seem to imply that CSV is placed at the centre of the transformation agenda within the banking sector. For this reason, in the context of the South African banking sector, transformation is used as a driving factor, a catalyst and a transitional vehicle to CSV management practice, given the historical injustices of the past. The implication of CSV within the transformation context means that if done correctly, CSV holds the potential of being a great locomotive for addressing racial inequities in business and indeed racial injustices, and by extension the social injustices of the past, while simultaneously creating banking opportunities. Blackwell et al. (2017) argued that by shying away from the societal challenge of advancing racial equity, many corporations are losing out on one of the biggest opportunities for driving innovation and growth and indeed, creation of business value.

- **Esoteric requisite thinking or mind-set of CSV.**

According to Pfitzer and Scholtz (2019), any business that embraces CSV often begins with mind-set and values that bring powerful new frames of reference to guide choices and decision-making such as, for example, by answering the questions "why are we in business?" and "who does not benefit from that mission today?" (p. 6). The empirical results suggest that thinking differently, or a paradigm shift in mind-set from traditional business thinking or mind-set to a new management thinking, termed the esoteric requisite thinking or mind-set is fundamental starting point in the implementation and delivery of the CSV concept. This corresponds with Porter and Kramer (2011) who lamented "the over-simplified thinking" (p. 11) of value creation in business and assert that hope lies in the principle of shared value, which has the potential to give rise to "the next major transformation of business thinking" (p. 4), or "the new thinking" (p. 9), or "the shared value thinking" (p. 9). All the above suggests that a paradigm shift from traditional mind-set to a new thinking is a fundamental requirement in the delivery and implementation of CSV (Awale & Rowlinson, 2015).

Since these authors never bother to define the new thinking, or next major transformation of business thinking, or shared-value thinking, the study sought to further understand the meaning of this new thinking or esoteric thinking / mind-set, or the requisite mind-set and what it entails. The empirical results suggest that the banking sector relies heavily on four types of esoteric thinking or mind-set: societal conscience mind-set, long-term mind-set, ambidextrous mind-set, and the risk-taking mind-set, as fundamental requirements for the implementation and delivery of the CSV concept.

- <u>Societally committed and conscious mind-set</u>

Empirical results suggest the CSV concept, in its delivery and implementation, relies heavily on a societally conscious mind-set. It begins with an individual or CSV champion who has a deeper appreciation and understanding of the challenges, needs and aspirations of society and is truly passionate and committed to societal change. Results further suggest that such an individual should also be surrounded by like-minded leaders who are truly committed to making people's lives better. The importance of having a societally conscious mind-set helps in positioning the banking sector as a societally committed and responsible "citizen", able to directly link creation of products and services to the needs and challenges facing society. This is consistent with Chandra et al. (2016) argument that drivers of shared value in the health

sector are characterised by mind-set and expectation, sense of connection to community and sense of civic engagement.

This positioning begins with a deeper and intimate understanding of the needs and challenges facing society and how society interacts with those needs and challenges. When creating products and services or technology, it becomes a matter of connecting those products and services or technology directly to the needs and challenges faced by society. For example, Bank A suggests that it is never about products and services but rather the human factor of caring deeply and being truly interested in making people's lives better. This true commitment to people's needs and challenges suggests that even the design of products and services genuinely focuses on solving these needs and challenges. This is in line with the argument of Porter and Kramer (2011) that realising the transformative power of the CSV concept will require development of new skills and knowledge, such as a far deeper appreciation for societal needs and challenges.

- Long-term mind-set

The empirical results suggest the CSV concept requires a long-term mind-set in its delivery and implementation. The reason behind this long-term mind-set might be because societal development agenda is long-term by nature, hence the banking sector calls for everyone involved to exercise patience and indeed exhibit a long-term view and mind-set. This long-term mind-set finding aligns with Porter and Kramer (2011) who suggest that business is caught in the narrow view of value creation that optimizes short-term financial performance while ignoring the broader long-term view that determined longer-term success.

- Ambidextrous mind-set

The empirical results suggest that the CSV concept calls for an ambidextrous mind-set in the banking sector. According to O'Reilly and Tushman (2004) the concept of the ambidextrous organization refers to capability to combine and balance exploitation and exploration processes. In fact, ambidextrous organizations are those that possess capability to manage organizational contradictions while simultaneously being able to realize organizational objectives that appear divergent or even contradictory, examples of this include short-term survival and long-term growth, incremental and radical innovations, or competition vs. cooperation, etc. (Luo & Rui, 2009).

Neoclassical scholarship argues that the single purpose of creating shareholder value should be the ultimate principle guiding corporations, as it is logically incoherent and psychologically impossible to maximize performance along more than one dimension –calculating trade-offs and selecting courses of action thus become intractable (Jensen, 2002). However, Porter and Kramer (2011) counter-argue that this neoclassical thinking that suggests trade-offs from solving societal challenges has long pitted business and society against each other needs to be challenged. The empirical finding indicates that the ambidextrous mind-set works towards addressing this neoclassical thinking as the banking sector recognizes it cannot operate only as a socially conscious and committed business focusing solely on creating societal value but that it also has a goal and objective of simultaneously creating financial value and profits and in the process resolves these impasses of trade-offs and tensional relationships between these two seemingly polar extremes or divergent purposes of business and society that come with CSV.

There is a need for the banking sector to be able to merge these two apparently divergent or contradictory objectives of creating financial or shareholder value and societal value to ensure that every project is societally and economically viable for the banking sector. For example, Bank B suggests that as much as it has business leaders who are societally conscious or have deeper appreciation of societal challenges and the need to solve them, there is also a need to be cognizant of the fact that banking is a profit-oriented operation and when considering societal challenges, there is also a need to always have a mind-set that will position solving those challenges in a way that simultaneously considers the profit-making orientation of the bank. Strategically positioning CSV in this way ensures that both business and societal value are enlarged and, in the process, enable harmonisation of the two separated realms (Daood & Menghwar, 2017). The idea of embracing CSV should therefore begin with the paradigm shift in mind-sets and values that considers society and business as a zero-sum game (Pfitzer & Scholz, 2019). The current study would argue that the new mind-set is indeed ambidextrous.

Furthermore, Brown and Knudsen (2012) caution that if CSV is also conceptualized primarily as a business strategy, while it concerns itself with twin goals of social and economic gain, it runs the risk of prioritising the single economic component. The study further cautions that having a societally conscious mind-set alone, while CSV concerns itself with twin goals, risks prioritising a single societal gain. Hence an ambidextrous mind-set is critical in connecting and reconciling this twin, seemingly polar, extreme and oxymoronic concept.

Risk-taking mind-set

The empirical results suggest that the other mind-set required in the implementation and delivery of CSV is a risk-taking mind-set. The risk-taking mind-set suggests that since engaging societal issues is an uncertain and complex process which makes CSV management practice both complicated and risky, its implementation therefore requires an organization or individuals willing to take calculated levels of risk to deliver and implement CSV practice seamlessly and successfully. The understanding is that the societal challenges are risky, hence it requires the ability to collaborate across profit / non-profit boundaries (Porter & Kramer, 2011) or co-creation with external stakeholders which ensure a risk-sharing process as suggested by Pfitzer et al. (2013). The risk-sharing point suggests that the banking sector should consider risk-taking as a mind-set required for implementing and delivering CSV.

There is an emerging pattern coming out of the four esoteric requisite mindset findings. An emerging mental model that helps the banking sector with different thought process of looking at societal challenges as bankable business opportunities for building a compelling business case. Mental model is defined "as a model explaining the thought process that incorporate one's beliefs, values, experiences, knowledge and subject-in-question-based perceptions that lead to decision-making" (Krauss et al., 2009, p.247). For example, in all case studied there is an overwhelming agreement that creation of banking opportunities depends on how to look or frame societal challenges. This begins with a deeper understanding of society and its challenges (societal conscience) and framing or modelling those challenges in a way that positions them as banking opportunities (ambidextrous mind-set). The other important element is the understanding that the process of solving societal challenges is long term (requires long term mindset) and complex in nature which also requires risk taking mindset. This is the required mental model in transforming societal challenges into bankable business opportunities. In his study Eckert (2003) highlight the important role played by the mental model in learning and decision-making and being able to adapt to change and overcoming mental model tied to traditional farming practices that seems to hinder farming prospects of success. This is the essence of esoteric requisite mindset as a mental model that represent the values, beliefs and the process they play in influencing the decision-making (Krauss et al., 2009) that help the banking sector move away from the neoclassical mental model to a different mental model of looking at societal challenges and being able to frame them into bankable business opportunities. By bringing to the fore these four esoteric or requisite mind-sets, by implication the study responds to the question of the meaning of transformation of business thinking. In

the process, the study closes a gap in the literature about the meaning of "transformation of business thinking" (Porter & Kramer, 2011) or "thinking differently" (Pfitzer & Scholz, 2019; Brown & Knudsen, 2012). Porter and Kramer (2011) recognise that many businesses are still frozen in a "social responsibility" mind-set in which societal issues are at the periphery, not the core. Lack of an overall framework for guiding CSV efforts is holding business back and has led to an exclusion of social and environmental considerations from business economic thinking (Porter & Kramer, 2011). They acknowledge the need to move to new CSV thinking, however they have not clearly articulated what that new thinking or thinking differently entails. The current study closes this gap and, in the process, contributes by enhancing theory and practice. Furthermore, according to Pfitzer et al. (2013), it takes five mutually reinforcing elements to successfully deliver and implement CSV practice, as demonstrated in Table 7 below. However, many scholars of shared value have as alluded to above argued, that more than anything, thinking differently or transformation of business thinking, or the esoteric mind-set, is the fundamental requirement or starting point in successfully implementing and delivering on CSV or in innovating for shared value.

According to Dembek et al (2016) the main limitation of CSV is a lack of clarity about the basis behind CSV decision-making. Others suggest that personal values are the basis behind CSV (Brown & Knudsen 2012; Schmitt & Renken, 2012). The study would close this gap through providing the esoteric requisite mind-set as the driving factor or the basis behind shared-value decision-making.

Table 7: Five mutually reinforcing elements.

Embedding societal purpose
Defining societal needs
Measuring shared value
Creating the optimal innovation structure
Co-creating with external stakeholders

Source: Pfitzer et al. (2013)

Considering the arguments above, the study would conclude that more than anything, CSV begins with the esoteric thinking or mind-set which is the transformation of business thinking (Porter & Kramer, 2011) as a fundamental requisite or reinforcing element in its

implementation and delivery. Esoteric requisite mind-set is then followed by the five mutually reinforcing elements (Pfitzer et al., 2013) required in innovating for CSV.

Inclusion of the esoteric requisite mind-set within the five mutually reinforcing elements of the shared-value framework of Pfitzer et al. (2013) then makes it six reinforcing elements of CSV. This is done with the understanding that the five mutually reinforcing elements come as a result of the authors recognising the problem faced by business leaders who realise that societal challenges pose a great challenge to their business operations, while at the same time presenting vast opportunities for growth. However, they find themselves still struggling with guiding principles to capture those business opportunities while solving societal challenges.

The researcher finds that the problem persists even after this valuable contribution by the authors, hence the attempt in the current study to enhance the model as a way of closing the gap between theory and practice. Since the five mutually reinforcing elements of CSV provide a major part of the current study's theoretical framework, the researcher believes that this enhancement in the theoretical framework makes a huge contribution in theory. The researcher argues that the theoretical framework, as demonstrated in Table 8 below, now includes the esoteric requisite mind-set as a contribution to make it six reinforcing elements of shared value.

Table 8: Six mutually reinforcing elements.

Esoteric or requisite mind-set
Embedded societal purpose
Defining societal needs
Measuring shared value
Creating the optimal innovation structure
Co-creating with external stakeholders

Source: Author's own work

- **Motivating driving factors of CSV**

In an attempt to fully understand the motivating driving factors of CSV within the sector, the study finds there is a business case (responsive to external pressures), the compelling business case (proactive driving factors) and lastly the compelling societal case (the desire and drive to see change in society), as shown in Table 7.4 below.

Table 9: Motivating Driving Factors of CSV

	Driving factors of CSV management practice			
Legal	**Rational**	**Moral**	**Instrumental**	
Regulatory compliance	Risk management legitimacy and societal contract	Helping government / closing governance gaps		CSV business case responsive to external pressures
		Corporate purpose	Opportunity perspective	Proactive CSV compelling business case
		Societal conscience and desire to see societal change		CSV societal case

Source: Author's own work

- **Business case:** Responsive driving factors of CSV

The results suggest that CSV is driven from a responsive business case of legal or regulatory compliance where the banking sector implements CSV to comply with regulatory frameworks and the transformation requirements of the country. This is in line with Porter and Kramer (2011) who argued that regulation, when responsibly designed and implemented, could be a great driving factor for the implementation of CSV.

CSV is further implemented as a rational driver of mitigating or managing risk. Studies show that many societal challenges, if left unattended, present an acute threat and risks to businesses as they have the potential to impair business operations and lead to long-term harm. Hence it is critical for businesses to strengthen their strategic foresight and find effective ways to identify and communicate risk to decision-makers to manage those risks effectively (McLennan, 2021). CSV therefore presents the best risk-mitigation or management strategy for the banking sector.

Another responsive driving factor adopted by the banking sector is addressing societal challenges as part of the societal contract to gain legitimacy. Indeed, one reason CSV has

become critical of is that business legitimacy has been a cause for concern for many who accuse it of prospering at the expense of society (Porter & Kramer, 2011; Kramer & Pfitzer, 2016). Hence CSV is implemented as a way of regaining legitimacy.

- **Compelling business case:** Proactive driving factor

The banking sector further addresses societal challenges as a proactive strategy informed by the moral driving factor of having a corporate societal purpose to live up to and also as a proactive strategy. The latter is informed by the instrumental driving factor of creating banking opportunities for profit. CSV is a proposition where profit meets purpose (SVAI, 2021)**,** and has been suggested as a proactive approach (Cadman & Bildfell, 2012, Scagnelli & Cisi, 2014) to societal challenges**.** This is in line with the findings that suggest corporate societal purpose and opportunities are not only driving factors of CSV but also proactive driving factors, since CSV is considered a proactive strategy.

- **Compelling societal case**: Desire and drive for societal change

The empirical results suggest that CSV is not only driven from a compelling business case (opportunity-driven or purpose-driven) or a responsive business case (regulatory compliance, risk management, legitimacy and societal contract, closing governance gaps). It is also driven from a compelling societal case or an inherent desire and drive for societal change. Societal change is defined as transformational processes to advance societal wellbeing (Stephan et al., 2016). Indeed, empirical results demonstrate that many banking managers lament the challenges facing the country such as runaway inequality, stunted economic growth (particularly inclusive growth), the state and quality of the education system and health in general, poverty, the state of the entrepreneurship culture and stubbornly high unemployment.

The empirical results thus suggest CSV is motivated and driven from a societal case and a desire to alleviate or even eradicate these societal challenges. The banking sector has decided to focus on improving the quality of education in society, particularly basic education and the academic quarter, in a way that enables transformation, critical thinking and innovation, plus research excellence in pursuit of a more sustainable higher education system. It is also driven from a societal case or desire for inclusive growth. This leads to a desire to improve financial inclusion for many previously disadvantaged and low-income members of society who are unbanked and under-banked and are outside the mainstream financial system. It is also driven from the societal case of contributing to SMEs' development to support and enable enhanced

formation, growth and inclusion of SMEs as a way of creating a vibrant South African small business sector. Lastly it is driven from a societal case and desire for increasing employment opportunities for young people through the creation of decent jobs and support for employability and self-employability.

Further and deeper exploration of the empirical results seems to suggest the banking sector places more emphasis on the responsive driving factors of the law (regulatory compliance), or on rational drivers (risk management, legitimacy and societal contract) and thirdly the moral driver (help with closing governance gaps and corporate societal purpose). These are seen as important driving factors for CSV rather than explicit opportunities or instrumental drivers for creating bankable opportunities. Further emphasis is placed on a societal case / desire and the drive for societal change. These are seen as being more important motivating and driving factors to implement and deliver CSV than those explicitly driven from the compelling business case of opportunity creation. This means the instrumental or compelling business case of creating banking opportunities does not emerge as an explicit or major driving factor of CSV. The reason for this might be that many who were cited in the cases or in the empirical results have registered their unease and discomfort with the explicitly opportunistic nature of the CSV concept as pioneered by its authors. They also resist the concept of profiting from societal challenges. This is in line with Bockstette et al. (2015) who wrote that "many banks and members of the public at large believe that profiting from social good is somehow wrong" (no page number).

Although the central premise of the CSV argument is the seductive business case of creating business opportunities or profit maximization from creation of societal value, it would seem that morality takes centre stage and a compelling business case or opportunity creation, comes as a by-product of the societal case. This is in line with the criticism of CSV as being motivated by profit seeking, where societal needs are seen merely as a means to a profit motive end, while genuinely responsible and ethical behaviour is largely missing from the CSV discourse (Berschorner & Hajduk, 2017).

The banking sector agrees that CVS is driven from the responsive business case such as regulatory compliance, risk management, societal contract and legitimacy and compliance with corporate purpose, given the transformation agenda of the country. The banking sector is urged to play a meaningful role in solving the challenges facing society, and pressure is heightened by the backlash against improper business conduct, which amplified the perception that

business profits at the expense of society (Daood & Menghwar, 2017). This perception has caused a chasm between business and society, even a confrontational relationship, so a responsive business case is seen as a way of complying with the transformation agenda and understanding the risks that come with non-compliance. Hence the banking sector regards adherence to the agenda as a good risk-mitigating strategy and the best way of regaining legitimacy and establishing a societal contract in the eyes of society.

It is also driven out of a genuine concern, desire and drive to effect change in society, or a compelling societal case. However, the empirical results show that the banking sector is able to go beyond the responsive business case and the compelling societal case to create bankable business opportunities out of those responses. This means the sector is able to focus on the responsive business case and compelling societal case and, in the process, work towards creating a compelling business case for creating bankable business opportunities. This is also in line with the argument of Porter and Kramer (2011) that CSV involves compliance with the law and ethical standards, as well as mitigating risk and harm caused by business, while going beyond that to create business opportunities.

The banking sector appreciate the fact that since members have to respond to external pressures (responsive business case) and the inherent desire to see and implement change in society (compelling societal case) they might as well respond in a positive way by creating banking opportunities. Therefore, the researcher argues that bankable business opportunities are created as a by-product of the responsive business case and compelling societal case and are not the main motivating driving factor. The compelling business case of creating banking opportunity has not been articulated well and does not present strongly as the main motivating driving factor of CSV management practice.

Pfitzer et al. (2013) assert that businesses have awakened to the fact that societal challenges present both constraints to their operations and opportunities arising out of alleviating those constraints. Awale (2016) meanwhile finds that businesses prioritise focused areas of societal challenge because they place significant constraints on their business operations and have proactively developed strategies to address those societal and environmental challenges – in the process, creating competitive advantages. The two cases demonstrate an explicit, compelling and clearly articulated business case for societal challenges creating operational constraints on business – and so becoming the main driver in solving them.

One societal challenge focused on by Awale (2016) is health and safety, noting the constraints thereby placed on business operations. Asked why they focused on health and safety, participants identified workplace injuries as imposing massive costs on their businesses. Their need to alleviate these costs demonstrates a business case for focusing on health and safety challenges. However, the same is not true in the current study as the responsive business case and the compelling societal case come first. Subsequent creation of business opportunities as a business case follows as part of the process of creating societal value. This means that while focusing on the responsive business case and the societal case, they realise the true constraint that comes with those unsolved challenges.

For instance, on an issue of financial inclusion, the banking sector acknowledge a moral issue of improving financial inclusion, or a compliance issue of adhering to the transformation charter to ensure that many unserved and under-served individuals are included in the mainstream financial system. This signifies a compelling societal case and a regulatory and compliance issue, rather than a compelling business case to improve financial inclusion as a way of creating new markets and a new revenue stream. It begins with the moral issues of bringing societal change. This seems to imply that even in the field of shared value, the persistent conundrum found in stakeholder theory plays out between the moral and the instrumental arguments for engaging societal challenges. Notwithstanding this conundrum, the departure point from the data suggests that regardless of the driving factor of CSV (legally, or regulatory compliant driven, rationally driven, morally driven and even instrumentally driven), these issues can still be used as a good source of CSV opportunities.

This means that regardless of the driving factor, the banking sector manages to move beyond these driving factors to create business opportunities. This is consistent with the instrumental stakeholder argument that business will adopt business practices that satisfy the needs of other stakeholders to the point of meeting the overarching purpose of maximization of shareholder value (Berman et al., 1999; Moore, 1999).

7.2.2 Defining societal needs.

According to Pfitzer et al. (2013) it is critical for a business seeking to create shared-value opportunities to first define societal needs and challenges as a way of understanding the underlying conditions and how to solve them. The empirical findings demonstrate that the banking sector begins by **engaging environmental societal scanning or scanning of societal**

environment or societal challenges as a way of defining societal needs and gaining insights into those needs and challenges. This gives a clear insight on how best to solve them so as to create banking opportunities in the process. The results show that the banking sector uses SDGs as a primary roadmap and sees shared value as the best strategy in members' commitment to achieving the SDGs and the bankable opportunities arising from solving SDGs are both real and extensive (Kramer, Agarwal and Srinivas, 2019). Indeed, CSV has been touted as the business model to accelerate the achievement of SDGs (Noh, 2020; Olofsson & Herbert, 2020; Kramer et al., 2019; Kim, 2018).

The banking sector further leverages the National Development Plan (NDP) and the AU 2063 report as roadmaps to understand the pressing contextual challenges facing South Africa and the continent respectively. The empirical results further suggest that the banking sector conduct its own extensive research to gain deeper understanding of the challenges facing society. Such research would also uncover the different resources, including internal and external stakeholders, needed to solve those challenges. It would provide a basis for developing a comprehensive strategy and a compelling business case to create bankable business opportunities while solving those societal challenges (Pfitzer et al., 2013). In his PhD study, Bednarski (2019) made similar findings regarding Australian companies relying on their own extensive research to gain insight into societal challenges that needed to be solved.

Another interesting insight from the empirical results is that in conducting extensive research, societally conscious banking sector managers recognise the importance of being involved and fully immersed in the society they seek to assist. This helps the banking sector gain first-hand experience, deeper and intimate understanding of the challenges facing society, and clearly diagnose these challenges and see how they differ from community to community, as do their different potential solutions. For example, Bank A suggests that when doing its own extensive research, it approaches it with a societally conscious mind-set that includes an anthropological approach to the market. This ensures deeper understanding and intimate experience relating to the needs and challenges facing society, as well as what type of products and services would be suitable for solving those needs and challenges and how society can connect and interact with those products and services.

Thinking through the lens of societal needs and challenges, instead of merely products and services (Porter & Kramer, 2011), offers a clear differentiation of the banking sector and its business model in theory and practice (Beschorner & Hajduk, 2017). This anthropological

approach to societal business research by the banking sector aligns with a finding by London (2006) that CEMEX adopted a "declaration of ignorance" in its strategy to get a deeper understanding of the lower income market and the needs and challenges faced (p. 4).

According to Porter et al. (2012) a well-developed CSV strategy begins with identifying key societal challenges on which to focus on and plan the relevant core business activities involved. The empirical results suggest that in the process of gaining full insight on societal challenges**, the banking sector then identifies prioritised areas of focus of societal challenges, which it sees as important and well within its competitive context**. This is in line with Awale (2016) who argued for a company to focus on, and prioritize, the societal dimensions within the competitive context to enable a significant impact on business operations.

The empirical results of the current study show that education and skills development, financial inclusion, SME development and employment creation are identified and prioritised as core societal challenges within the competitive context of the banking sector. Results further suggest that the identified societal challenges are approached through CSV. It is worth noting that the education and skills development component is approached through CSR or corporate philanthropy. This suggests that in fact the banking sector is unaware that even the education and skills development component is approached through CSV management practice. Meaning the sector is unaware that some education initiatives, such as funding through bursaries are in fact CSV, as those students upon graduating they are absorbed by the banking sector as productive employees through internships, and graduate programmes, and this is directly aligned to the core business of banking. The same can be said of other initiatives such as youth employment, which is directly aligned to the core business of banking. It also applies to initiatives such as helping government or closing governance gaps, where banking opportunities arise from the walk-ins. These initiatives can be described as Creating Shared Value or CSV management practice, as they are approached using CSV strategies.

7.2.3 Measuring shared value.

Pfitzer et al. (2013) suggests that business seeking to implement and deliver CSV needs to be able to measure progress. However, the empirical results suggest there are ***no clear measurement tools or matrices to measure CSV*** within the banking sector, as these are still qualitative, ad hoc and at the earliest stages. This corresponds with the argument that there is no commonly accepted approach to measure CSV (Porter et al., 2012; Spitzeck & Chapman,

2012; Szmigin & Rutherford, 2013), with those that are available still being at the preliminary stages (Porter et al., 2012). Empirical results further suggest that the measurement challenges are tensional in nature. Meaning there is ***tension between the readily available commercial value matrices and societal value matrices*** as the banking sector keeps on reverting to the readily available commercial value matrices. The empirical results further suggest that the other tension between the **shareholder value maximization purpose and the societal value purpose** leads to tension between the ***short-termism of commercial value and the long termism of societal challenges.*** This means the short-term nature of shareholder value is mostly prioritised as a result of pressure to achieve quarterly business and profit targets that the banking sector needs for shareholder value maximization. Meanwhile the societal challenges are, by their nature, long-term, which makes it difficult for the banking sector to address or even understand.

According to Porter et al. (2012) the process of measuring for shared value has four steps. The third step is tracking progress, where the business tracks progress against the desired targets by noting inputs and business activities, outputs, and financial performance (revenues and costs) relative to projections. The empirical results suggest that the banking sector is still struggling with interpretation in its impact analysis, as noted under ***Input-Output/Outcome challenge***. Indeed, the banking sector is still struggling to differentiate input from output or outcome, as it regards the money invested (input) in societal challenges as the impact (output or outcome) the sector is making by solving societal challenges. This is in line with the assertions of Porter and Kramer (2006) that many initiatives are still described in terms of money invested and volunteer hours invested, instead of societal impact created through those investments. The results suggest there are still challenges and difficulties in measuring CSV management practice. There is a lack of literature focusing on CSV's impact on society and measurement frameworks and tools. Hence Pfitzer and Scholtz (2019) urge researchers to focus on measurements "as we learn from, and provoke, business to change, the one element that all contributions must continue to relentlessly focus on is measurement" (p. 6).

7.2.4 Creating optimal innovative structure.

According to Pfitzer et al. (2013), when businesses think of solving societal challenges through CSV, a new optimal innovative structure should be created as a way of shielding established business from the risks of a new project. Alternatively, when a business sees that the path to creation of business opportunity is not yet clear, it could use philanthropic funds to test the

project. Once it becomes viable as a project, it can be gradually integrated into a core or legacy business.

Empirical results indicate that **the banking sector leverages the corporate societal initiatives such as CSR, corporate philanthropy and even corporate sponsorship as a transitional vehicle or an enabler of CSV**. This is where the corporate societal initiatives are used as a strategy to insulate banks from failure to meet core business requirements, until these initiatives are ready to be transferred to operate within the core or legacy business. For example, Bank D through its corporate philanthropy donated millions into the drought relief fund to help affected farmers by cushioning their farming businesses from failure. This in turn ensured the agricultural businesses remained going concerns, able to carry on servicing their bank loans and ensuring the bank continued earning interest from those loans while improving revenue and profitability. This demonstrates that the more corporate philanthropic activity is aligned to core business activities and competitive context, the more it leads to business opportunities for growth and profitability (Porter & Kramer, 2002).

The empirical results suggest that the banking sector engages societal challenges through corporate societal challenge initiatives such as CSR, corporate philanthropy, sustainability programmes and corporate sponsorships. While engaging these initiatives, banks begin a painstaking, deliberate process of analysing and assessing the societal intervention, market trends and the potential market brought about by those challenges as part of the opportunity creation process. The banking sector then begins aligning the initiative to the core activities of banking while still insulated from traditional business requirements, until it shows signs of potential opportunity spin-offs that support the core success of banking. A case in point is Bank B, which had a corporate sponsorship focusing on unearthing football talent. Realising this was not aligned to the bank's core activity and did not yield the intended results, Bank B decided to robustly align it to the bank's core competency and activities with the intent that when it matured, it would be fully integrated into the CSV space in the core or legacy business.

The relevant literature suggests that integration with a core business happens only if the business already has a clear corporate societal purpose, fully understands the identified societal challenges, possesses the competencies to solve them, and can build a strong business case for the CSV initiative (Pfitzer et al., 2013). Taking the above into consideration, the study concludes that the banking sector should leverage corporate societal initiatives as transitional vehicles, enablers and driving factors of CSV.

The argument of compelling business case or creation of banking opportunity as an after-thought or by-product is also true in this instance, where the banking sector engages societal challenges through corporate societal initiatives and in the process transitions to create CSV-opportunities. Traditionally business has used corporate societal initiatives such as CSR, strategic CSR, corporate philanthropy and others as a way of complying with legal requirement (regulatory compliance), or for rational argument such as reduction of risk (risk or management, or legitimacy and societal contract), or moral argument such as discretionary action (helping government or corporate purpose), or even for a proactive role or instrumental arguments such as reducing costs and reputational improvement. According to Porter and Kramer (2006), approaching societal challenges through compliance, philanthropy, volunteering, corporate giving and ethical or responsible mind-set are merely responsive strategies. The reason being they fall short of creating business opportunities (Berns et al., 2009) because such strategies fail to address key issues in business and society (Frynas, 2009).

The current study contradicts the above notion, as the banking sector implements corporate societal initiatives as a responsive strategy and in the process, thinks of ways to transition to CSV by creating banking opportunities. This aligns with the findings of Atiq (2014) that companies which have adopted strategic CSR (SCSR) and a societal responsibility initiatives approach are able to create shared value in the process. This demonstrates a compelling business case for value creation (Berns et al., 2009) coming as an after-thought or by-product of engaging in corporate societal initiatives. Indeed, corporate societal initiatives, if approached strategically, can be more than just costs or charitable deeds but involve the creation of banking opportunities (Porter & Kramer, 2006). Since the empirical findings suggest that these corporate societal initiatives can be leveraged as transitional vehicles or as enablers of shared value, the researcher would argue that they are in fact part of the motivating driving factors of CSV opportunities.

7.2.5 Co-create with external stakeholders.

According to Pfitzer et al. (2013) there is a need to enlist a wide range of external co-creating stakeholders when implementing and delivering for shared value. The empirical results suggest that within the banking sector the stakeholder co-creating nature of CSV is not only external in nature but shares an internal and external CSV stakeholders co-creating nature. This aligns with the findings of Bednarski (2019) that a CSV environment has a wide range of internal and external stakeholders collaborating in co-creation of CSV management practice. This thematic

area focuses on answering Research Question 2, relating to the stakeholder co-creating nature of CSV within the South African banking sector.

- Internal co-creating stakeholders.

The results show that internal co-creating stakeholders are those members and employees within the banks who are collaborating to ensure seamless implementation and delivery of CSV. The empirical results suggest CSV, as a strategy and a business case, requires senior management buy-in and support. Indeed, the literature shows that for successful implementation, CSV requires senior management support (Bednarski, 2019). CSV also requires a societally conscious mind-set and like-minded co-creating partners. In the case of the banking sector cases analysed, senior management is societally conscious and actively involved in ensuring that the societal challenges are clearly embedded within the corporate purpose and strategy. A case in point is Bank A's group CEO who has always been at the forefront of every product launch geared towards SMEs and those geared towards financial inclusion for the "unseen market", as he always refers to the unbanked and under-banked members of society during product launch events. After gaining buy-in and approval from senior management, the strategy is given **to the Group Transformation, Social and Ethics committee (GTSEC) with the responsibility to perform and provide oversight and reporting duties**.

To ensure CSV as a management practice trickle or filters down through different business units to ensure buy-in by all, the banking sector ensures that CSV is ***ingrained within the organizational culture***. This finding is consistent with the work of Lee et al. (2014) who found that in order to ensure seamless buy-in from employees, day-to-day decision-making needed to be anchored more firmly in the identity and values of the organization. The results suggest corporate purpose becomes critical in ensuring that CSV management becomes part of or is ingrained within the banking sector culture and maintains momentum in everything being done within the sector. This aligns with Pfitzer and Scholz (2019) who argued that corporate societal purpose, as part of CSV, is critical for helping people make the right business decisions from corporate strategy levels to business unit-level decisions. These decisions cover issues from which products to develop, to all staff questioning whether the footprint of their activities is consistent with company purpose.

To further ensure CSV is ingrained in the organizational culture, the empirical results suggest that the banking sector recognise the importance of ***placing individuals who are societally conscious and have a clear understanding or interest in the CSV within every department as ambassadors***. Furthermore, the banking sector also **created *informal structures or forums*** to keep CSV discussion going through these informal meetings, structures and forums. The results further suggest that to fully ingrain CSV within the banking sector and ensure the right decisions are made, the banking needs to emphasize ***an over-communication*** of CSV practice. Indeed, in order to create banking opportunities out of CSV involves publicizing it internally and externally and establishing a culture that unleashes the best in employees (Pfitzer et al., 2013).

The above empirical results seem to imply CSV as **a bottom up-strategy**, since the CSV idea begin with a societally conscious CSV champion selling the idea to societally conscious like-minded peers or colleagues and receiving buy-in, support and ratification from societally conscious senior management. The strategy is carried out at lower levels of business before being taken to the societally conscious and committed senior management for buy-in and support. By implication, this suggests CSV is a bottom-up strategy. According to Park, Kim, and Krishna (2014) bottom-up management is where employees at all levels are empowered to participate in decision-making, setting and implementing the overall goals and objectives of a business. This corresponds with the internal stakeholder co-creation process elicited by the study, hence the claim of CSV being a bottom-up strategy.

- <u>External co-creating stakeholders.</u>

The CSV literature argues that to solve complex societal challenges and create large-scale societal change and economic opportunities requires collective impact (Kania & Kramer, 2011) that includes profit/non-profit boundaries such as teaming up with government, NGOs, institutions of higher learning, rival businesses, entrepreneurs and indeed society (Porter & Kramer, 2011; Kramer & Pfizer, 2016).

The empirical results suggest that the nature of CSV co-creation calls for strategic co-creation with external stakeholders that have common and aligned objectives, goals and the necessary skills, expertise and capabilities complementary to those possessed by the other party. Indeed, external stakeholder co-creation requires each party to leverage on the other's strengths to arrive at the set objectives and strategic goals. For example, Bank A suggests that the

importance of external stakeholder co-creation is to leverage on each other's strength, such as finding alternative funding or for risk-sharing support.

The empirical results further suggest that the external co-creating stakeholders within the banking sector take the form of inter-sectoral co-creating stakeholders such as **Public-Private Partnership (PPP) co-creation,** where the banking sector co-creates CSV initiatives with government departments, such as with Social Development (SASSA) to distribute social security grants and with NSFAS to distribute financial aid directly to students' bank accounts. Empirical results suggest that the more effective the Public-Private Partnership (PPP) co-creation, the more potential it has for influencing policy and system change.

There is also **business-to-institution of higher learning co-creation** for addressing education and skills development challenges facing society and ensuring access to quality higher education and access to research funding. In addressing employment challenges, Bank D co-creates CSV intervention with TVET colleges by providing work readiness programme experience for some students and graduates through work experience. There is also **business-to-business stakeholder co-creation** to address financial inclusion challenges faced in society, where the banking sector co-creates CSV initiatives with retail shops to ensure that the under-served or unserved segment of the economy can access financial services through these retailers.

Another business-to-business co-creation initiative happens when the banking sector co-creates development of SMEs with other businesses. Every party involved brings its complementary strengths and capabilities to ensure seamless implementation and delivery of CSV. For example, when helping medical doctors develop their medical practices, Bank C co-created the CSV initiative with GE Healthcare that possess capabilities such as the medical equipment's and technical know-how, while the bank brings financial capability and the know-how to ensure a successful CSV implementation and delivery.

The empirical results suggest there is also a **Business-to-society stakeholder co-creation** process. This means the banking sector co-creates CSV solutions jointly with society rather than creating solution without involving the very people at the centre of the solution. Prahalad and Ramaswamy (2004) call this value co-creation – joint value creation between a business and its clients as co-construction partners. It involves active dialogue to jointly define, solve and bring to life the experience suited to the contextual challenge. This happens where the

banking sector addresses SME development through co-creation of CSV solutions with the SMEs that are its clientele.

Active dialogue of the nature referred to above involves the banking sector launching competitions to develop solutions for challenges faced by entrepreneurs, with the winner receiving funding to implement a winning idea. The banking sector further sponsors some of the solutions, such as sponsoring and playing an active role in seminars geared towards improving and supporting SMEs, township SMEs and women-owned businesses. This is in line with the BOP protocol of Simanis and Hart (2008) which aims to examine how business can co-create business models with local communities to generate economic value while simultaneously creating societal and environmental value.

There is also **business-to-entrepreneurs' stakeholder co-creation** where the banking sector strives to harness the power of technology to ensure financial inclusion by co-creating CSV initiatives and intervention with tech-entrepreneurs or technology developers to create or develop technological products and services that ensure financial inclusion. Sometimes the business-to-entrepreneurs' co-creation takes the form of partial or full acquisition where the banking sector acquires a stake in the tech entrepreneurs or fintech. For example, to rapidly accelerate financial inclusion in townships, Bank A acquired 100 percent of a fintech company that operates specifically in townships and rural sectors of the economy.

In advancing entrepreneurship development and culture, the banking sector also engages in business-to-entrepreneur stakeholder co-creation by partnering with entrepreneurship experts and mentors to help SMEs with entrepreneurship advice, mentorship programmes and support. This aligns with the assertion of Pfitzer et al. (2013) that if a business lacks the expertise to develop an in-depth understanding of a societal challenge and a cost-effective societal solution, the business could fund independent entrepreneurs to tackle the challenge. The business would then learn from their efforts and acquire their solutions.

The empirical results further show **business-to-NGO stakeholder co-creation** where the banking sector, in solving SME development challenges, co-creates CSV solutions with NGOs' incubators to ensure they also develop township entrepreneurs. In addressing employment challenges faced in society, the banking sector co-creates CSV initiatives with other NGOs, helping young people with employment opportunities while taking care of the salaries of those placed. This is done as a way of creating jobs for young people. For example,

Bank B has a partnership with NGOs where it also places young people for employment within those NGOs to gain experience, while it pays their salaries.

The results further suggest that the CSV co-creation process sometimes takes **multi-stakeholder co-creation**. In addressing financial literacy and education, the co-creating process involved the banking sector partnering with other businesses, such as media companies i.e., newspapers, television, radio and public relations, together with other digital platforms and experts and prominent individuals such as influencers and athletes as ambassadors of the CSV solution. In addressing youth unemployment challenges the banking sector co-creates CSV initiatives with rival businesses and government through the co-creation of Youth Employment Services (YES), with the banking sector committing to employing some of the youth.

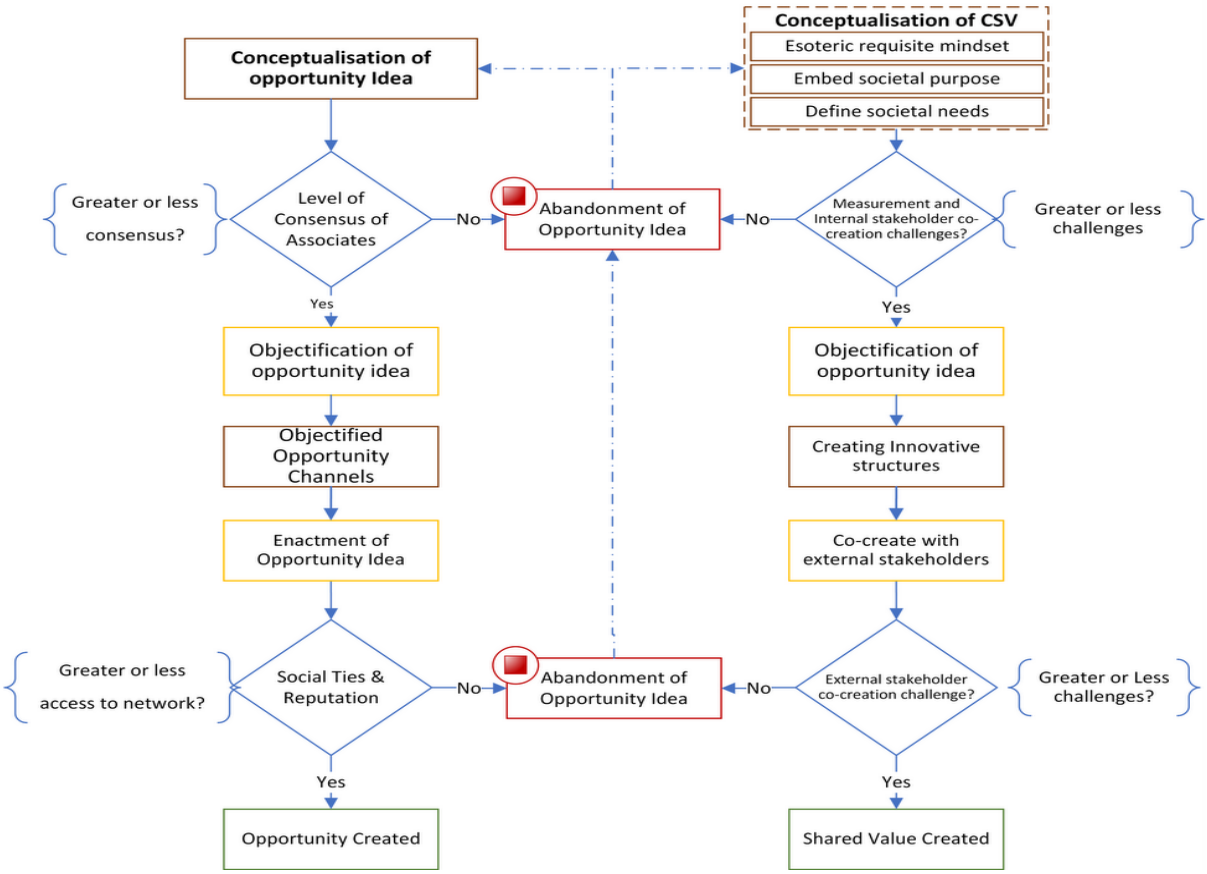
The current study has focused on the five-reinforcing element of shared value theoretical framework of Pfitzer et al. (2013) to help with interpretation and analysis of the empirical results. The framework has suffered the same fate as Porter and Kramer (2011) of conveniently overlooking the contextual challenges faced in the implementation and delivery of CSV. However, the empirical results in this study suggest there are internal challenges to the implementation and delivery of the CSV. These include the measurement challenges as shown above and the external challenges faced in the implementation and delivery of CSV within the banking sector, implying that even the five reinforcing elements of shared value do not ensure a seamless process, free of conceptual challenges. Therefore, the current study makes a contribution in theory.

7.3 Establishing link between CSV and opportunity: anchoring opportunity production model.

Figure 7.1 below illustrates the established CSV-opportunity linkage, which helps with the response to the central research question of exploring how the CSV concept is used to create bankable business opportunities out of solving societal challenges within the South African banking sector. The established linkage work towards the proposal of a conceptual framework where the identified, prioritised focus areas of societal challenges within the banking sector's competitive context are strategically placed at the core business and activities of the banking sector to create "bankable" business opportunities.

The five mutually reinforcing elements of shared value model (Pfitzer et al., 2013), as represented by the emergent overarching themes, is used to link CSV with the opportunity production model of Wood and McKinley (2010), as shown in Table 7.5 below. This means two models, namely that of Pfitzer et al. (2013), now represented by the discussed emergent overarching themes as shown in Table 7.5 below, and the Opportunity production model of Wood and McKinley (2010), are brought together to establish a CSV-opportunity linkage that will subsequently lead to the proposed CSV-opportunity framework.

Figure 7.1: CSV-opportunity linkage



Source: Author's own work

Table 10: Linkage between CSV management practice and opportunity production model

Conceptualisation of opportunity ideation **Experience of current social world or reality** **Forming cognitive evaluation of that reality**	**Conceptualisation of CSV** - **Esoteric requisite mind-set / thinking differently.** - **Embed corporate societal purpose.** - **Define societal needs.**
Opportunity objectification Sense-making: test viability of the idea through interaction with peers and associates	**Co-create with internal stakeholders.**
Opportunity abandonment No consensus among peers	**Abandonment or relegation effect of CSV internal challenges**
Opportunity enactment	**Co-create with external stakeholders.** **Leverage societal initiatives as transitional vehicle to CSV.**
Opportunity abandonment	**Abandonment or relegation effect of CSV projects** **External challenges**
Opportunity created	**Shared value created**

Source: Author's own work

7.3.1 Conceptualisation of opportunity ideation.

- **Experience of current social world or reality (Wood and McKinley opportunity production model)**
  Embed a societal purpose (Pfitzer et al., 2013 – Five reinforcing elements of shared value)

The theoretical framework, as illustrated in the literature, begins with conceptualisation of opportunity – a key theme in entrepreneurial or individual actor experience of the current social world or reality (Wood & McKinley, 2010). This refers to business embedding societal challenges in corporate purpose (Pfitzer et al., 2013). The focus of the current study is not on individual or entrepreneurial actors, but on the organizational and in this instance the banking sector. Dimov (2007a) asserts that entrepreneurial opportunity moves beyond individual entrepreneurs to become organizational.

The empirical results suggest the banking sector is realising this experiential world of a society facing myriad complex challenges. To reimagine its purpose and role in society, the sector agrees that it must begin thinking differently or adopting esoteric requisite mind-set. The empirical results have shown that esoteric requisite mind-set, or thinking differently, is a sine qua non for creation of CSV-opportunities, as shown in Table 7.5 above and on the right of Figure 7.1 above. In realising this self-constructed reality, the banking sector began a process of actively reimagining and reorganizing its role and purpose in that experiential reality of complex societal challenges.

Case analysis indicates that all the banks studied have recently recrafted their corporate purposes, based on their understanding of the current social world and reality, meaning the complex societal challenges faced by the country, and aligning the newly crafted corporate purpose with this current social world. The banking sector has thus embedded a societal purpose (Pfitzer et al., 2013), as shown in Figure 7.1 and Table 7.5 above. This is consistent with the constructivist view that opportunity arises as an idea of the entrepreneurial or individual actor in the course of interaction with social world (Saravathy, 2001; Shackle, 1979; Weick, 1979). Von Glasersfeld (1981, as cited by Wood & McKinley, 2010) agrees that constructivist understanding is the function of adaptive thinking, serving to organize the experiential world rather than discover an ontological reality.

In evaluating the social or experiential world or reality (Wood & McKinley, 2010) the banking sector uncovers a world where society faces myriad of complex challenges. The empirical results further indicate that the banking sector engages in the process of defining and gaining insights into the societal challenges they are capable of solving in a way that will create bankable business opportunities (Table 7.5 and Figure 7.1 above). This is the stage where the opportunity construction process transitions from the intuitive process to the interpreting process (Bontis, Crossan & Hulland, 2002), where the individual begins taking the opportunity idea forward and shapes it through acting on evaluated reality and the search for information (Dimov, 2007a).

The whole process engaged by the banking sector of thinking differently or having esoteric requisite mind-set, embedding societal challenges into corporate purpose and defining and gaining insight for societal challenges, clearly demonstrates the critical role played by the sector in endogenously determining the direction of the experiential social world (McMullen, Plummer & Acs, 2007; Wood & McKinley, 2014, 2017; Alvares & Barney, 2008) or societal challenges in pursuit of creating banking opportunities.

The active and full involvement of the banking sector in the direction it is taking in creation of banking opportunity clearly shows the subjective or socially constructed nature of opportunity i.e., that the banking sector and opportunity creation are inseparable. One needs to immerse oneself in the constructivist view "to realize that it inevitably leads to the contention that man – and man alone – is responsible for his thinking, his knowledge and, therefore, also for what he does" Von Glasersfeld (1981, p. 1 as cited in Wood & McKinley, 2010). Entrepreneurial opportunities are built upon those ideas, beliefs and actions (esoteric mind-set and embedding corporate societal purpose) that enable the creation of an imagined future (Puhakka & Stewart, 2015). This further demonstrates that creation of opportunity is a deliberate and intention-driven process (Krueger Jr, 2000).

7.3.2 Opportunity objectification.

Co-create with internal stakeholders **(newly emerged theme)**

For an opportunity idea to be fully enacted it must go through a process that begins with the objectification of that idea (Shepherd et al., 2007; Wood & McKinley, 2010). Indeed, at an early stage of the opportunity idea there are high levels of uncertainty about its viability (Henriksson, 2013). The process of exploring the idea further (McMullen & Sheperd, 2006) to

reduce this uncertainty is an act of sense-making where the viability of the opportunity idea is tested in conjunction with other stakeholders (Sarasvathy & Dew, 2005) and through interactions with trusted industry peers and associates (Wood & McKinley, 2010; Fletcher, 2006).

The empirical results suggest that in the process of searching for viable options about CSV opportunity, the banking sector seeks internal stakeholder buy-in or an internal stakeholder co-creation process to ensure that the idea is validated and objectified. Internal stakeholder co-creation, as shown above through newly emerged overarching theme as part of the five reinforcing elements of shared value, means CSV is co-created not only with external but also internal stakeholders.

This internal stakeholder involves societally conscious colleagues and senior management including the Group Social and Ethics Committee (GSEC) and the board as watchdogs, as illustrated in Table 7.5 above. The whole process of co-creating the CSV-opportunity with internal co-creating stakeholders is consistent with the argument of Wood and McKinley (2010) that in a constructivist view, unlike in the objectivist view where discovery is a criterion, viability becomes a criterion. This means actors do not independently discover an objective reality, but actively construct a viable future. Co-creating with societally conscious colleagues and senior management, or those with understanding of the CSV, is consistent with the argument that for an idea to be objectified, this requires both experience and a knowledgeable individual actor (Wood & McKinley, 2010) to conduct sense-making with experience and knowledgeable peers and associates (Dubini & Aldrich, 1991). This suggests that the objectification or interpreting process of an opportunity idea is organizational in nature, as it relies on the shared understanding of the opportunity idea (Dimov, 2007b). Indeed, objectification of an opportunity idea emerges, or the opportunity idea becomes viable, only if there is consensus among knowledgeable peers about the opportunity idea.

Lack of consensus or shared understanding of the viability of the opportunity idea might lead to inadequate objectification and therefore abandonment of opportunity idea (Atiq, 2014; Wood & McKinley, 2010). Therefore, the level of consensus determines the plan of action between objectification or abandonment, as illustrated in Figure 7.1 above. The empirical evidence as demonstrated in Figure 7.1 (right side) suggests that the internal stakeholder co-creation of CSV determines whether CSV receives buy-in from internal stakeholders. Not

receiving buy-in hinders implementation and leads to CSV being abandoned (Figure 7.1 above).

The challenges noted above are the measurement challenges, as highlighted in the theoretical framework of Pfitzer et al. (2013) are the one that might hinder the buy-in of internal stakeholders. Furthermore, the empirical results suggest there are other internal challenges such as mind-set, where the banking sector is still found to be fixated on traditional business thinking, or mind-set of thinking of societal challenges as belonging to CSR and not to the core business. This corresponds with the argument of Porter and Kramer (2011) that many in business are still looking at societal challenges as a zero-sum game and are fixated on societal responsibility mind-set. The reason for this mind-set might be the early-stage challenges of CSV, where many in the banking sector are still new to, or have not been exposed to, CSV thinking and still regard CSV as part of the CSR or corporate philanthropy.

The empirical results suggest other internal tensional challenges between short-termism of business targets and the long-termist nature of CSV. The empirical findings of the CSV tensions are in line with Crane et al. (2014) and Lock et al. (2016) who criticise authors for being naïve by ignoring the tensions that exist in the economic and social imperatives. These findings also contradict the pioneers of the work who argued that CSV management practice does not suffer from challenges of tensions and trade-offs (Porter & Kramer, 2011). These tensional challenges have led to societal challenges being perceived as always being important within business, but never urgent. This means the banking sector understands that tackling societal challenges is critical for business, but when faced with economic imperatives, societal challenges remain only important, but never urgent. This implies that CSV is a front-burner issue in theory but a back-burner issue in practice.

The empirical results suggest there are also rigidity or legacy challenges in the banking sector. This sector comprises large institutions employing thousands, has branches all over the continent, a legacy of more than 100 years, and a traditional way of doing things – all of which make it risky and difficult to change and adapt to new ways of doing business. Another challenge that hinders implementation and delivery of CSV is the siloed working nature of banking where business units focus solely on their own business unit targets and responsibilities. This hinders a concerted working nature to seamlessly implement CSV.

The empirical results further suggest that the banking sector acknowledges there is still a lack of CSV initiatives that are sufficiently effective and make meaningful contributions, most importantly at the bottom of the pyramid (BOP) where they can profoundly make a dent in the societal challenges. The reason for this might be the long-held misconception of the BOP market as being risky market that cannot afford. Participants strongly believe that many CSV initiatives are superficial, feel-good projects. These include the banking sector technological applications that fail to inspire confidence and achieve the desired results of genuinely pulling people out of the doldrums of poverty. The same argument is advanced by Visser (2010) that CSV solutions, including responsible products and services, need to evolve from niche "nice-to-haves" to a meaningful mass-market "must-have". Indeed, CSV management practices that do not have the poor in mind are looked upon with suspicion.

Lastly, the other challenge faced in the implementation and delivery of CSV is the "crowding-out effect" where societal issues and risks are understood from the point of environmental issues and risks, which end up crowding-out the societal challenges. Indeed, when sustainability issues are raised in business, many assume it is first environmental challenges and the concomitant societal challenges. This means that when societal issues are raised, they are lumped together as environmental challenges, leading to societal challenges evaporating along the way, as that focus is based on environmental issues. For example, when asked about societal challenges, Bank C responded about being the first bank to refrain from investing in coal because of environmental sustainability.

This refers to internal co-creating stakeholders assessing the level of internal challenges, to determine the path to follow between objectification or abandonment of CSV opportunity, as highlighted in Figure 7.1 above. Wood and McKinley (2010) proposed: "The greater the consensus among knowledgeable peers about the viability of an opportunity idea, the more likely the objectification of the opportunity for the entrepreneur and the more likely subsequent entrepreneurial action" (p. 71). This means that if there are fewer internal challenges (greater consensus) to the co-creation of CSV, this will lead to its objectification and moving on to the next stage of enactment (Wood & McKinley, 2010).

7.3.3 Enactment of opportunity idea.

Co-create with external stakeholders.

According to the Opportunity production model, after the opportunity idea has been objectified, it enters a next stage of the enactment process (Wood & McKinley, 2010), or an interpreting process (Dimov, 2007a). Constructivist logic holds that the enactment process requires active interaction with the social world through a process of co-creating the opportunity by roping in the help of external stakeholders (Wood & McKinley, 2010; Dimov, 2007a) for the purpose of reaching a shared future (Shackle, 1979).

The empirical results show that the banking sector has over-emphasised the importance of co-creating stakeholders in the implementation and delivery of CSV, or the importance of a collective impact approach (Kania &, Kramer, 2011) for solving complex challenges facing society while simultaneously creating business opportunity. This is consistent with the literature to the effect that enlisting of stakeholders for consensus-building is the collective commitment that reinforces the support of each stakeholder and consensus that this collectively enacted opportunity will bring results (Wood & McKinley, 2010). Such shared and collective commitment ensures a proposed opportunity that is "enactable" and possible to realise (Johannisson, 2007, p. 8).

The above empirical result further resonates with the constructivist view, which suggests that in exploiting an opportunity, the support of social actors plays a crucial role, especially in the corporate world where shared and collective effort is encouraged for taking advantage of opportunities presented (Atiq, 2014; Fletcher, 2006). In putting emphasis on the issue of shared and collective commitment and effort Wood and McKinley (2010) propound that as an increasing number of stakeholders are involved in the venture, shared identities form and higher-level commitments are made, and consensus-building takes place.

Literature suggests the importance of social ties and reputation as conditions for consensus building to happen (Sarasvathy et al., 2008; Dew et al., 2008; Rindova et al., 2005). The empirical results demonstrate the importance of having a strong reputation as a brand, which helps in growing social ties or co-creating stakeholders, as required to bring consensus and enact an opportunity idea. For example, Bank B's rise in reputation, driven by its successful corporate societal investment initiatives and its partnership with Global Citizen, significantly

improved the bank's overall performance. Another example is a survey conducted on reputation where Bank A was judged to have the strongest reputation as a brand.

However, the literature further suggests that if there are social ties and reputational challenges faced, or a lack thereof, this might hinder consensus-building among co-creating stakeholders and lead to abandonment of an objectified opportunity idea (Wood & McKinley, 2010). The empirical results suggest the entrainment of external stakeholders in co-creating CSV faces challenges that can lead to abandonment of a CSV-opportunity idea. This is demonstrated through Figure 7.1 above, regarding the level of social ties and reputation, which refers to the level of external challenges and external stakeholder challenges that determine a path of action.

These external challenges are the stakeholder co-creation challenges highlighted in the previous section and the other external challenges such as the structural challenges of unemployment, deep-seated poverty, inequality and a stagnant economy, undermining the implementation and delivery of CSV. For example, in its implementation and delivery of the CSV-opportunity initiative of financial inclusion, Bank D laments that as much as its interventions might be noble, the difficulty was that many in society are unemployed, poor and in no position to make immediate use of such interventions. The results would therefore seem to imply a CSV paradox, with a situation in which societal challenges are deep-seated and structural to the point of undermining interventions aimed at solving the very challenges CSV is employed to solve.

Looking at the South African context and its deep-seated, structural challenges such as stubbornly high unemployment rates, poverty, runaway inequality, a failing and unequal education system, the current state of entrepreneurship is seen as another challenge hindering and undermining many CSV interventions. This means CSV struggles when faced with poor people, hence the admission by the banking sector that many CSV interventions work only in theory and in reality, fail to make any meaningful impact in the lives of the poor at the bottom of the pyramid (BOP). As a result, the sector resorts to focusing on affluent markets with feel-good programmes such as digital apps. Similar findings are made by Prafitri (2017) in her PhD case study thesis that Nestlé Indonesia's technical and financial programmes for dairy farming communities were only beneficial for affluent farmers, failing dismally when dealing with poor farmers made vulnerable by poor economic conditions. Even worse, she found that these interventions had the potential to exacerbate those poor economic conditions.

Prafitri (2017) concluded that CSV, when faced with the deep-seated structural and contextual challenges found in developing countries, becomes ineffective and struggles to make meaningful impact, hence her palpable pain in arguing that "neoliberal logic does not work, especially in the case of developing countries such as Indonesia" (p. 171). This seems to imply that a one-size-fits-all form of CSV renders CSV ineffective. Successful implementation in one context and setting does not necessarily imply success in another. Implementations need to consider different characteristics and specific contextual conditions presented by the setting to ensure full maximization of the CSV intervention (Prafitri, 2017).

As shown in Table 7.5 and Figure 7.1 above, these CSV challenges can be understood as lack of social ties and reputation (Figure 7.1, left side), which lead to many CSV initiatives not graduating into the core business or being implemented and delivered. Where there is no consensus-building and enactment (Wood & McKinley, 2010) or where there are challenges and hindrances to the implementation and delivery of the CSV, this initiative may be abandoned altogether, while others are relegated to CSR or corporate philanthropy / corporate foundations.

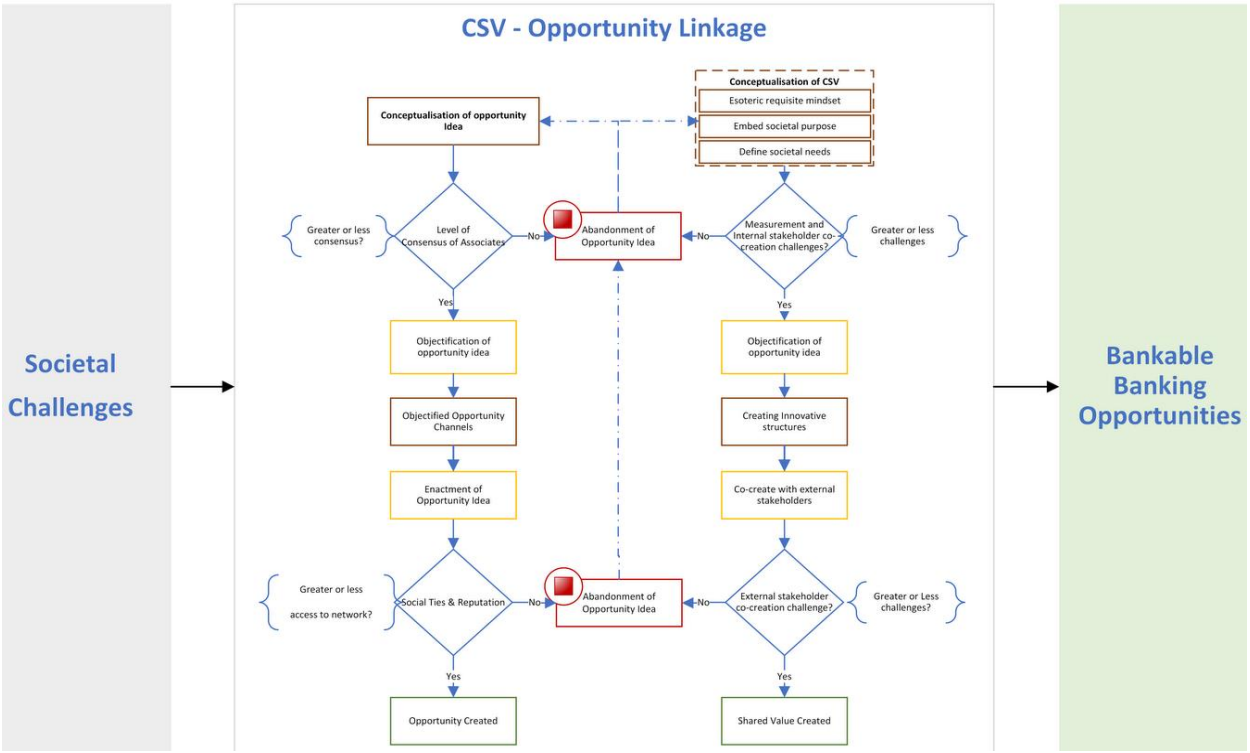
Taking together the internal and external challenges faced by the banking sector in the implementation and delivery of the CSV as highlighted above, demonstrate that CSV is not a utopian concept free of challenges. Most importantly it highlights tensions that exist in business and society relation which many CSV proponents seem to overlook. This aligns very well with Brown and Knudsen (2012) that "telling companies to look for shared value opportunities does not prepare them for the complexities and trade-offs that are entailed in addressing social issues" (p.5)

An empirical manifestation of created opportunity can be seen through the introduction of a new venture or delivery of first product and service to the market (Schoonhoven, Eisenhardt, & Lyman, 1990, cited in Wood & McKinley, 2010). The empirical results suggest the enactment of CSV-opportunity manifests itself through the three-dimensional CSV strategies of **r**econceiving product and services (creating instant payment or stokvel account)**,** redefining productivity in the value chain (focusing on acceleration of transformation of senior management through the advancement of Africans and black women to senior management, including persons with disabilities), and improving and enhancing local clusters (developing SMEs, providing bursaries and helping close governance gaps in government) as shown in Table 7.3 above and Figure 7.1. The above is how the banking sector implements CSV

strategies to create CSV opportunities, which is consistent with the definition of opportunity given by Shane and Venkataraman (2000): "[T]hose situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their costs of production" (p. 220).

7.4 Proposing CSV-opportunity framework.

Figure 7.2: CSV-Opportunity framework



Source: Author's own work

7.4.1 CSV-Opportunity framework: conceptual framework

Many business and society researchers have rhapsodised about the CSV proposition of prodigious business opportunities to be created out of solving societal challenges (Bockstette et al., 2015; Porter & Kramer, 2006, 2011; Prahalad & Hart, 2004; Drucker, 1986). Indeed, a Creating Shared Value (CSV) proposition is grounded on a compelling business case of multiple opportunities that could be created by business out of solving complex challenges facing society. However, businesses have often overlooked these opportunities because of the lack of a guiding framework and principle (Porter & Kramer, 2011).

This means there is a lack of understanding in how the association between opportunity and societal challenges is established in theory and practice. The proposed CSV-opportunity framework therefore provides the potential association and a link between societal challenges and banking opportunities. This is the guiding principle and framework for a compelling business case for value creation (Berns et al., 2009) to ensure that business is able to create bankable business opportunities (Pfitzer et al., 2013) out of solving societal needs and challenges. As illustrated in Figure 7.1 above, CSV management practice become a missing link between societal challenges and opportunity creation, with Porter and Kramer (2011) rightly declaring that the solution lies in the principle of CSV.

- **Societal needs and challenges**

The societal needs and challenges on the framework above suggest that the banking sector identifies and prioritises areas of societal needs and challenges that are well within their competitive context and the core activities of the sector, while also have potential for creating a scalable societal impact.

- **CSV-Opportunity linkage**

CSV-Opportunity linkage as depicted in Figure 7.1 and Table 7.3 covers the linkage or an association between societal challenges and bankable business opportunity as suggested by the CSV proposition relating to this. The CSV-opportunity in the middle is the missing link and operating practices engaged in that makes up this association.

- **Bankable business opportunities**

According to Porter and Kramer (2011), enhancing economic opportunities means policies and operating practices that are geared towards building successful business which can achieve economic success or produce bankable business opportunities. The empirical evidence, as demonstrated through the framework in Figure 7.1, shows that bankable business opportunities include competitive positioning, creating new markets, cross-selling opportunities, new streams of revenue, productivity growth, increases in revenue and increases in profitability.

7.5 Locating CSV-Opportunity framework within social constructivist purview.

As the empirical results have shown, the constructivist view of CSV-opportunity creation suggests that the creation is a painstaking iterative process filled with uncertainty and ambiguities. It is a process that actively involves individual actors, internal co-creating stakeholders (colleagues, senior management and oversight structure) and co-creating external stakeholders to determine the direction the opportunity creation is taking. A major component of constructivist logic is the importance of enlisting of stakeholders as part of consensus and coalition-building to effectively influence social world in ways that give rise to construction of opportunities for profit (Wood and mcKinsey, 2010, Dimov, 2007b; Felin and & Zenger, 2009,). This demonstrates that opportunity does not simply "jump out in a final, ready-made form" (Dimov, 2007a, p.561), it is a process that moves beyond "the single-person, single-insight attribution that permeates it" and is a continuous dynamic, iterative and socially embedded process of shaping and developing of the opportunity idea until its final form (Dimov, 2007b, p.723). This is a clear demonstration that opportunities do not exist independently of social actors but rather arise endogenously from interaction between social actors and social structures (Alvares & Barney, 2008, 2010; Sarason, Dean & Dillard, 2006). Therefore, this argument locates the CSV-opportunities framework within the social constructivist purview.

To further demonstrate the CSV-opportunity framework as a constructivist conception, the empirical results as shown above indicate there are motivating and driving factors to the implementation and delivery of CSV-opportunity within the banking sector. CSV is driven from a **responsive business case** (regulatory environment and compliance, risk management, closing governance gaps or helping government, or societal contract and legitimacy) or from a societal case (desire to solve pressing challenges facing society). In the process of wrestling with the responsive business case and societal case, the banking sector takes a painstaking and iterative process to ensure they find ways to create a compelling business case for opportunity creation. This is consistent with the social constructivist view that social actors operate in a social world that plays a part in the emergence and development of opportunities (Wood & McKinley, 2010, 2017). This also happens where the banking sector addresses societal challenges from societal initiatives (such as CSR, corporate philanthropy, sustainability and corporate sponsorships), and in the process takes that painstaking and iterative process to finds

ways to leverage those initiatives as an enabler to create CSV opportunities or transitional vehicles to CSV.

These results suggest that the banking sector implements and delivers CSV driven by these motivating driving factors, and sometimes by the corporate societal initiatives, not always aware that they are in fact working towards implementation of CSV. However, in the end, the sector finds ways of creating bankable business opportunities. This is in line with the constructivist argument that the future is unknown, yet most actors behave as if they have envisioned a real future and are working towards its creation by choosing from among the set of possibilities towards enactment of that envisioned future (Shackle, 1979).

The current study would therefore argue that from the constructivist perspective or opportunity production perspective, a compelling business case of opportunity for growth and profit might not begin as a motivating factor, however, is created along the way. As the banking sector begins working towards addressing those pressing societal challenges, it begins to find different ideas for creating banking opportunities out of those societal challenges. This is consistent with the argument of Alvarez et al (2013) that "opportunities do not exist until entrepreneurs create them" (p. 307). The social constructivist view holds that organizations engage in a process of creative imagination in which opportunities are created through leveraging ideas and inventions by continuously combining and recombining intermediary necessities to produce consumer goods (Chiles et al., 2007). This is in line with the empirically derived CSV-opportunity framework figure 7.2 above, as a socially constructed reality where the banking sector is engaged in the process of combining and recombining intermediate necessities (represented by CSV-opportunity linkage in the middle) to transform societal challenges (left hand side) into bankable business opportunities (right hand side).

The importance of CSV as a conception of the social constructivist view would seem to contradict the underlying assumptions of CSV being an objectivist view where opportunities are already in existence, waiting to be discovered by alert social entrepreneurs and companies in developing countries. In demonstrating the language of opportunity discovery, Porter and Kramer (2011) write: *"*Because they are not locked into narrow traditional business thinking, social entrepreneurs are often well ahead of established corporations in discovering these opportunities" (p. 10). The authors further argue for this objectivist view of CSV by asserting that their *"*experience has been that companies discover more and more opportunities over time as their line operating units grasp this concept*"* (p. 16).

The current study would argue that this conception is contrary to the process taken by organizations or even individuals who engage in CSV management practice and processes, as they do not "discover" opportunities. They take a tentative process of framing and positioning societal challenges in a way that will present fertile space to construct, create and generate business opportunities out of the CSV initiatives, as the opportunities are non-existent until the intentional decision to create them (Alvarez et al., 2013).

The current study would further argue that this process is only prevalent in the constructivist or opportunity creation process (Shackle, 1979; Wood & McKinley, 2010) rather than the opportunity discovery process where opportunities exist independently, awaiting discovery (Shane & Venkataraman, 2000; Shane, 2003). However, in this process opportunities are created in the interaction with the social processes and social structures as the banking sector is always on the lookout for ways to create business opportunities out of its interactions with the complex challenges facing society. The whole process suggests that the CSV-opportunity framework is indeed subjective or socially constructed opportunity, making it impossible to separate from the individual or organization. Therefore, CSV is a socially constructed reality.

7.6 Conclusion

The current chapter's purpose was to provide a detailed presentation and discussion of the empirical results as per the research objectives. This presentation and discussion of the first research objectives shows a differing understanding and conceptualisation of the CSV concept within the sector. The sector views CSV as a complex and emerging concept that needs to be embedded within the corporate purpose and fully integrated into corporate strategy and leveraged as a differentiation strategy. The CSV concept is also understood as an extension of other related concepts. It is also a concept that begins with a fundamental and esoteric requisite mind-set. The driving and motivating factors in the delivery and implementation of the CSV concept include other societal initiatives such as CSR and corporate philanthropy. These societal initiatives are leveraged as catalysts or transitional vehicles or enablers for CSV concepts.

The presentation and discussion of the second research objective pointed to the internal and external stakeholder co-creation nature of CSV concept. This suggest that in delivering and

implementing CSV management practice, the banking sector not only requires external co-creating stakeholders but also the enlistment of like-minded internal co-creating stakeholders. Internal co-creating stakeholder relates to stakeholders within the banking sector, including colleagues, associates, senior management, the Group Social and Ethics Committee (GSEC) and the board as oversight structures. External stakeholder co-creation includes public-private partnership, business-to-business, business-to-institutions of higher learning, etc. CSV management practice required to create banking opportunities out of solving societal challenges entails environmental societal scanning to identify and gain more insight into the societal challenges and prioritise those that are within the banking sector's competitive context.

Presentation and discussion of the third research objective suggested there are indeed challenges and hindrances faced in the implementation and delivery of CSV. The empirical result demonstrated these internal and external challenges faced in the implementation and delivery of CSV.

The chapter further established the link or potential association between CSV and opportunity, anchored on the opportunity production model. This is established through linking the five mutually reinforcing elements of the shared value model (Pfitzer et al., 2013) and the opportunity production model of Wood and McKinley (2010), as represented by the emergent overarching themes. Presentation and discussion of this link or potential association suggests there are indeed bankable business opportunities such as new or increased streams of revenue, increased profitability, and growth of the banking sector, all created in the process of solving societal challenges. The discussion further demonstrated that not only are banking opportunities created, but that societal value and opportunities are also created through this process.

Lastly, the chapter proposes a CSV-opportunity conceptual framework for the banking sector. In this process it was demonstrated that indeed the CSV-opportunity conceptual framework falls within a social constructivist purview by demonstrating that CSV-opportunity are created or constructed, and scarcely discovered.

CHAPTER 8: CONCLUSION

8.1 Introduction

The business case for CSV (Creating Shared Value) is about a win-win outcome where business opportunities are created out of the process of solving complex challenges facing society. Using four banking cases, the current study has demonstrated that the banking sector is indeed able to leverage the CSV concept to create bankable business opportunities for increased revenue, growth and profitability from solving complex societal challenges such as education and skills development, financial inclusion, SMME development and employment.

The purpose of the current study has been to explore how business opportunities are created from solving societal challenges within the South African banking sector. This chapter concludes the study by presenting its theoretical, practical and methodological implications and contributions. The study's limitations are also noted and suggestions for future research are made.

The first research question sought to explore the definition and conceptualisation of CSV within the South African banking sector. The CSV concept is understood to be a complex and emerging concept that is embedded in corporate purpose, with the study showing that every banking cases considered has recently redefined and recrafted its corporate purpose to be centred around societal challenges. This is done with the understanding that banking is an integral part of society, and its long-term health is closely intertwined with that of society. Hence the concept is further integrated into core the banking strategy and used as a differentiation strategy to ensure it creates a shared value distinctive proposition. The concept overlaps, and is an extension of, other related concepts such as CSR, BOP, sustainability, and most importantly transformation, taking from the transformation agenda of the country.

Considering the injustices of the past, the banking sector has an obligation to transform the structure of the economy and ensure it becomes inclusive to those who were previously marginalised. The banking sector, as an engine of the South African economy, plays a major role in ensuring these transformation imperatives are realised. Therefore, the study is demonstrating that the transformation concept is indeed another overlapping concept or extension of the CSV concept and its motivating and driving factor.

The empirical results suggest the importance of the CSV concept in helping the banking sector to achieve its transformation imperatives, as envisaged by the financial sector charter and advocated by BASA. The sector ensures that its member banks comply with the transformation agenda by leveraging the three levels of CSV strategies of reconceiving markets, products and services, redefining productivity in the value chain, and lastly, enhancing local clusters. In the process of leveraging these strategies, the sector is able to create bankable business opportunities for increased productivity, cross-selling opportunities, new streams of revenue and increased revenue, increased profitability, and a competitive edge while simultaneously transforming society for the better.

The empirical results further suggest that the implementation and delivery of CSV within the banking sector is motivated and driven from a responsive business case (responding to external pressures). It is also motivated and driven from a compelling business case (proactive approach to creation of banking opportunities) and likewise from a compelling societal case (a need and desire to see change in society). In addition, the empirical results suggest that as much as the proactive compelling business case provides a motivating driving factor of creating bankable business opportunities, CSV is mostly driven from a responsive business case (rational, moral and regulatory vantage point), rather than the compelling business case (instrumental perspective). However, the compelling business case of creating bankable business opportunities is created in the process as a by-product of those other motivating driving factors. Empirical results suggest that the reason for banking sector not approaching CSV from an exclusively opportunity-creation perspective is a sense of unease and discomfort with the opportunistic and exploitative posture of CSV or creating opportunities out of societal challenges. There is overwhelming agreement that solving societal challenges cannot be solely motivated by the creation of banking opportunities, but that it should also be about genuinely alleviating suffering in society, as shown below:

> *I agree that there is a need for business to see a return on investment, but does it mean if there is no opportunity for return being seen, [this] means society will keep on suffering just because we want to make money. It can't be that we will help people because we want something in return.* – Interviewee

This suggests that CSV literature, like the CSR literature is still found within that persistent and long-standing conundrum between the moral argument and instrumental argument of engaging societal challenges.

The empirical results further suggest that when addressing the responsive driving factors, the banking sector can do this through the corporate societal initiatives such as CSR, corporate philanthropy and even corporate sponsorships and in the process leveraged those initiatives as an enabler or a transitional vehicle to CSV. Hence these corporate societal initiatives are also seen as an extension of CSV and a motivating driving factor.

As alluded to above, prioritised target areas that are already well within the banking sector's competitive context and solved through the CSV are financial inclusion, SMEs development and employment. It is worth noting that education and skills development are approached through CSR or corporate philanthropy. However, the empirical results demonstrated that the banking sector is unaware that education and skills development are still part of CSV. The empirical evidence further shows that to identify, define and gain insight into the prioritised targeted areas of societal challenges, the banking sector needs to engage in the process of environmental societal scanning, utilizing reports such as the United Nations Sustainable Development Goals (SDGs), South Africa's National Development Plan (NDP) 2030, the African Union's Agenda 2063: The Africa We Want and the World Economic Forum's Global Risks Report. The results further demonstrate that the banking sector needs to conduct its own comprehensive research to provide a roadmap for understanding and gaining deeper insight into societal challenges.

The second research question sought to explore the stakeholder co-creating nature of CSV within the South African banking sector. The empirical results suggest that the nature of stakeholder co-creation of shared value is both internal and external. Internal stakeholder co-creation involves the buy-in and support of senior management including CEOs and their Group Transformation, Social and Ethics committees (GTSECs) tasked to provide oversight. In ensuring that the concept is embedded within corporate culture, the banking sector has on board societally conscious individual employees and informal ambassadors, while also using informal forums where these societally conscious and committed individuals discuss and deepen the use of CSV as a strategy and practice within the sector. It additionally embraces communication and incentive schemes. External stakeholder co-creation involves banking sector and government stakeholder co-creation (public-private partnership), business-to-institutions of higher learning stakeholder co-creation, business-to-business stakeholder co-creation, business-to-society stakeholder co-creation (co-creating solutions with society), business-to-entrepreneurs' stakeholder co-creation, business-to-NGO stakeholder co-creation,

and multiple stakeholder co-creation. The results further suggest that the CSV co-creation is done in a way that ensures that every party involved brings its complementary strengths and capabilities to ensure seamless implementation and delivery of CSV.

The third research question sought to explore the contextual challenges faced in the implementation and delivery of CSV within the South African banking sector. Contrary to CSV proponents who presuppose a Utopian concept free from challenges, contradictions and tensions, the empirical results suggest that CSV implementation and delivery is fraught with internal and external challenges and tensions. The internal challenges range through mind-set challenges, siloed working issues, measurement challenges and tensions such as those from shareholder value-societal value tensions and societal-environmental crowding-out challenges. The external challenges range from differing and competing cultures, purposes and goals of the co-creating stakeholders, regulatory framework challenges, plus a lack of alternative funding institutions to reduce risk and play a scaffolding supporting role. Deep-seated structural challenges such as unemployment, poverty, inequality and stunted economic growth undermine the CSV intervention and render it one that works more in theory, as can be seen from the raw data below:

> *Shared value talks about a role that permeates the entire economy that the financial sector plays and, in that way, at least in theory, society benefits.*
> – Interviewee BASA3

8.2 Theoretical implication

The current study has demonstrated there is a fundamental esoteric requisite mind-set, or different thinking, in the implementation and delivery of the CSV concept, as shown in the raw data below:

> *There is absolutely big, big billion-dollar opportunity if you can change your mindset, but there is much that we can do, we need a little bit to shift our mind-set.*
> – Interviewee

This reinforces the suggestion that embracing the CSV principle requires the transformation of business thinking, or at least a paradigm shift in thinking. An extant literature falls short of defining the meaning of different thinking within the CSV space, or what it entails. For this reason, the current study explored the meaning of this different mind-set or thinking. Empirical results suggest this entails four different mind-sets, these being the societally conscious,

ambidextrous, long-term and risk-taking mind-sets. The current study's theoretical framework of five mutually reinforcing elements of shared value involves:

- Embedding a social purpose.
- Defining the social need.
- Measuring social and business value.
- Creating the optimal innovation structure.
- Co-creating with external stakeholders.

The authors of this framework have also conceded that CSV fundamentally begins with a different mind-set or thinking, however this different mind-set was omitted by them, even after making that concession. This study has therefore introduced the issue of an esoteric requisite mind-set as the fundamental starting point, or the first reinforcing element, of shared value. This then led to the framework of six reinforcing elements of shared value:

- Esoteric requisite mind-set.
- Embedding a social purpose.
- Defining the social need.
- Measuring social and business value.
- Creating the optimal innovation structure.
- Co-creating with external stakeholders.

The study argues that this inclusion of an esoteric requisite mind-set as a fundamental requirement in the reinforcing elements of shared value makes a theoretical contribution and further contributes to the understanding of CSV as an emerging field of study.

According to Pfitzer et al. (2013) the theoretical framework suggests that one reinforcing element of shared value is co-creating with external stakeholders. As shown above, the current study has found that both internal and external co-creating stakeholders are required for the implementation and delivery of CSV. This means there is also co-creating with internal stakeholders. This demonstrates a contribution in theory and a further contribution to the incremental understanding of CSV as an emerging field of study.

The current study adopted a social constructivist approach to demonstrate this function of CSV implementation and delivery. In the process, the study contributes to theory through demonstrating CSV-opportunity as a social constructivist purview where CSV opportunities

are not objectively in existence waiting to be discovered, as Porter and Kramer (2011) presuppose, but a social constructivist view where CSV opportunities are non-existent until the decision is taken to create them. This is the process the banking sector actively undertakes in subjectively constructing banking opportunities out of solving societal challenges. Demonstrating CSV-opportunity in this way contributes to CSV theory and enhances understanding in this emerging field of study.

One of the main objectives of the study was to propose a framework that could establish the link or association between societal challenges and business opportunities. This was done using opportunity constructs based on the empirical results gathered from the banking sector cases. By proposing the CSV-opportunity conceptual framework, the study contributed to theory and enhanced understanding of CSV as an emerging field of study.

Through the third research question the study sought to explore the contextual challenges faced by the banking sector in the implementation and delivery of CSV. The body of literature have advanced CSV as a strategy to create win-win situations (Motilewa et al., 2016; Preston, 2015; Moore, 2014; Porter & Kramer, 2002, 2006, 2011), overlooking any challenges faced in the creation of this win-win Utopia. Even the current study's theoretical framework (Pfitzer et al., 2013) overlooked the contextual challenges faced in innovating for shared value or the implementation and delivery of CSV. This left a huge gap in theory which the current study has significantly contributed to closing by demonstrating that, unlike proponents who identified CSV as a Utopian framework free of challenges, there are contextual challenges to the implementation and delivery of CSV. Through this, the study enhances the understanding of CSV as an emerging field of study.

8.3 Practical implications

By proposing the CSV-opportunity conceptual framework as a guiding principle for the banking sector to begin understanding how bankable business opportunities are created in the process of solving societal challenges, the study closes the knowing-doing gap affecting many business practitioners in the business-and-society space.

The study introduced the framework of five mutually reinforcing elements for innovating for shared value (Pfitzer et al., 2013) as a practical guiding principle. This resulted from

recognition of the problem faced by business leaders and practitioners cognisant of the societal challenges constraining their business operations, which if solved, present major business opportunities offering increased revenue, growth and profitability. However, even after this valuable contribution by Pfitzer et al. (2013), the current study finds that the problem of business managers and practitioners struggling to create bankable business opportunities from the process of solving societal challenges persists. In an attempt to alleviate this managerial challenge, the study introduced the esoteric requisite mind-set as another missing fundamental reinforcing element of shared value. This will help business managers understand that fundamentally, the process begins with a paradigm shift in mind-set to a new esoteric requisite mind-set. The study has gone further by elaborating the meaning of *esoteric requisite mind-set* and what this entails. Empirical findings suggested that an esoteric requisite mind-set encompasses:

- Societally conscious mind-set.
- Ambidextrous mind-set.
- Long-term mind-set.
- Risk-taking mind-set.

In practical terms, these four esoteric requisite mind-sets suggest that the banking sector and its managers need to first understand that banking is an integral part of society with its needs and those of society being closely intertwined, for which reason they must be conscious of the needs and challenges facing society. They need to do this not in isolation, and not forgetting the needs and challenges facing business. This suggests the need to be ambidextrous and understand the requirement to balance the needs and challenges of society against those of business. They further need an understanding that societal agenda is by nature long-term and that considering those needs of society will require a long-term outlook and mind-set. There is also a necessity to comprehend that attending to societal needs and challenges requires the banking sector to be composed of risk-takers who understand and appreciate the importance of collaboration and co-creation in sharing risk. By this, the study makes a practical contribution towards enhancing the model as a way of closing the gap in management practice within the banking sector, noting that if banking managers and practitioners could commence by undergoing a paradigm shift in mind-set, they would be able to seamlessly and successfully implement and deliver CSV in practical terms.

The findings further suggest that CSV is closely related or is an extension of other related concepts such as CSR, Strategic CSR, corporate philanthropy and sustainability. Beyond that, in the context of a developing country such as South Africa with its legacy of apartheid, CSV is also seen as closely related to, or an extension of, the transformation concept. These findings suggest that if CSV is implemented correctly, it could prove a potential tool and strategy at the disposal of banking sector practitioners to ensure they effectively meet the transformation agenda advocated by the financial sector charter and BASA. For this reason, the sector practitioners should adopt CSV going forward as the strategy in practice to serve South Africa's transformation agenda. This not only has potential for the banking sector but also offers the possibility of transforming society and addressing the societal injustices of the past.

The findings regarding the driving factors of CSV and the compelling business case of opportunity creation coming as a by-product or an afterthought of other driving factors, offers an opportunity for banking sector practitioners to understand that CSV in practice can be implemented starting as compliance or as a CSR. At the same time, while doing this, different ways can be found to create opportunities out of those programmes or initiatives, while always being on the lookout for ways to create banking opportunities. This makes a valuable contribution in practice.

As has been shown above, many scholars and practitioners alike have advanced shared value as a strategy to create win-win situations (Motilewa et al., 2016; Preston, 2015; Moore, 2014; Porter & Kramer, 2002, 2006, 2011) without their research giving attention to the contextual challenges faced by business in the implementation and delivery of CSV strategies. This has led to a widening gap between knowing and doing in this topic as many businesses including banking still struggle in understanding how the relationship manifest itself in practice or they lack any reference point when they face these challenges in practice. By bringing to the fore the inherent contextual challenges, tensions and conflict that exist in the CSV management practice helps to close this knowing-doing gap and take CSV practice forward.

8.4 Methodological Implication

The current study adopted a social constructivist approach as a research paradigm for exploration of the process undertaken by the South African banking sector in creating or

constructing CSV opportunities out of solving societal challenges. Using the social constructivist approach, the study makes a significant methodological contribution and enhances understanding in an emerging field of study by demonstrating how the banking sector, in a social setting, constructs its perception of social reality, and "how and why they enact this socially constructed reality in their social world" (Atiq, 2014, p. 233).

The study makes theoretical, practical, and methodological contributions that take the CSV field forward and enhance understanding. However, the study acknowledges that it could not cover everything, hence the limitations noted below.

8.5 Limitations

The study focused on the supply side perspective or the banking sector perspective on how banking opportunities are created out of solving societal challenges, without paying attention to the demand side or the societal perspective to explore whether challenges facing society are indeed being solved. This means the study did not focus on the impact of CSV as created by the banking sector, suggesting that exploration of the measurement of CSV impact, or measurement of societal and business value created, were beyond its scope.

With this research involving case study focusing on the banking sector, results cannot be generalised to the views of the entire business or corporate sector in South Africa.

Another limitation of the study, as Atiq (2014) has shown through his research, that relying on interviews as a primary data collection method has its own limitations caused by participants engaging in impression management by making claims pertaining to their own CSV management. This is common where managers make claims regarding their businesses' responsible practices in society, without backing up such assertions. The limitations outlined above present opportunities to ensure they are addressed during future research.

8.6 Future research

One of the study's limitations is the focus on the supply side perspective or the banking sector perspective, without paying attention to the demand side or the societal perspective. The study therefore recommend that the future research should focus on exploring the demand side

perspective by considering the views of those in society who are beneficiaries of CSV initiatives. It could be asked whether they are making a meaningful intervention in case of the complex challenges facing society. Further research consideration should be given to developing ways of clearly measuring the business and societal or CSV impact created.

Another limitation of the current study is the focus on the single sector case studies i.e., the banking sector, which lead to the results not being generalizable. Therefore, future research should also consider broadening the unit of analysis by focusing on the business sector or the corporate sector in order to ensure results are generalisable.

It has been shown in respect of the CSV paradox that in the context of a country facing deep-seated structural societal challenges, this tends to undermine the intervention of CSV and render it ineffective in solving societal challenges. As alluded to above, the one-size-fits-all approach would not be helpful for maximizing the intervention of CSV. This study therefore recommends further research during which CSV is interrogated within a different context and setting.

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APPENDICES

Appendix 1: Manual Data coding and analysis

Raw data excerpts	Categories	Codes		Themes	Themes	Themes	Themes	Themes	Themes	
			Complex and emerging concept	Intergrate with Corporate strategy	Differentiation strategy	Extension of other concept	Internal co-creating stakeholder	External co-creating stakeholder	Internal challenges	External challenge
"Look we have just recently started with the shared value from group perspective, as we are busy trying to package it, frame it, so that all our bank's brands can use or operate from the same framework" Interviewee A2	just recently started with the shared value from group perspective	Recently started	Recently started							
The impact of the size and scale of the bank and the measurement landscape and tools are new compared to financial reporting	impact of the size and scale of the bank and the measurement landscape and tools are new	Size, scale and tools are NEW	Size, scale and tools are NEW							
"SO my title is sustainability strategy and reporting, so majority of my time spent with client facing areas of our business and trying working with the investment banks saying who are you lending to?	sustainability strategy and reporting, I also manage the relationship the	Sustainability theory				Sustainability theory		External Stakeholder relation		

how are you lending? Which sectors are we lending to and checking the environmental and social performance of our clients. I also manage the relationship the bank has with the WWF-SA. The rest of my time I spend doing reporting and integrated report, I am in the integrated reporting team, I help in doing sustainability reporting and sustainability indices FTSE reporting, russels dow jones" Interviewee	bank has with the WWF-SA. doing sustainability reporting and sustainability	Stakeholder relation Sustainability theory								
"In order to deliver on that purpose your strategy has to support it which is what we have spoken about from a product perspective but really importantly your culture has to support it as well". Interviewee	*that purpose your strategy has to support it*	Strategy support		Integrate into strategy						
"A deep understanding of one's purpose helps to guide strategy and decision making in this regard and should result in an optimal balance between long-term shared-value creation and short-term financial results. Document	*helps to guide strategy and decision making in*	Guide strategy		Guide strategy						
Interviewee :, so bank B has a purpose and that purpose is to use our financial expertise for the good of society individual and family and that's really where shared value plays out..	so bank B has a purpose and that purpose is	Corporate purpose					Corporate purpose			

Interviewee: I believe shared value linked to having greater purpose for the organization and adding value beyond immediate products you offering and offer more value for society**,** meeting more needs other than the immediate needs from greater purpose to what you doing	shared value linked to having greater purpose for the	Corporate purpose					Corporate purpose			
We have a sustainability governance structure, so ultimately we have got GTSEC which is our Group Transformation, Social and Ethics committee which is a board sub-committee which is responsible for looking at how the company delivers at its purpose which that purpose can be a short hand for shared purpose and for sustainability. We then have an executive member who is responsible for all our sustainability functions which is the head of group strategy.. We then have a centralised team which I am part of, then we have got informal ambassadors throughout the group, we also have got sustainability forum where we have people who have interest in sustainability, so here we get together once a month where we share what is happening and what's going on. There is more particular sustainability gathering like our investment bank has got a water forum. So if there is something new we working on we will pull people together who are interested in the topic work	We have a sustainability governance structure, so ultimately we have got GTSEC which is our Group Transformation, Social and Ethics committee have an executive member who is responsible for all our sustainability functions which is the head of group strategy,. purpose which that purpose can be a short hand for shared purpose and for sustainability.	GTSEC as Governance structure Senior management buy-in Corporate purpose and sustainability					GTSEC as Governance structure Senior management buy-in	External Stakeholder relation		

together until there is no longer need to work on. Then the water forum will be something like that, where we trying to make sure that we are delivering value to our clients financing water, we delivering value through our own operations making sure we using as little water as possible and then deliver value in a broader societal manner through our relationship with our partnership with partners such as WWF-SA." Interviewee:	then we have got informal ambassadors throughout the group, we also have got sustainability forum where we have people who have interest in sustainability Stakeholder relation	Informal ambossadors Sustainability forums					Informal ambossadors Informal Sustainability forums			
I don't think its something we brilliant at it is something that is still a challenge, thinking about all of your stakeholders needs and as well as your needs and getting the balance right in terms of being able to add positively to the range of stakeholders	something that is still a challenge, thinking about all of your stakeholders needs and as well as your needs and getting the balance right	Still a challenge Stakeholder value		Still a challenge/ Complex		Stakeholder value				
"The Bank A shared value contract to society as a proposition means the bank recognizes that it has a responsibility to deliver shared	*a responsibility to deliver shared*	Stakeholder value				Stakeholder value				

value to multiple stakeholders" Document	*value to multiple stakeholders*									
"I think there are different level of understanding across the organization, it is difficult task to keep people understanding this agenda because this agenda is quite complex to understand, and we are constantly trying to improve the level of understanding of the staff" Interviewee B3	*this agenda is quite complex to understand, and we are*	Complex agenda	Complex agenda							
I do think we are delivering on shared value, but we just decided on focusing on delivering on our core purpose and this was the beginning of some important thinking within the bank, and it has helped us build a differentiated positioning around it.	*delivering on our core purpose and this was the beginning of some important thinking within the bank, and it has helped us build a differentiated positioning around it.*	*core purpose* *build a differentiate d positioning*			build a differentiated positioning	core purpose				
The other challenge faced by the bank is the long-term nature of societal challenges, which creates problem with short-term targets, takes priority within our banks. This creates problem for employees: they no longer sure what to do.	*other challenge faced by the bank is the long-term nature of societal challenges, which creates problem with short-term targets, takes priority within our banks*								Measurement challenges/ Tension between long-termism and short-termism	
First and foremost, one of the challenges we dealt with is the old thinking. So, I think the biggest	*, I think the biggest challenge has been*								Mind-set challenge	

challenge has been changing that mind-set. I have had a very negative mind-set against sustainability as the guys who are in the different business unit might find a little bit: …	*changing that mind-set*									
I think it is also an issue on housing finance where certain regulation might get in the way of us in funding affordable housing and also regulations restrict us from taking risks on certain investments	*where certain regulation might get in the way of us*									Regulation and compliance challenges

Source: Author's own work

Appendix 2: Standardized open-ended interview questions

1. How long have you been in your position?
2. How long have you been in this company?
3. What are your everyday responsibilities?
4. Do you have relevant qualification to be in the position?
5. What is your understanding of the words: Creating Shared Value?
6. What motivates the company to engage in societal challenges?
7. Do you see it as good business for business to make money or profit out of society's problems or challenges?
8. Are there any recent decisions the company took to help society and the company? Examples, if any?
9. How does your company meet and address societal needs or challenges?
10. Does the company see any benefit from being socially responsible? Describe the benefits. What are some of the benefits the company gets from engaging in societal initiatives?
11. Are there any products/socially responsible products that the company created because it saw the struggles society had without those products and this has made society's lives easier?
12. How does the company decide to enter new markets? What is it you look at before deciding?
13. Which stakeholders does the company engage with in day-to-day business operations?
14. What is the company's corporate purpose, culture and values?
15. Are the management practices widespread beyond champions of the socially responsible practices within the bank?
16. What kind of support do you get from the company in your work responsibilities?
17. Where does most of the support come from within the company?
18. What are some of the interactions you have with other department in your responsibilities for societal programmes?
19. Are there any educational programmes in the company about the importance of the company's societal initiatives?
20. What differentiates your bank from other banks?
21. What are the challenges the company faces in its endeavours to engage in socially responsible programmes internally and externally?

Appendix 3: Consent letter

Dear Sir/Madam

My name is Tsele Moloi. I am a PhD candidate at the Wits Business School (Wits University). I am writing this letter to you with a request. I am investigating shared value practices and strategies amongst the banking sector in South Africa. This is carried out in partial fulfilment of the requirement for my PhD Management degree.

The purpose of this study is to explore the practices of Creating Shared Value (CSV) that the South African banking sector undertakes to create business opportunities from solving societal challenges. The aim is to understand how business opportunities are created while simultanously attending societal challenges and how are this practices incorporated into coe business operations of the banking sector.

As an executive in the company you are kindly invited to participate in this interview. The interview consists of 21 questions, which are relatively easy and straightforward. The interview will be centred around CSR, shared value, sustainable development, corporate culture and history, company operations and products focused on societal challenges or socially responsible products. This exercise will take between 50 to 60 minutes to complete.

The interviewee will be afforded the right of not being named without permission in any part of the research.

We are indeed relying on your support to gather sufficient and appropriate evidence and findings for this study to see the light of the day.

Your cooperation will be highly appreciated in this regard.

Thanking you in advance.

Yours sincerely,

Tsele Moloi
PhD candidate,
Wits Business School
tsele.moloi@webmail.co.za
073 671 3971

Appendix 4: Letter of permission to conduct research

This letter serves as permission for Mr Tsele Moloi to conduct research interviews at our offices in Johannesburg for the project entitled **"An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A Creating Shared Value perspective"**.

If you have any concerns or require additional information, feel free to contact our offices.

Thank you

Yours faithfully

Appendix 5: Information sheet and consent form

The Consent Form is a document that participants sign,

agreeing to participate in the research project

Project Title: **An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A Creating Shared Value perspective**

Researcher's Name: **Tsele Moloi**
PhD candidate
Wits Business School
University of the Witwatersrand

The research project is about understanding management practices and strategies of the South African banking sector's creation of banking opportunities out of solving societal challenges. The study is conducted to offer clearer understanding of how banking opportunities are created out of solving societal challenges. The idea is to understand the shared value practices of banking sector.

Your participation

The request is to conduct an interview with you about your knowledge and opinions of societal value management practices within the banking sector. If you agree, I will ask you to participate in one interview for approximately half an hour.

Please understand that your participation is voluntary and you are not being forced to take part in this study. The choice of whether to participate or not is yours alone. If you choose not to take part, you will not be affected in any way whatsoever. If you agree to participate, you may stop participating in the research at any time and tell me that you don't want to go continue. If you do this, there will be no penalties and you will not be prejudiced in any way.

Confidentiality

The participant's participation in this research project will remain confidential.

All identifying information will be kept in a locked file cabinet and will not be available to others and will be kept confidential to the extent possible by law. The records from your participation may be reviewed by people responsible for making sure that the research is done properly, including members of the ethics committee at the University. (All of these people are required to keep your identity confidential.) Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

I also request your permission to tape-record the interview so that we can accurately record what is said.

Anonymity Guaranteed

The anonymity of the participant is guaranteed if he or she wants to remain anonymous

Your answers will be stored electronically in a secure environment and used for research and/or academic purposes now or at a later date in ways that will not reveal who you are. All future use of the stored data will be subject to further Research Ethics Committee review and approval.

We will not record your name anywhere and no one will be able to connect you to the answers you give. Your answers will be linked to a fictitious code number or a pseudonym (another name) and we will refer to you in this way in the data, any publication, report or other research output.

Benefits

There are no immediate benefits to you from participating in this study. However, this study will be extremely helpful to me in that I hope it will promote understanding of how banking managers create societal value in their pursuit of shareholder value.

If you would like to receive feedback on our study, I will record your phone number on a separate sheet of paper and can send you the results of the study when it is completed sometime after 2016.

Who to contact

If you have any queries, concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (non-medical), telephone + 27(0)11 717 1408, email Shaun.Schoeman@wits.ac.za

If you have concerns or questions about the research you may call the project leader Tsele Moloi on 073 671 3971, alternatively tsele.moloi@webmail.co.za

CONSENT

I …….. hereby agree to participate in this research project titled **An exploratory study of creating opportunities out of solving societal challenges in the South African banking sector: A Creating Shared Value perspective**. The research has been explained to me and I understand what my participation will involve.

…….. Signature of participant Date:……..

CONSENT FOR TAPE RECORDING I hereby agree to the tape-recording of my participation in the study.

……..

Appendix 6: Ethical Clearance Certificate

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Moloi

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H19/11/38**
PROJECT TITLE	An evaluation of South African banking sector's creation of societal value vis-a-vis shareholder value
INVESTIGATOR(S)	Mr T Moloi
SCHOOL/DEPARTMENT	Wits Business School
DATE CONSIDERED	15 November 2019
DECISION OF THE COMMITTEE	Approved
EXPIRY DATE	15 January 2023

DATE 16 January 2020 **CHAIRPERSON** (Professor J Knight)

cc: Supervisor : Professor R Horne

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
Signature **Date**

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES