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Shared value for multinational corporations as a strategic imperative for expansion into Africa .

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Shared value for Multinational Corporations as a strategic imperative for expansion into Africa

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

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ABSTRACT

In a socio-economic era characterised by sluggish global economic growth as well as wide-spread social challenges, businesses, governments and society at large seek ways and means to create economic value in a way that is also socially responsible.

It is against this backdrop that Porter and Kramer (2011), in their ground breaking article, “The big Idea: Creating shared value”, argue that a concept they coin as “shared value”, has the ability to address the globes economic growth concerns whilst also addressing its societal challenges.

The purpose of this study is to determine the extent to which Multinational Corporations based in South Africa regard shared value as a strategic imperative when expanding business operations into the African continent. In order to achieve this end, 5 top-of-mind South African based companies were studied, based on their broad African footprint, and sustained success on the African continent. Semi-structured guided interviews were then conducted with senior executives and strategy professionals at these organisations in order to ascertain the strategic concerns regarded by their organisations as imperative in nature. Content analysis was then used to extract emergent themes and outcomes from the transcribed interviews conducted.

It was found that although shared value, as it is very specifically defined by Porter and Kramer (2011), was generally quite poorly understood, varying degrees of overall understanding of shared value as a whole were observed between organisations. This main finding serves as key evidence to all affected and interested parties of the possible beginnings of a paradigm shift in business thinking as it pertains to defining its role within society at large.

DECLARATION

I, Ryan Victor Magner, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Ryan Victor Magner

Signed at ……

On the …….. day of …… 2014

DEDICATION

To Uncle Dave, Mom and Dad, your generosity and guidance has been a constant source of support and inspiration. This would not have been possible without you.

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1 INTRODUCTION

1.1 Purpose of the study

This research determines the extent to which Multinational Corporations using South Africa as a base, consider shared value as a strategic imperative when expanding business operations into Africa.

1.2 Context of the study

South Africa, as it strains to rid itself of the shackles of the past remains cautiously optimistic of its socio-economic future as it seeks to leverage off its well-developed infrastructure, sophisticated financial markets, and growing middle class (Gordhan, 2013; Roxburgh et al., 2010).

The global financial crisis has left many developed countries in a state of crisis as they look for alternative ways and means to fuel their own economic growth (Porter & Kramer, 2011). Highly saturated markets and widespread economic uncertainty have resulted in these countries experiencing significant political, social, economic and technological turmoil (Porter & Kramer, 2011; Sumon Kumar & Gelb, 2005).

Controlled integration into the international market place as well as wide spread governmental actions to improve macroeconomic conditions has allowed many of the world's developing economies to remain largely unaffected by the global financial crisis (Roxburgh et al., 2010; The World Bank, 2012). As a result, in contrast to the developed world, developing countries have been able to grow their economies at a far more rapid pace (The World Bank, 2012; UNDP, 2013). Simultaneously, high local economic growth, together with underdeveloped markets, has resulted in the world's developing countries attracting attention from Multinational Corporations based in developed countries as possible destinations to serve their economic growth needs (The World Bank, 2012; UNDP, 2013).

South Africa, together with countries such as India, Russia, and Brazil, are classed as developing countries with emerging economies (FTSE, 2013). South Africa, in contrast to most other emerging economies, has experienced sluggish economic growth from 2008 to 2013 (Gordhan, 2013; Roxburgh et al., 2010). In 2013, the South African government launched the National Development Plan (NDP) in an effort to address South Africa's sub-par economic growth whilst also addressing its long-standing social issues ("National Development Plan 2030," 2013). With the NDP in its infancy, local South African businesses, like their international counterparts, are looking outside of their own borders for destinations to implement their growth initiatives (Porter & Kramer, 2011; Sumon Kumar & Gelb, 2005).

Many African economies north of South Africa's borders, although often coming from a low base, have been able to grow their economies at significantly faster rates than that of South Africa (Economist, 2012; Roxburgh et al., 2010). This has caused both South African and Internationally based businesses to become increasingly interested in the African economy as a whole (Acha, Susan, Charles, & Arend, 2010; Economist, 2012; Roxburgh et al., 2010; The World Bank, 2013).

In comparison to the rest of Africa, South Africa's highly developed infrastructure and relatively stable political and economic environments, have caused it to be viewed as an attractive base for both local and international businesses to "launch" into the African continent (Economist, 2012; Roxburgh et al., 2010)

The above context has resulted in the global business community becoming increasingly interested in the topic of how to conduct successful business in Africa (Roxburgh et al., 2010). With Africa being widely plagued by social and developmental issues that often hinder success, business has become more interested than ever before in finding solutions to address these issues whilst also serving their own economic interests (Porter & Kramer, 2011; Prahalad & Hammond, 2002; UNDP, 2008).

1.3 Problem statement

1.3.1 *Main problem*

Identifying if successful Multinational Corporations based in South Africa consider shared value as a strategic imperative when expanding business operations into the rest of Africa.

1.3.2 *Sub-problems*

The first sub-problem involves identifying how shared value strategies were developed by successful Multinational Corporations based in South Africa to drive their expansion into the rest of Africa.

If shared value is not identified as a strategic imperative, the second sub-problem identifies what strategic considerations are considered as imperative for the expansion of business operations into the rest of Africa by successful Multinational Corporations based in South Africa.

1.4 Significance of the study

Recent times have shown that large Multinational Corporations are in fact looking to South Africa as a base from which to launch their operations into Africa. Wal-mart's 2011 acquisition of Massmart provides a recent and relevant example illustrating this fact (Motsoeneng & Roelf, 2012). With South African companies arguably enjoying the most success in their expansion efforts into Africa, little research has been done into the strategic considerations that culminated in this successful expansion. In addition, successful business in Africa is often halted or stalled by social and political issues, and as such, the global business community, as well as African societies themselves, are in dire need of mutually beneficial solutions that aim to promote business in Africa whilst addressing its social and developmental issues.

This study fills a gap by providing a comprehensive analysis of the strategic considerations regarded by Multinational Corporations as imperative when

expanding business operations from South Africa into the rest of Africa. Although not presupposing the fact, it seeks to show that shared value, the principle that involves creating economic value in a way that also creates value for society by addressing its needs and challenges, is in fact of primary strategic importance when conducting business in Africa.

The study provides guidance to managers of organisations and interested parties alike who are interested in business expansion *and* growth into Africa, but who also seek solutions that aim to do so with a social conscience. It provides a compressive analysis of the lessons learnt as well as the strategic models developed by the South African companies who have enjoyed the most success in Africa.

1.5 Delimitations of the study

This research only covers South African based Multinational Corporations regarded as being successful in expanding their operations into the rest of Africa. A view has been taken to cover as wide an array of business sectors as possible in order to try and distil generic commonalities rather than business sector specific strategic imperatives. For this reason MTN, Shoprite, SAB, Standard Bank and Eskom have been chosen as the focus of the study. All other organisations are excluded from this research.

This paper only covers the strategic *imperatives* of the above mentioned companies, in other words, the strategic considerations without which expansion into Africa would be futile.

The strategic imperatives examined in this paper only includes those up to and including phase 3 of the 5 phases of the managerial process for crafting and executing company strategy (Hough, Arthur, Strickland, & Gamble, 2011). Figure 1 below illustrates this process.

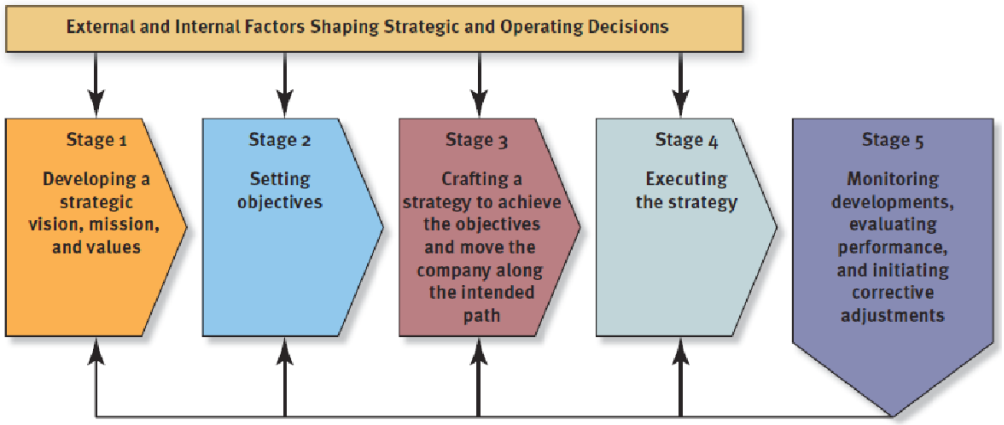

Figure 1: the strategy making, strategy executing process (Hough et al., 2011)

Lastly, this paper only covers the strategic imperatives identified as such by the corporate leadership, and does not include those identified at lower levels of the organisation.

1.6 Definition of terms

BOP – Bottom of the pyramid

CSI – Corporate Social Investment

CSR – Corporate Social Responsibility

MNC – Multinational Corporations

SAB – South African Breweries

Shared Value – Creating economic value in a way that *also* creates value for society by addressing its needs and challenges (Porter & Kramer, 2011). A more detailed definition for this term is given under the literature review.

1.7 Assumptions

The following are regarded as key assumptions in relation to this study:

- That shared value is, in fact, regarded to be a key strategic imperative by at least one of the chosen organisations.
- Access to individuals senior enough within the chosen organisations was obtainable.
- There was sufficient compelling information available to determine the strategic imperatives of all chosen organisations.
- Responses obtained during interviews were honest, transparent and truthful.

2 LITERATURE REVIEW

2.1. Introduction

This chapter outlines the literature from which the research questions relevant to this study were derived. First, a brief background discussion is given in order to give the literature review context. Then a section discussing the literature relevant to shared value is presented, followed by a section discussing business strategy as it is applicable to this study. Finally a conclusion is presented summarising the literature review's most pertinent issues.

2.2. Background discussion

With the developed world experiencing economic stagnation as a result of the global financial crisis, business, government and society at large are looking for solutions to fuel the next stage of global economic growth (Porter & Kramer, 2011; The World Bank, 2012).

Previously overlooked, the African continent, in recent times, has attracted a lot of attention from the global business community (The World Bank, 2013). Nigeria is emerging as Africa's next economic giant, and sub-Saharan African countries such as Kenya, Botswana, and even Angola, although coming from a relatively low base, have been showing extra-ordinary year-on-year economic growth rates (Roxburgh et al., 2010; Schwab, 2012; The World Bank, 2013).

South Africa, the long standing African economic giant, although outperforming the majority of the world's developed economies, has not been able to achieve the substantial economic growth enjoyed by the majority of its smaller African counterparts (Gordhan, 2013; Roxburgh et al., 2010; The World Bank, 2013).

As a result, both South African and Internationally based MNCs, are now looking to African markets to fuel their next stage of economic growth (Khanna, Palepu, & Sinha, 2005; Roxburgh et al., 2010; The World Bank, 2013). This being said, many global MNCs have found the expansion of their business

enterprises into emerging markets in Africa to be difficult and largely unsuccessful (Khanna et al., 2005; Sumon Kumar & Gelb, 2005). Consequently, the topic of business strategy in emerging markets has been receiving greater attention from the international business community.

Simultaneously, business strategy as a field of study, has begun to re-evaluate its role within society (Porter & Kramer, 2006, 2011; Prahalad & Hammond, 2002; UNDP, 2008). With the international business community often desperately seeking ways and means of addressing the ills caused by the global financial crisis, academics like Prahalad and Porter are proposing new ways of viewing business's role in society. A new wave of thinking is making a persuasive argument for business to look at societal problems as lucrative business opportunities, opportunities that have the potential to create both economic and social value (Porter & Kramer, 2006, 2011; Prahalad & Hammond, 2002; UNDP, 2008).

With Africa poised at the brink of fuelling the next global economic upturn, interest has piqued on the topic of how to conduct successful business in Africa whilst mitigating the numerous risks associated with it. With 2013 seeing a heightened appreciation for business's role within the societal context, this study seeks to answer one main question: Does business expansion into Africa rely on the profitable resolution of societal issues in order to be successful?

2.3. Shared Value

2.3.1 Origins of shared value

Friedman (1970), in an article published in the New Yorker Magazine, was famously quoted as saying, "The social responsibility of business is to increase profits". This quote has gone down in history due to its ability to succinctly define a dominant business view of the time. Additionally, it illustrates how much prevailing business views have evolved and developed over the past four decades.

Friedman's quote represented free market capitalism at its peak, a time when societal concerns were perceived as hindering business from achieving its primary goal, increasing profits. The four decades between the 1970's and the present day have seen a slow and progressive shift in thinking regarding business's role in society. The first shifts in thinking were primarily morally and ethically based.

Business's moral obligations to society at large have been widely discussed in the literature (Carroll, 1999; Dunning, 2003; E. Freeman, 1984; R. Freeman & Velamuri, 2008; Klein, Mahoney, McGahan, & Pitelis, 2012; Wood, 1991). These authors argue that as business functions within society, it thus requires society in order to function. Following from this, business's obligations are not only to its direct shareholders, but to a wider array of stakeholders including broader society, and that business thus has a moral and ethical obligation to address the societal ills it has a part in causing.

Later thinking evolved towards the use of societal issues as a strategic tool for improving the firm's competitive advantage. This slightly more evolved view of businesses role in society was based on the idea that by tackling societal issues, a firm could improve its reputation within broader society, and could thus use this enhanced reputation as a competitive advantage (McWilliams, Siegel, & Wright, 2006; Porter & Van der Linde, 1995; Russo & Fouts, 1997). This school of thought had its origins in CSR, and although enjoying wide spread support from the broader business community, was still predominantly seen as a way of appeasing society in order to generate competitive advantage.

The late 1990's and early 2000's saw incremental advances in thinking towards a more integrated and inclusive approach to business' role in societal issues. Porter and Kramer (2002) recognised the tensions between business's demand for short term profits, and societies demand for greater levels of CSR. Based on previous work (Porter, 1990), Porter highlights the idea that societies "competitive context" influences business, and thus, that societies' issues and businesses' long term goals are "integrally connected". Porter (1990) highlighted the importance of "clusters" for successful business, and thus

suggests that business has a vested interest in developing the societies that encompass its definitive environment.

Porter and Kramer introduce “shared value” as a concept for the first time in their 2006 Harvard Business Review paper entitled, “Strategy and Society: the link between competitive advantage and corporate social responsibility”. Porter and Kramer (2006) observed that companies’ efforts to improve their societal and environmental impact had not been as effective as they could be. They argue that companies should view CSR initiatives as part of their core business strategy in order to boost innovation as well as competitive advantage: “the mutual dependence of corporation and society implies that both business decisions and societal policies must follow the principle of shared value. That is, choices must benefit both sides” (Porter & Kramer, 2006, p. 5).

After its initial introduction in 2006, Porter and Kramer (2011) further develop the concept of shared value. The central premise revolves around the idea that business should seek to create “economic value in a way that also creates value for society by addressing its needs and challenges. Business must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the centre” (Porter & Kramer, 2011, p. 4). With the evolution of business’s role in society emanating first from moral and then from strategic arguments, Porter’s 2006 and subsequent 2011 work represents a fundamental quantum leap in thinking about how business should approach societal issues. He argues that business has failed to capitalise or recognise that societal issues are in themselves lucrative business opportunities. Porter and Kramer (2011) argue that societal issues should no longer skirt the fringes of business activity, but be fully incorporated into central business strategy in order to enhance business sustainability and competitive advantage, as well as economic success and social progress.

2.3.2 Definition of shared value

Although shared value is a relatively new concept, and it is likely that firms have not been exposed to it as a term in conscious management thinking, it is, however, probable that firms have been engaging in shared value as a concept for quite some time. In order to reduce ambiguity or confusion, a working definition of shared value is developed including what shared value is, and is not. This definition will form the basis upon which firms will be diagnosed as engaging, or not engaging in shared value as a strategic imperative.

Shared value is:

- "Creating economic value in a way that also creates value for society by addressing its needs and challenges" (Porter & Kramer, 2011, p. 4)
- A new way of achieving economic success (Porter & Kramer, 2011)
- At the centre of what companies do (Porter & Kramer, 2011)
- At the centre of corporate strategy (Porter & Kramer, 2011)
- A positive sum game (Porter & Kramer, 2011)
- A proposed evolution of capitalism (Porter & Kramer, 2011)
- A way of enhancing the competitiveness of a company (Porter & Kramer, 2011)

Shared value is not:

- "Social responsibility, philanthropy, or even sustainability" (Porter & Kramer, 2011, p. 4)
- At the margin of what companies do (Porter & Kramer, 2011)
- A zero sum game (Porter & Kramer, 2011)
- A substitute for capitalism (Porter & Kramer, 2011)

- Necessarily only applicable to emerging markets, developing economies, or just the world's poor or underprivileged.

2.3.3 Creating shared value

Porter and Kramer (2011) propose three ways for companies to create shared value:

Reconceiving products and markets: Meeting the needs of underserved or new markets by redesigning or developing new products and distribution systems (Porter & Kramer, 2011).

Redefining productivity in the value chain: Porter and Kramer (2011) argue that often a company's value chain affects, or is affected by societal issues. These societal issues create economic costs for the firm. By addressing these societal issues, firms can reduce costs, and create social value. Porter and Kramer (2011) suggest six main areas in which a company can seek to redefine productivity in its value chain:

- Energy use and logistics
- Resource use
- Procurement
- Distribution
- Employee productivity
- Location

Enabling local cluster development: "No company is self-contained. The success of every company is affected by the supporting companies and infrastructure around it" (Porter & Kramer, 2011, p. 12). Enabling local cluster development involves a firm enhancing its productivity by addressing the infrastructural and institutional failures or gaps within its local context (Porter & Kramer, 2011).

2.3.4 Shared Value and the poor

While it should be recognised that shared value is applicable to all markets, the greatest opportunity for application exists amongst the poor. Although shared value is a relatively new concept, many similar theories and models have been proposed in the past to deal with the role of business in aiding social development. The purpose of this section is to highlight the similarities and differences between shared value and the similar models/concepts presented.

Possibly the most notable of these was C.K. Prahalad in his work focusing on doing profitable business with the poor. Prahalad and Hammond (2002) famously posed the notion that MNCs have the unique ability, through their vast footprint, and access to resources, to devise specialized products and services for the poor, for what they argue, could be considerable financial gain. Whilst Prahalad's proposition is similar to shared value in a number of ways, distinct differences make shared value a slightly more advanced concept. Firstly, Prahalad and Hammond (2002) specifically deal with MNCs and their role in doing business with the poor, with the specific aim of their social development as it pertains to the poor. While shared value encompasses these principles, it goes further than this. Shared value does not specifically apply to MNCs or the poor. It is an overarching concept that deals with how business, as a whole, not just MNCs, can create economic *and* social value, where social value does not specifically apply to just the poor, but society as a whole. Prahalad also highlights the fact that the poor are an enormous untapped market consisting of over four billion individuals who often pay inflated prices for products or services, due to poor distribution and infrastructure (Prahalad & Hammond, 2002). By tackling the dire social issues that plague the poor, Prahalad argues, MNCs have a unique ability to start gaining access to this large untapped market (Prahalad & Hammond, 2002). Whilst different in many ways, Prahalad's notion shares one key similarity with shared value, the idea that social issues should no longer be looked at as a cost within a company, but rather an attractive business opportunity with the ability to drive profits.

Another noteworthy attempt to deal with business's role in societal issues was through what the UNDP coined as Inclusive Business Models. UNDP (2008, p.

2) argue that economic value can be created "by providing products and services to or sourcing from the poor, including the earned income strategies of non-governmental organisations". Whilst similar to shared value in many aspects, IBMs, like Prahalad's BOP principles, are focused specifically on social development of the poor. IBMs, similar to shared value, marry economic and social value creation. However the IBM concept tends to have less focus on gaining competitive advantage through dealing with social issues. Additionally, IBMs, unlike BOP, focuses on involving the poor in the value chain, both as business partners and employees.

2.3.5 Research Question 1

Is shared value considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, and if so, how were the shared value strategies developed?

2.4. Strategy

The purpose of this research paper is to ascertain whether or not, or the degree to which shared value is incorporated into *strategic* planning, development and decision making for MNCs, based in South Africa, when expanding business operations into Africa. Consequently, it is incumbent to discuss how strategy is defined in the literature in order to develop a working definition for application to this study.

2.4.1 Working definition of strategy

In order to discuss strategy, and more specifically, business strategy as it applies to the development of successful and sustainable business entities, it is useful to discuss its origins and evolution as a topic and field of study.

Kay, Mckiernan, and Faulkner (2003) aptly describe the evolution and history of business strategy as beginning in the 1960's where it was largely equated with *planning* for corporate entities. The 1970's saw an evolution towards business strategy as a long range planning tool. It focused on the analysis and

extrapolation of recent or persistent trends and their application to a broader context to predict or describe the present and future performance of a business entity. The 1970's also saw the development of the Boston Consulting Group Matrix as an attempt to diagnose the health of a portfolio of products, services, business units, or investments. Again, the focus here was on the past and the present, and its potential application or ability to diagnose future trends.

Kay et al. (2003) go on to describe the 1980's as a decade dominated by intellectual frameworks. Michael Porter was a key contributor to this era introducing a level of academic rigour that first gave business strategy claims to being an academic discipline. The focus of this era was on competitive strategy (Porter, 1980), a way of developing strategy based on an analytical understanding of the firm's competitive context and the "position" of the firm within it (Porter, 1985). The 1980's thus saw a major shift in thinking towards a more academic approach. This approach, a highly analytical process based on the application of analytical frameworks to both internal and external analysis, was a giant leap forward for business strategy, both as a field of study, and as a useful and applicable business development tool.

The 1990's, according to Kay et al. (2003), were again dominated by Porter, with notable contributions from the likes of Mintzberg, Prahalad, Hamel, Teece, Pisano, and Shuen. The 1990's saw a shift towards a more internal firm focus, the concepts of business alignment and core value propositions came to the fore. The idea was not to disregard the analysis of the firm's external competitive landscape, but to fully understand what a firm could do better than its competitors, and to focus on these core abilities and ensuring the alignment of the entire business entity around these core competencies.

Although emanating as far back as the 1980's, the decade from 2000 to 2010 saw a greater focus on business's role in society (Porter & Kramer, 2002, 2006). Together with this increased social focus, was a growing recognition of the role of strategy in addressing uncertainty and flexibility, and the application of tools such as scenario planning, game theory, and real option theory to assist in dealing with these uncertainties (Kogut & Kulatilaka, 2003; Powel, 2003).

With a greatly simplified, but overarching understanding of the development of business strategy as a field of study, two working definitions for strategy were chosen from the literature due to their applicability to this study.

Business strategy is defined by Hofer and Schendel (1978) as “the match between an organisation’s resources and skills and the environmental opportunities and risks it faces, and the purposes it wishes to accomplish”.Andrews (1980, p. 18) defines strategy as “the range of business the company is to pursue, the kind of economic and human organisation it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities”.

The above definitions were chosen for the following reasons:

- Balance of internal and external focus
- Focus on the firm’s core competencies, skills and resources
- Proposition of the concept that a firm creates economic and non-economic value
- The notion that a firm’s stakeholders are not only its shareholders, employees and customers, but also communities and society at large.

2.4.2 Strategy in emerging markets

Prahalad and Hammond (2002) were amongst the first academics to introduce the idea that the poor are in fact a vast, untapped, and largely underserved market with the potential, if served properly, to be a source of huge profit. Prahalad and Hammond (2002) argue that the world’s MNCs are uniquely poised to take advantage of this opportunity due to their global reach and significant access to resources and skills. Since Prahalad’s compelling argument, developing countries and emerging markets, home to some of the world’s poorest people, have been attracting increasing attention from MNCs. Africa in particular has been attracting substantial interest from the business community, partly due to the continent being home to a large, poor, and

underserved market, but also due to its access to natural resources (Hamman, Woolman, & Sprague, 2008). South Africa, in comparison to other African countries, has a highly developed infrastructure and financial markets, and has acted as a base for African operations for a number of locally and internationally based MNCs since 1994 (Schwab, 2012; Sumon Kumar & Gelb, 2005). This section introduces some of the most pertinent literature pertaining to MNC expansion strategies into emerging markets.

Khanna et al. (2005) argue that developing countries provide the fastest growing markets for most products and services globally. Further to this, global expansion of business operations, Khanna et al. (2005) argue, is a trend that will result in business entities that choose not to engage in it, to effectively shrink in size in comparison to their counterparts. Consequently, companies that shy away from doing business in these markets will soon be left behind.

With the above serving as compelling justification for global expansion of business operations beyond local boundaries, Khanna et al. (2005) highlight the fact that globalisation, and more specifically, the issue of how to tackle and develop globalisation strategies in emerging markets, is a top-of-mind concern for most MNC CEOs.

Typically, according to Khanna et al. (2005), MNCs have used the following statistics, metrics, and tools when deciding on what developing markets to pursue:

- Market size and growth
- Political and economic stability
- GDP and per capita growth rates
- Population composition and growth rates
- Exchange rates and purchasing power parity
- Composite Indices

Khanna et al. (2005) highlight the fact that while the above approaches have to be taken into account, they do not provide a complete picture of the market. “Soft” infrastructural issues, or “institutional voids”, and lack of the comprehensive understanding of these issues, are the primary reason for lack

of successful expansion of MNCs into emerging economies (Khanna et al., 2005).

Therefore, Khanna et al. (2005) propose a framework consisting of 5 key pillars in order to diagnose the "institutional voids" and "soft" infrastructural differences and nuances in emerging markets. By thoroughly understanding the issues pertaining to the local *political and social systems*, *openness to foreign investment*, as well as the forces that govern and inhibit the *product, labour* and *capital* markets, more informed decisions can be made on which emerging markets to target and which to avoid. Furthermore, it is argued that an understanding of these issues will aid decision makers in development of entry strategies and how to capitalize on the local context in order to successfully go about business in the chosen developing markets.

Having developed a thorough and comprehensive understanding of the institutional voids present in the targeted emerging economies, Khanna et al. (2005) cite three main strategic choices available to MNCs when expanding business operations into emerging economies:

Adapt strategies: This strategic choice involves modifying the firm's business model in order to fit the chosen emerging market context whilst maintaining its core value proposition.

Change context: If massive institutional voids do not exist, firms may choose to try and change the chosen emerging markets context in order to better suit their business model.

Stay out: If institutional voids are too great, it is recommended that firms stay away from expanding business operations into such emerging markets.

Having introduced three main strategic choices available to firms seeking to expand into emerging markets, Khanna et al. (2005) highlight one final point. Successful expansion of business operations into emerging economies can be highly dependent on the firm's ability to capitalize on the institutional strengths provided by individual markets by treating those strengths as part of a greater system. Managing and capitalizing on the complex differences between

markets in order to maximize cross-border synergies is seen by the authors as a key strategic tool to successfully conducting business in emerging and developing markets. This point of view is supported by Ghemawat (2007) in his article entitled "Managing Differences: The Central Challenge of Global Strategy".

Ghemawat (2007) argues that one of the main goals "of any global strategy must be to manage the large differences that arise at borders, whether those borders are defined geographically or otherwise" (Ghemawat, 2007, p. 1). He argues that "some companies are finding large opportunities for value creation in exploiting, rather than simply adjusting to or overcoming the differences they encounter at the borders of their various markets" (Ghemawat, 2007, p. 1). As such, Ghemawat (2007) proposes three main strategies available to the global firm when seeking to expand business operations beyond their local boundaries:

- **Adaptation:** maximizing a firm's local relevance in order to boost revenues and market share (Ghemawat, 2007).
- **Aggregation:** delivering economies of scale by "creating regional or sometimes global operations; it involves standardizing the product or service offering and grouping together the development and production processes" (Ghemawat, 2007, p. 1).
- **Arbitrage:** "exploiting the differences between national and regional markets, often by locating separate parts of the supply chain in different places" (Ghemawat, 2007, p. 1).

Ghemawat (2007) argues that while it is possible for a firm to have elements of all three A's, usually a firm's global strategy centres around one, or at most two of the A's.

2.4.3 Research Question 2

If shared value is *not* considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, what do they consider strategic imperatives?

2.5. Conclusion of Literature Review

Through an extensive review of the literature, the origins of the shared value concept were found to emanate from ethical and moral arguments as far back as the 1980's. This ethical standpoint on business's role in society was bolstered by a slight nuance in thinking that claimed that societal concerns had the ability to improve a firm's competitive context, and should thus be regarded as a strategic concern. These two schools of thought resulted in similar notions to that of shared value being developed, such as Prahalad's BOP approach to profitable business with the poor, and the UNDP's Inclusive Business Model approach to social development. These notable contributions, amongst others, culminated in shared value first being defined as a concept by Michael Porter in 2006.

Simultaneously, business strategy was developing both as a field of study and as a business tool to aid in the successful running of business entities. Business strategy as a topic was found to have its roots in the 1960's as a corporate planning tool. The 1980's saw business strategy evolve as an academic field of study mainly due to the likes of Michael Porter and his contributions to understanding a firm's competitive landscape through analytical frameworks. The 1990's saw a slight evolution from external competitive landscape analysis to a more internal focus on a firm's core competencies and its place within the competitive landscape. The period from 2000 to 2010 saw the field of business strategy focusing more on societal issues as a way of generating profits, as well as improving a firm's competitive standing. This decade also saw the African continent drawing more attention from the developed world on the back of the global financial crisis as a safe haven to fuel the next wave of global economic growth. This being said, distinct nuances and

differences to doing business in emerging markets saw many global businesses fail at their first attempts to expand into such markets. This resulted in greater attention being given to strategy development in emerging markets.Khanna et al. (2005) argued that the development of successful strategy in emerging markets relied heavily on a firm's ability to thoroughly diagnose institutional voids present in the emerging markets of interest. Ghemawat (2007) proposed that successful global expansion beyond a firm's local borders was highly reliant on its ability to develop adaptation, aggregation and arbitrage strategies to suit into which the emerging markets it expanded.

From the literature, it was noticed that business's role in society, and Africa's role in the global economy are both poorly understood and currently relevant topics that require further research. This study seeks to advance thinking in the field of business strategy on the African continent by answering two main research questions listed below.

2.5.1 Research Question 1:

Is shared value considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, and if so, how were the shared value strategies developed?

2.5.2 Research Question 2:

If shared value is *not* considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, what do they consider strategic imperatives?

3 RESEARCH METHODOLOGY

This chapter describes the methodology, design as well as analysis and interpretation approaches followed and used in order to conduct the study.

3.1 Research methodology / paradigm

The qualitative research paradigm is defined as follows:Van Maanen (1979, p. 520) says it is “an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate, and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.”.

Denzin and Lincoln (2005, p. 3) define qualitative research as “a situated activity that locates the observer in the world. Qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them”.

Merriam (2009) postulates that in order to better understand the nuances of the qualitative research paradigm, it is useful to delineate its major characteristics. Four major characteristics of qualitative research are outlined:

- The focus is on process, understanding, and meaning.
- The researcher is regarded as the primary instrument of data collection and analysis.
- The process is inductive.
- The product is richly descriptive.

The definitions given above imply that qualitative research is highly interpretive, and that it attempts to bring meaning, or offer further understanding of naturally occurring phenomena in the social world. It aims to richly describe the very nuance and complexity that quantitative research seeks to reduce. It is inductive and exploratory, rather than deductive and explanatory, and

encourages the researcher to interpret results in context, and is thus highly context specific.

Shared value, as a concept, is a newly emergent social phenomenon that seeks to describe a new way of approaching and defining business's role in society. Its limits are difficult to define, and its definition is likely to be highly variable across both individuals and organisations. For this reason, qualitative research is deemed as the necessary paradigm in order to further understand this newly emergent phenomenon.

3.2 Research Design

The research design, for the purposes of this study, will be based on person to person semi-structured guided interviews. Interviews are deemed by Patton (2002) as the most appropriate technique for data collection when the researcher requires the collection of a special type of information, and when the researcher wants to find out what is "in and on a person's mind." (Patton, 2002, p. 341). Semi-structured guided interviews "assume that the individual respondents define the world in unique ways" (Merriam, 2009, p. 90). Merriam (2009) goes on to explain that the main advantage of a semi-structured interview technique is that it allows the researcher to respond to the answers given by the respondent in order to gather more relevant information applicable to the study.

Gillham (2005) indicates that semi-structured interviews are a popular choice of interview technique due to the balance they achieve between structure and flexibility. This, according to Gillham (2005), allows for high quality data collection for the following reasons:

- The same core questions are asked of all involved.
- The questions asked go through a process of development to ensure topic focus.

- The interviewees can be prompted by additional questions if they have not initially provided applicable information to the area, or sub-area of interest.

Eriksson and Kovalainen (2008) explain that semi-structured interviews are best suited to answer what and how questions, and consist of a prepared outline of topics, issues or themes. This allows for the wording and questioning to be varied and the tone of the interview to be informal and conversational.

The main advantages of the use of semi-structured interviews for data analysis are discussed widely in the literature. du Plooy (2002) highlights the main advantage as allowing the interviewer to probe the interviewee in such a way as to gain an enhanced understanding of the issues and themes discussed, in order to gain greater insight into complex issues. Mcburney (2001) supports du Plooy (2002) by adding that questions can be posed by either party in order to gain further clarification on the question at hand. Open-ended questions typically asked in semi-structured interviews allow the interviewee to give in-depth answers and have the added advantage of allowing for a relationship to develop between the interviewer and the interviewee. This relationship allows for the interviewer to gain greater insight into the interviewee's individual perceptions and opinions, as well as to gain a heightened understanding of their behaviour within, and their perceptions of, the formal and informal organisational structure in which they function.

In contrast to the advantages of adopting a semi-structured interview approach to data collection, a number of distinct disadvantages are attributed to the approach. Holliday (2002) highlights the main drawback of the approach as lack of scientific rigour due to the results being highly dependent on personal subjectivity. In addition to the problem of subjectivity, Patton (2002) cites too much flexibility as a problem, as this may result in the interviewer soliciting very different responses from different respondents, thus imposing comparability problems. Lastly, du Plooy (2002) and Mcburney (2001) warn that due to the fact that conducting and transcribing semi-structured interviews is highly time consuming, limitations on sample size are imposed as a result.

3.3 Population and sample

3.3.1 *Population*

The population used in this research will be the senior management and strategy departments of five MNCs with operations based in South Africa, namely: MTN, Shoprite, Standard Bank, SAB, and Eskom.

These five MNCs were chosen on the basis of their top-of-mind presence as companies having expanded successfully into Africa using South Africa as a base from which to do so. In addition to this "top-of-mind" criterion, the companies chosen were deemed as "successful" due to their ability to establish a broad and varied African footprint exceeding 10 African countries, as well as to maintain it for more than 20 years. Additionally, the population was not expanded to include more companies in a deliberate effort to not dilute the sample. The five companies chosen as the focus of the study have all had leading roles to play in defining how business is conducted by foreign entities on the African content. As such it was felt that increasing the population size to include more companies may result in data being obtained from less credible or less experienced sources.

The choice of senior management and strategy departments as a population was based on the assumption that representatives from these populations would have historic and current access to both tangible and intangible information pertaining to group strategy, and would thus be able to provide crucial insight into the strategic questions posed to them. In addition to this criterion, an effort was made to interview the most highly experienced and senior individuals available in order to extract as much full and rich information from the interview process as possible.

3.3.2 *Sample and sampling method*

All of the companies chosen as the focus of the study have organisational structures that encompass senior management structures, as well as strategy departments. The sample used consisted of one representative from each

senior management and strategy department structure within each of the five chosen companies. As discussed above, this sampling method is based on the assumption that both senior management and the strategy departments of the chosen companies would possess and have access to detailed knowledge and information pertaining to their organisation's group strategy for the African continent. The findings from these individuals was generalised to encompass the entire population of the organisation they represent (Mcburney, 2001).

As discussed by Mcburney (2001) and du Plooy (2002), the interview was conducted in such a manner as to encourage the development of a relationship between the interviewer and interviewee. In order to achieve this end, the interviews were conducted at a time and location preferred by the respondent.

Table 1: Profile of respondents

Description of respondent type	Number to be sampled
MTN Strategist	1
MTN Senior Manager	1
Shoprite Strategist	1
Shoprite Senior Manager	1
Standard Bank Strategist	1
Standard Bank Senior Manager	1
SAB Strategist	1
SAB Senior Manager	1
Eskom Strategist	1
Eskom Senior Manager	1

3.4 The research instrument

The instrument chosen for this study was a guided semi-structured interview. A particular effort was made to pose open-ended questions to the respondent in an effort to gain rich insight into contextual issues as well as the core research problems and sub-problems at hand.

The merits and disadvantages to the adoption of this research instrument were discussed at length in the section above entitled, “Research Design”.

In order to ensure the confidentiality of all interviewees, a letter was drafted and given to each participant to this effect.

3.5 Procedure for data collection

As discussed previously, face to face semi-structured interviews were used as the primary source of data collection for the study. Interviews were preferably conducted in a neutral location in order to foster a more relaxed and open conversational environment without pressures that may have been introduced as a consequence of the interviewee’s typical working environment. All interviews were recorded with the use of a voice recorder in conjunction with hand-written notes to document pertinent issues or events encountered before, during or after the interview. All interviews were transcribed both for official record, and in order to facilitate further analysis.

3.6 Data analysis and interpretation

Content analysis was used as the primary technique for analysing and interpreting the data gathered during the execution of this study. Altheide (1987, p. 68) describes content analysis as being most applicable to research in which insights into “situations, settings, styles, images, meanings and nuances are key topics”. Hsieh and Shannon (2005, p. 2) define content analysis “as a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns.” The text data collected may be in verbal, print, or electronic form, and can be obtained from narrative responses, open-ended survey questions, interviews, focus groups, observations, or print media such as articles, books or manuals (Kondracki & Wellman, 2002).

Hsieh and Shannon (2005, p. 3) argue that due to the fact that content analysis is best suited to research where pre-existing “theory or literature on the phenomenon or topic under study is limited”, open-ended interviews are

regarded as the preferred data collection technique for content analysis as it allows for themes, codes or categories to emerge naturally from the data.

Hsieh and Shannon (2005) describe the process of data analysis as it pertains to content analysis as consisting of a number of distinct steps:

- Reading the data repeatedly (Tesch, 1990).
- Identify emergent codes. These codes can be reflective of more than one key thought, and often come from the text itself.
- Codes are then sorted into categories based on how codes are related or linked.
- Categories are used to organise codes into meaningful clusters (Patton, 2002). Morse and Field (1995) recommend no more than 10-15 clusters.
- Findings are reported based on definitions attributed to codes, categories and clusters. Relationships between codes, categories and clusters are also important to describe in order to aid in the development of emergent theories.

Hsieh and Shannon (2005) find the merits associated with content analysis to be:

- Flexibility.
- Based on its inductive approach, its ability to describe emergent phenomenon.
- Its ability to gain "direct information from study participants without imposing preconceived categories or theoretical perspectives (Hsieh & Shannon, 2005, p. 3).

Hsieh and Shannon (2005) find the disadvantages associated with content analysis to be:

- Subjectivity.

- Failing to describe context fully may result in the failure to identify key codes, categories or clusters.

- A lack of a firm definition for content analysis has meant that many researchers have shied away from it due to a lack of understanding of application and process.

As can be seen by the above definitions and critique pertaining to content analysis application and process, content analysis is deemed as the most applicable form of data analysis in order to address the questions posed by this study.

3.7 Limitations of the study

- Due to the researcher being based in Gauteng, all interviews conducted needed to be in and around the Gauteng area.

- Due to the time consuming nature of qualitative research, only eight interviews were conducted.

- The timing of interviews was highly dependent on interviewee availability. As a consequence, availability of interviewees may have resulted in the chosen data collection technique delaying research completion. Additionally, long periods of time between interviews may have imposed external validity issues on the research results.

- The researcher's own perceptions and opinions may have negatively influenced the data collection technique by interfering in the questioning process, as well as the interpretation of results.

- Due to the fact that the details of group strategy are often closely guarded as confidential, the risk exists that responses elicited from respondents may have been either vague or in the worst case, deceptive.

3.8 Validity and reliability

Merriam (2009, p. 210) defines validity and reliability in the qualitative research paradigm as "concerns that can be approached through careful attention to a study's conceptualization and the way in which the data are collected, analysed, and interpreted, and the way in which the findings are presented". Firestone (1987, p. 19) postulates that validity and reliability concerns posed by qualitative research can be addressed by providing "the reader with a depiction in enough detail to show that the author's conclusion 'makes sense".

du Plooy (2002) and Mcburney (2001) argue that the point of most research is to draw conclusions relating to the cause and effect relationships between variables and attributes, with the ultimate hope of developing a theory that can explain these relationships. The goal of validity and reliability is to ensure that the conclusions drawn by the researcher are a true and accurate depiction of the collected data.

3.8.1 *External validity*

External validity, often referred to as generalisability in the literature, is defined by Merriam (2002, p. 28) as the "extent to which the findings of one study can be applied to other situations". Mcburney (2001) argues that external validity is concerned with the ability of a study to replicate its results both in similar and dissimilar contexts.

As described under the section "Sample and sampling method", it was assumed that the answers given by the respondents are not their own personal views, but are representative of their organisation as a whole. In order to mitigate these concerns, care was taken to ensure that the questions posed are specifically relevant to the organisation, and to avoid individual views on the topics at hand. This allowed for the data extracted from interviews to be broadly applicable to the entire organisation they represented. Additionally, two interviews were conducted at each of the chosen organisations to ensure that the data collected was in fact a valid reflection of the organisational standpoint on the questions posed. Particular care was taken to conduct interviews over as short a period

of time as possible to reduce the impact of external environmental changes over the data collection period. Lastly, a wide array of companies from the ICT, Banking, Retail as well as Food and Beverage Industries were chosen in order to specifically address external validity concerns.

3.8.2 *Internal validity*

Internal validity is described by Merriam (2002, p. 25) as asking one key question, "How congruent are one's findings with reality?". Ultimately, internal validity is concerned with minimizing the emergence of alternative explanations derived from the data collected (Ilett, 2006). In order to mitigate these concerns, all interviews were recorded, transcribed and included as an appendix to the research. This allowed for full transparency with regards to what data was collected, as well as allowed for the opportunity for external sources to analyse and interpret the data in order to ascertain if similar conclusions could be drawn.

3.8.3 *Reliability*

Leedy and Ormrod (2001, p. 31) define reliability as "the consistency with which a measuring instrument yields a certain result when the entity being measured hasn't changed." By adopting semi-structured interviews as a data collection technique, and ensuring that the time allowed, and the core structure of the interviews are the same for all interviewees, most reliability concerns as they pertain to this study were avoided.

4 PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results obtained from the content analysis performed on the semi-structured guided interviews conducted with the participating respondents. The chapter begins by presenting the data pertaining to research question 1 in 4 main sections. First, the emergent themes shedding light on whether or not shared value is regarded as a strategic imperative are presented. Then 2 sections are presented that together present the data related to how organisations define shared value in an effort to probe the depth of understanding of how shared value is understood by the participating interviewees. Finally, the emergent themes pertaining to how shared value strategies are developed are presented to conclude the data presentation related to research question 1. The second half of the chapter presents the data analysis results pertaining to the second research question in two main sections. "Shared value – similar concepts and notions", as the name implies, presents the data obtained that lends itself to defining concepts that closely resemble shared value. Finally, a section entitled "Other strategic imperatives" presents the emergent themes that shed light on the strategic considerations, other than shared value, regarded as imperative by the organisations chosen as the focus of the study.

4.2 Demographic profile of respondents

As discussed previously under the research methodology chapter, the sampling method chosen for the purposes of this study was to interview one senior manager, and one strategist from each of the five chosen multinational corporations. This initial requirement was not completely satisfied due to lack of availability of personnel within one the chosen organisations. In the case of one of the organisations, two senior managers were interviewed instead of one senior manager and one representative from the groups' strategy department.

A brief discussion pertaining to the consequences of this small deviation are presented in chapter 5.

4.3 Results pertaining to Research Question 1

"Is shared value considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, and if so, how were the shared value strategies developed?"

4.3.1 *Shared value as a strategic imperative*

The results presented in Table 2 below detail the responses of interviewees to the question posed on whether or not shared value was in fact regarded as a strategic imperative by their organisations when expanding business operations into Africa. It should be noted that the rows within the table have been split into two sections describing "Non-prompted" and "Prompted" responses. This was done in order to distinguish between interviewees who identified shared value as being a strategic imperative with or without being exposed to shared value as a concept by the interviewer first. The reasons behind this distinction will be discussed in further detail in section 5.3.1.

Table 2: Frequency count for number of interviewees identifying shared value as a strategic imperative

Themes	N (10)	%
Non-prompted		
Imperative	0	0
Prompted		
Imperative	5	50
Very Important	4	40
Not important	1	10

As can be seen by the results displayed in Table 2, none of the interviewees identified shared value as a strategic imperative without specifically being asked by the interviewer to discuss whether or not shared value was a strategic imperative for their organisations. Interestingly, when specifically asked and guided, 90% of interviewees felt shared value was either imperative, or very important to their organisations, with only one interviewee, or 10% of the sample group expressing that shared value was not important as a strategic consideration for his/her organisation when expanding business operations into Africa.

4.3.2 *How organisations define shared value*

In order to ascertain whether or not the organisations chosen as the focus of the study regarded shared value as a strategic imperative or not, it was deemed of paramount importance to also properly understand the degree to which interviewees understood the concept of shared value as it was specifically defined by Porter and Kramer (2011). The data displayed in Table 3 shows how interviewees felt their organisations defined shared value.

Table 3: Frequency count for emergent themes/outcomes on how chosen organisations define shared value

Themes	N (10)	%
Awareness		
Aware of Porter specific concept	0	0
Aware of generic term	10	100
Definitive Themes		
Economic value creation in a way that *also* creates social value	4	40
New	0	0
Core	5	50
Positive sum game	6	60
Not social responsibility, philanthropy or sustainability	3	30
Competitive enhancer	2	20
Motivators		
Imperative for economic success	4	40

Interestingly, all interviewees when asked about shared value felt they, and the organisations they represented, were comfortable enough with the concept to explicitly define it. This being said, the "Awareness" section in the Table3 hopes to reveal insight into this finding by distinguishing between interviewees that were aware of shared value as a concept specifically defined by Porter and Kramer (2011) with very specific nuances and conceptual borders, and interviewees who had their own definition of what shared value meant to their organsations. As can be seen in Table 3, none of the interviewees were aware of the specificly defined Porter and Kramer (2011) term, however all interviewees we able to provide their own defintion for how their organsations defined shared value.

In providing a definition for how their organsations defined shared value, only 40% of interviewees felt that shared value was a way of creating economic value in a way that also created value for society by addressing its needs and challenges. None of the interviewees felt the concept was new in any way, and 50% felt that the way they defined shared value was core to corporate strategy. 60% of the interviewees felt that shared value was a positive sum game, in other words, an understanding of the notion that the social issues their organisations chose to engage in were specifically chosen in order to aid and facilitate their own organisation's economic success, thus generating economic *and* social value. Only 30% of the interviewees identified with the idea that shared value was not social responsibility, philanthropy or sustainability, and only 20% specifically mentioned shared value as a way or means of enhancing one's competitiveness.

Lastly, in order to properly understand the degree to which interviewees understood shared value, it was deemed useful to try and ascertain why interviewees felt it was important for their organisations to engage in shared value initiatives. The section of Table 3 entitled "Motivators" reveals that only 40% of the interviewees identified with the fundamental notion that shared value was a strategic imperative for the economic success of their organisations.

4.3.3 *Shared value – an overall understanding*

In order to obtain a more complete understanding of the extent to which interviewees understood shared value, a more comprehensive analysis was undertaken. The emergent thematic analysis undertaken and presented in the previous section (4.3.2.) revealed that interviewees expressed varying degrees of understanding of shared value as a whole. In order to further probe the depth of each interviewee's understanding, an interviewee by interviewee analysis was done using these base definitive themes as a measure of degree of full understanding.

It should be noted at this point that shared value being defined as a "new" way of achieving economic success was omitted from this analysis. This step was taken on the basis that shared value was first defined by Porter and Kramer in

2006, and then popularised in 2011. Given that this research was conducted at the end of 2013, lends itself to the fact that the concept is at the very least two years old, and thus not necessarily a very "new" strategic concept.

Consequently, for the purposes of this analysis, a full understanding of shared value was considered to comprise an appreciation of five main underlying concepts and notions, as well as the understanding of the fact that there is one primary motivator behind engaging in the concept. If all underlying concepts, notions, and motivators are to be assumed to contribute an equal amount of understanding to the overall concept, each concept, notion and motivator would contribute 1/6th to the total understanding of shared value as a whole.

Table 4 below displays each interviewee's underlying thematic understanding of shared value as a whole.

Table 4: Shared value – interviewee depth of understanding analysis

Theme	1	2	3	4	5	6	7	8	9	10
Economic value creation in a way that *also* creates social value					X	X	X	X		
Core	X		X		X		X	X		
Link back to business					X	X	X	X	X	X
Not social responsibility, philanthropy or sustainability	X						X	X		
Competitive enhancer							X	X		
Imperative for economic success					X	X	X	X		
TOTALS (%)	33	0	17	0	67	50	100	100	17	17
TOTAL AVERAGE UNDERSTANDING (%)	40									

With the use of the analysis method explained above, two interviewees displayed a 100% understanding, one a 67% understanding, one a 50%, one a 33%, three a 17% and two a 0%. Averaging all responses together revealed a 40% average overall understanding of the six main underlying concepts, notions

and motivators contributing to a complete understanding of shared value as a whole.

4.3.4 *Ways of developing shared value strategies*

An important part of the first research question of this study required an understanding to be obtained on how shared value strategies were developed by the organisations chosen as the focus of the study. Table 5 below summarises the results obtained pertaining to the ways and means shared value strategies were developed by these organisations.

Table 5: Frequency count of emergent themes/outcomes for ways of developing shared value strategies

Themes	N (10)	%
Specific strategies	1	10
Strong ties with government	1	10
Evidence shown through examples	10	100
Reconceiving products and markets	8	80
Redefining productivity in the value chain	8	80
Local cluster development	9	90
Motivators		
Economic value creation	10	100
Social value creation	5	50

Interesting, only one of the 10 interviewees were able to succinctly and accurately, without prompting or guidance, identify a specific strategy for identifying shared value opportunities. This being said, all of the of the respondents displayed through examples and evidence shown throughout the course of the interview, that their organisations unknowingly, or circumstantially engaged in practices that helped them develop shared value strategies.

Table 5 further breaks down the "evidence shown through examples" category into three subcategories. Reconceiving products and markets, as well as redefining productivity in the value chain were shown through way of examples as means of developing shared value strategies by 80% of interviewees. Additionally, 90% of the interviewees showed through way of example that their organisations unknowingly engaged in local cluster development as a way of developing shared value strategies.

The last two rows of Table 5 display the emergent themes that were regarded as the key motivators behind engaging in the methods used to help develop shared value strategies. As can be seen, all of the interviewees felt that their organisations' primary motivation behind engaging in such activities was economic value creation, whilst only 50% also felt that social value creation was *also* an important motivator.

4.4 Results pertaining to Research Question 2

"If shared value is not considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, what do they consider strategic imperatives?"

4.4.1 *Shared value – similar concepts and notions*

Whilst defining how shared value was understood, interpreted and implemented by their respective organisations, interviewees illustrated an understanding of a number of underlying concepts, notions and motivators that bore close resemblance to that of shared value, but were deemed to be fundamentally different to the way that shared value has been very strictly defined for the purposes of this study. Table 6displays these emergent themes in descending order by frequency.

Table 6: Frequency count for emergent themes displaying similarities to shared value

Themes	N (10)	%
Definitive Themes		
Broader notion of stakeholders	8	80
Sharing of economic value	6	60
Customer centricity	5	50
Benefit for local/partnering entities	5	50
Social issues very important (prompted)	5	50
Broader notion of value	4	40
Motivators		
Growth for entities products and services	6	60
Sustainability of entity	5	50
Reputational Imperative	2	20

As can be seen by Table 6, 80% of interviewees felt that the way their organisations defined shared value involved a broader notion of organisational stakeholders, but did not necessarily make specific reference to society at large. 60% of interviewees felt that the sharing of the economic value their organisations generated was core to their definition of shared value, however, did not demonstrate an understanding of a the fact that their organisations created and shared social value as well. 50% of interviewees felt that societal issues were very important, but not core to the way that their organisations engaged with business strategy on the African continent, and only 40% expressed an understanding of the notion that the way their organisations defined shared value required a broader understanding of value and value creation, one that exceed mere economic or financial boundaries.

In addition to the above, two emergent themes attracted 50% scores from the interviewees, namely customer centricity, and benefit for the local and/or partnering entity. These are quite important findings, as they speak, on some

level, to the organisations' understanding of a broader notion of stakeholders, and thus, their understanding of societal issues. Customer centricity only logged a frequency count if it was felt that there was an explicit understanding of the idea that the primary reason for their company's existence was to serve its customers wants and needs. Additionally, the need for strategic expansion to satisfy or benefit the local/partnering entity was only logged if it was felt that there was an explicit understanding that it was of fundamental importance for strategic expansion to benefit, in some way, the local communities and/or the local partnering entities in the foreign African regions in which their organisations conducted business.

In addition to the definitive underlying themes bearing a close resemblance to shared value, a number of key motivators for engaging with the concept were identified as being closely related to shared value, however distinctly different. 50% of interviewees felt that the primary reason for engaging in shared value initiatives was for the longer term sustainability of their organisations, and 60% identified with the idea that such initiatives had the ability to grow the need for their organisations' products and services. Lastly, only 20% of the interviewees felt that the motivation for their organisations engaging in shared value as a concept was primarily reputational.

4.4.2 *Other strategic imperatives*

The purpose of this section is to present the data collected that sheds some light on the other strategic considerations the organisations chosen as the focus of the study regarded as imperative when expanding their operations into Africa. Table 7 summarises and prioritises these main overarching strategic concerns in order of frequency.

Table 7: Frequency count for strategic considerationsother than shared value regarded as imperative by chosen organisations

Themes	N (10)	%
Business Case	10	100
Local Partners/Relationships	90	90
Political	*7*	*70*
Business	*7*	*70*
Macroeconomic Indicators	8	80
Openness to foreign investment	8	80
Predefined framework to diagnose strategic fit	8	80
Leveraging off core competencies/abilities/assets	7	70
Diversification	7	70
Presence of board approved corporate strategy	7	70
Early mover advantage	4	40
Political and social systems	4	40
Product markets	4	40
Capital markets	4	40
Labour markets	4	40

As can be seen in Table 7, all interviewees regarded a sound business case as a primary strategic imperative when considering expansion into Africa. Each of the interviewees had slightly different ways in which they defined a sound business case, however, in all cases, the common thread existed that a sound business case should be a detailed analysis of exactly how and if a proposed expansion project would make itself financially viable over time.

The second most frequently named and discussed strategic imperative was the presence of local partners and/or relationships. This was regarded as a

strategic imperative by 90% of interviewees. This overall score of 90% was broken down into two categories. The first being political, and the second being business partners and/or relationships. Both of these categories were mentioned by 70% of the interviewees.

A number of emergent themes were discussed by 80% of the interviewees, namely, macroeconomic indicators, openness to foreign investment, and the presence of some sort of pre-existing, or predefined framework, to help diagnose strategic fit.

Macroeconomic indicators were again quite broadly defined by the respondents, but were generally regarded to be the primary and most widely used indicators of a region's economic success and growth such as GDP, GDP growth, GDP/Capita, GDP/Capita growth, population, and population growth. Openness to foreign investment was another frequently discussed strategic imperative amongst interviewees. This emergent theme was again quite broadly defined by most respondents, but in all cases included references to ease of doing business, and the presence of a predictable and dependable legislative framework. The last strategic imperative attracting an 80% frequency score was the presence of a pre-existing or predefined framework to diagnose strategic fit.

Following from the themes attracting 80% frequency scores were a number of emergent themes attracting 70% frequency scores, namely, leveraging off core competencies/abilities/assets, diversification, and the presence of a board approved corporate strategy.

Leveraging off core competencies/abilities/assets is a reasonably self-explanatory concept, but was brought up by the majority of the respondents in an effort to illustrate that it was very rare that their organisations would embark upon, or pursue opportunities that fell too far outside of their core competencies or abilities skill set as an organisation, or against which they could not leverage their core asset base. Diversification was another top of mind strategic concern. This emergent theme will be discussed in further detail under the discussion of results section. Finally, the last strategic concern to obtain a 70%

frequency score was the presence of a board approved corporate strategy. This point may seem trivial to many, but its prevalence as a discussion point amongst interviewees warrants discussion. It is important to note at this point that the mere mention of a board approved corporate strategy was not good enough to log a frequency count, but rather the discussion of its importance as a guide and a true north to diagnose the strategic fit of new African opportunities did warrant inclusion.

Lastly, and somewhat surprisingly, a number of strategic concerns, commonly regarded as top-of-mind, such as early mover advantage, as well as sophistication and stability of political and social systems, product markets, capital markets and labour markets, were only named and/or discussed by 40% of the interviewees.

4.5 Summary of the results

The application of content analysis to the 10 interviews conducted revealed a number of significant results.

Firstly, exactly half of interviewees regarded shared value an imperative strategic consideration for their organisations when expanding business operations into Africa.

This being said, applying an interview by interview thematic analysis to the core underlying concepts, notions and motivators that together contribute to a full understanding of shared value as it is strictly defined by Porter and Kramer (2011) revealed varying degrees of overall understanding amongst interviewees.

While only 20% of interviewees displayed a full understanding of all these underlying concepts, notions and motivators, 60% displayed a poor to moderate understanding, and 20% showed no understanding at all. Additionally, a 40% average overall understanding of shared value as a whole was displayed across all interviewees.

Having presented the data pertaining to the degree to which interviewees understood shared value, it was found that although only 10% of interviewees explicitly described methods for developing shared value strategies, whilst all interviewees implicitly showed, through way of example, that the organisations they represented engaged in practices that helped them do so.

With varying degrees of overall understanding of shared value being observed, the majority of interviewees showed an understanding of underlying concepts, notions, and motivators that closely resembled shared value but were diagnosed as fundamentally different. Additionally, a number of strategic considerations other than shared value were observed as imperative by the organisations chosen as the focus of the study. The most commonly observed of these were found to be:

- The presence of a sound business case to justify strategic expansion.
- The presence of local partners and/or relationships in the local markets and/or regions targeted for strategic expansion.
- A thorough understanding of the macroeconomic indicators in the markets and/or regions targeted for expansion.
- A thorough understanding of the legislative framework, or lack thereof, governing, enabling and limiting foreign investment.
- The presence of a predefined framework to help diagnose attractiveness and strategic fit.

5 DISCUSSION OF THE RESULTS

5.1 Introduction

The purpose of this chapter is to discuss, evaluate and interpret the results presented in the presentation of results chapter (Chapter 4). The chapter is broken down into two main sections, the first discussing the data and emergent themes related to the first research question, and the second discussing the data and emergent themes associated with the second research question. Each one of these main sections consists of a number of subsections discussing different aspects of each one of the two main research questions. A particular effort has been made to discuss and interpret the results in relation to the literature review in order to deliberately highlight the similarities and differences between the results obtained and the literature in general.

5.2 Demographic profile of respondents

As discussed previously under the presentation of results chapter, a slight deviation from the originally proposed sampling method was purported as necessarily due to lack of availability of personnel within one of the organisations chosen as the focus of the study. The basis upon which the originally sampling method was chosen, as detailed under the research methodology chapter, was that the "representatives from these populations would have historic and current access to both tangible and intangible information pertaining to group strategy, and would thus be able to provide crucial insight into the strategic questions posed to them". If this is to be used as the primary basis upon which to select interview respondents, this slight deviation was deemed inconsequential. The interviewee in question had come from humble beginnings within the organisation he represented, and had been involved in strategy formulation and execution both in the past, and in his present capacity, and was thus deemed to more than adequately fulfil the criteria for sample selection. Additionally, it should be noted that the initially imposed criteria of interviewing "highly experienced and senior" individuals was

more than adequately satisfied. All respondents interviewed were very senior within their organisations, had had at least two years, and in some cases as much as 25 years' experience within the organisations they represented, and were able to aptly and eloquently discuss all questions posed to them.

5.3 Discussion pertaining to Research Question 1

"Is shared value considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, and if so, how were the shared value strategies developed?"

5.3.1 *Shared value as a strategic imperative*

The purpose of this section is to try and distil whether or not shared value is an imperative or not for the organisations chosen as the focus of the study. Therefore, a diagnosis needed to be obtained on how many interviewees considered shared value core, and a thus fundamental component of their strategic thinking as it pertained to their organisations.

In order to understand the extent to which shared value was incorporated into strategic thinking for the organisations chosen as the focus of the study, a very specifically designed and ordered questioning methodology was employed. This methodology first asked interviewees to discuss the strategic considerations regarded as imperative by their organisations when expanding business operations into Africa. This initial question deliberately omitted any reference to shared value as it was assumed that if shared value was indeed a strategic imperative, no prompting would be required in order for it to be discussed as such by interviewees. Later questioning did however specifically require interviewees to define shared value, as well as to discuss how important it was as a strategic concern when expanding business operations into Africa. This later line of questioning was considered a catch-all in the event that shared value did not arise as a strategic imperative without prompting.

As predicted, none of the interviewees explicitly named shared value as a strategic imperative without being prompted to do so, however, upon being

exposed to the term, and the very specific ways in which it was being defined for the purposes of this study, 90% of the interviewees felt shared value was either imperative, or very important as a strategic consideration for their organisations when expanding into Africa. These findings can be interpreted in a number of ways.

If shared value is to be very strictly defined as its is by Porter and Kramer (2011) as being at the *centre* of what companies do, or as being at the *centre* of corporate strategy, surely interviewees would not require any prompting in order to bring up shared value as a strategic imperative?

This being said, there remains a distinct possibility that perhaps interviewees were not aware of shared value as a specific term, but did however engage in the principle, or in principles closely related to it without specifically naming it. This will be discussed in further detail at a later stage, however, the responses elicited (discussed at length under section 5.4.2) had their basis in predominantly economic concerns, and had very little to no basis in societal issues.

A further explanation for the lack of inclusion of shared value or the lack of inclusion of societal issues broadly as a strategic imperative could be related to lack of preparation. None of the interviewees were required to be prepared for their interviews, and the request for an interview was based on the requirement to know more about their organisation's business strategy in Africa with no reference being made to shared value or societal issues. As a result, interviewees could be forgiven for discussing strategic imperatives that have their basis in more classic strategic thinking. Additionally, all of the organisations approached had had a presence in Africa for some time, and thus the distinct possibility existed that their answers could be based on the historic strategic thinking that allowed the successful expansion of their enterprises into Africa historically, without expressing how these views have evolved into new, more advanced thinking. The explanations and answers to these questions will be discussed in further detail under section 5.3.3, however for the purposes of this section it is important to note only 50% of interviewees, when specifically prompted to share their views on shared value, felt that the way their

organisations defined shared value was core to their organisations' corporate strategic thinking. As discussed earlier, a fundamental basis upon which the definition of shared value is built, is the requirement for it to be at the centre of what companies do, and as a result, a maximum of only 50% of interviewees could be regarded as engaging in shared value principles, or principles closely related it.

5.3.2 *Definition of shared value*

Having concluded the previous section with the proposition that a maximum of only 50% of the respondents interviewed for the purposes of this study expressed an understanding of shared value to include the fundamental requirement of it being imperative and core to the way that their organisations thought about business strategy, it was now deemed of paramount importance to better understand and probe the extent to which interviewees grasped the concept of shared value as a whole.

Because of the generic sounding nature of the term "shared value", it was predicted that respondents may think or believe they have heard of, or understand the term, whilst not being aware of the very specifically developed and defined Porter concept. For this reason, the questioning methodology used was specifically designed in order to extract emergent themes that would help ascertain if the chosen organisations were engaging in shared value principles, even if they were not aware of the specific Porter defined term.

Interestingly, and as predicted, when asked to define shared value, all interviewees felt they understood what shared value meant as it pertained to and was interpreted by the organisations they represented. However, further probing and analysis of this understanding revealed that none of the respondents were aware of the fact that shared value was in fact a very specific term with very specific nuances and conceptual boundaries. This is an important finding, and its occurrence could be explained by further probing the academic and professional histories of the respondents interviewed.

Firstly, it should be noted that whilst all interviewees possessed academic qualifications, not all of them possessed qualifications that had their basis in business academia that would have specifically exposed them to business strategy as an academic field of study. Many of the interviewees had commercial qualifications, and had become knowledgeable in the field of business strategy through years of hands on professional exposure in the field. This is an important observation as it uncovers a lack of exposure of the senior managers, and strategy professionals interviewed, to emerging and current academic thinking that is critically related to their profession at large.

This being said, lack of exposure to academia does not necessarily allude to a lack of engagement and implementation in cutting edge strategic thinking. All of the professionals interviewed exhibited extremely well rounded and in-depth knowledge of business strategy as it pertained to the organisations they represented, and in most cases, lack of available time was a significant factor in limiting the extent to which this thorough knowledge could be probed and understood.

With a reasonably thorough justification for why interviewees had not been exposed to shared value as a specifically defined strategic concept, it was deemed imperative to probe how interviewees defined shared value as it pertained to their organisations in order to understand if any correlations existed.

In order to achieve this end, shared value was firstly very specifically defined to include a core set of underlying concepts, notions and motivators in order to be fully understood. Using Porter and Kramer (2011) and the literature review as a basis, shared value, for the purposes of this study, and the subsequent analysis, was defined as follows:

- A method of “creating economic value in a way that also creates value for society by addressing its needs and challenges.” (Porter & Kramer, 2011, p. 4)
- At the centre of corporate strategy(Porter & Kramer, 2011)

- A positive sum game (Porter & Kramer, 2011)
- A way of enhancing the competitiveness of a company (Porter & Kramer, 2011)
- Not “Social responsibility, philanthropy, or even sustainability.” (Porter & Kramer, 2011, p. 4)

Additionally, the key and most prominent underlying motivator for engaging in shared value as a concept was defined to be:

- Paramount and imperative for economic success (Porter & Kramer, 2011)

Content analysis was then applied to the all of the interviews in order to extract emergent themes that alluded to an understanding of the underlying concepts, notions, and motivators that together contributed to a complete understanding of shared value as a whole.

As shown previously under the presentation of results section, 40% of respondents felt that the way their organisations defined shared value involved generating economic value in a way that also created social value by addressing society’s needs and challenges. 50% felt that the way their organisation’s defined shared value was core to corporate strategy, but a surprisingly large 60% felt that shared value required some sort of a link back to the way their organisations generated economic value. In other words, 60% of interviewees felt that shared value required their businesses to engage in social issues that facilitated their own economic value creation, whilst only 30% of respondents identified with the idea that shared value was not social responsibility, philanthropy, or even sustainability. Lastly, 40% of the interviewees felt shared value as they defined it, and as it pertained to the organisations they represented, was imperative for the economic success of their organisations.

Further analysis revealed that only two interviewees displayed a 100% understanding, one, a 67% understanding, one a 50%, one a 33%, three a 17%

and two a 0%. Averaging all responses together revealed a 40% average overall understanding of the six main underlying concepts, notions and motivators contributing to a complete understanding of shared value as a whole.

Upon analysis of the above results, a number of important insights as they pertain to the first research question of this study can be revealed. First and foremost, the question of whether or not shared value is or is not a strategic imperative for the organisations chosen as the focus of the study is more a question of degree than absolutes. If shared value is to be very strictly defined as it has been for the purposes of this study, very few organisations seem to regard it as a strategic imperative. This being said, very few organisations seem to completely disregard all underlying concepts, notions, and motivators contributing to the full and nuanced understanding of shared value as a whole. Additionally, the majority of interviewed organisations showed at least a partial understanding of shared value, as well as acknowledged its importance as either a very important, or a fundamentally important concept as it pertains to their strategic thinking when expanding businesses operations into Africa. Thus it could be concluded that whilst very few organisations exhibit a full understanding of shared value, almost all organisations seem to be evolving towards a full and nuanced understanding of shared value as a whole.

Perhaps a more important question to ask is why a partial or lack of understanding of shared value as a strategic concept was observed in the majority of the interviews. This partial or lack of understanding could be attributed to lack of exposure of interviewees to current or recent academic literature in the field of business strategy. Additionally, there seemed to be a correlation between success and time spent on the African continent, and the degree to which organisations understood shared value. This lends itself to the idea that although organisations were not aware of shared value as a specifically defined strategic concept, they had learnt over time to take the underlying concepts and notions that together contribute to full understanding of shared value as a whole seriously in order to be successful on the continent. In other words, some sort of evolutionary process helped organisations develop a more complete understanding of the underlying concepts, notions and

motivators behind shared value over time. This is potentially a fundamentally important observation, and perhaps lends itself to the idea that organisations may be engaging and exhibiting strategic thinking that has its basis in the notions and ideas that preceded shared value. This proposition will be discussed in further detail in section 5.4.1"Shared value – similar concepts".

5.3.3 *Ways of developing shared value strategies*

Up to this point, the results related to the first part of the first research question have been discussed. The purpose of this section is to discuss the second part of the first research question, namely, how do the organisations chosen as the focus of this study develop shared value strategies.

Firstly, only one of the 10 interviewees (10%) when asked if the organisation they represented had a very specific way in which they went about developing shared value strategies, was able to respond. This particular interviewee cited the development and maintenance of relationships with the governmental and political stakeholders in the new African regions and territories they had an interest in expanding into as the main way his organisation went about developing shared value strategies. This was deemed as of primary importance by the interviewee as it allowed his organisation to properly understand the societal issues the government in that region was addressing and trying to resolve, and thus, how his organisation could help.

Although only 10% of interviewees could explicitly cite a specific tactic employed to help the organisations they represented to develop shared value strategies, all interviewees implicitly showed, through way of examples and discussion throughout the course of the interview, that their companies did in fact engage in activities that helped them develop shared value strategies.

Porter and Kramer (2011) cite three main methods, or ways of thinking, in order to help individuals and organisations develop shared value strategies. These methods are discussed at length in the literature review, but for the sake of clarity are repeated here as:

- Reconceiving products and markets
- Redefining productivity in the value chain
- Enabling local cluster development

As shown in Table 5, 80% of interviewees, through way of example, showed that the organisations they represented engaged in activities that helped them reconceive products and markets as well as redefine productivity in the value chain, and interestingly, 90% showed that their organisations actively engaged in activities that helped to enable local cluster development.

These findings illustrate a potentially problematic disconnect. If the organisations chosen as the focus of this study exhibit, as an overall average, a poor understanding of shared value as a whole, why is it then, that all of the organisations implicitly showed, through way of example, that their organisations engaged in activities that helped them develop shared value strategies?

Firstly, it is important to note that to warrant inclusion into the data shown in Table 5, the interviewees only had to show evidence that their organisations exhibited behaviour that demonstrated what could be classified as: reconceiving products and markets, redefining productivity in the value chain, or enabling local cluster development. This does not necessarily mean that these organisations specifically used these methods, or ways of thinking in order to *develop* shared value strategies, but merely exhibited the behaviour that demonstrated that they may have. Additionally, all the interviewees felt that engaging in such practices, or ways of thinking, was fundamentally important for the economic success of their organisations, and that doing so was common business practice. This being said, the fundamental motivator behind engaging is such behaviour was predominantly economic value creation, and did not necessarily include social value creation as well. This finding further bolsters and supports previous findings pertaining to the generally poor understanding of shared value as a whole, as well as to how shared value, as it is strictly defined, not necessarily being a strategic imperative for the majority of organisations chosen as the focus of this study.

5.4 Discussion pertaining to Research Question 2

"If shared value is not considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, what do they consider strategic imperatives?"

5.4.1 *Shared value – similar concepts*

With the overall understanding of shared value as a whole being diagnosed as relatively poor, and as such, not a strategic imperative for the majority of the organisations chosen as the focus of the study, the second research question required a diagnosis of the other strategic considerations regarded as imperative when expanding business operations into Africa.

Having displayed varying degrees of overall understanding of shared value as a concept, section 5.3.2 argued that interviewees showed an understanding of underlying notions and concepts that closely resembled shared value, and perhaps had their roots in concepts that preceded shared value, and thus contributed to its evolution as a strategic school of thought. The purpose of this section is to discuss the results obtained that lend themselves to defining concepts that proceeded, or are closely related to shared value.

The results shown in Table 6 show that 80% of interviewees felt that the way that their organisations defined shared value included reference to a broader understanding of organisational stakeholders. This broader understanding included stakeholders, employees, customers, and the communities in which their organisations functioned, but did not make reference to society at large. This broad understanding of organisational stakeholders, although very close to that of shared value, lacks an understanding of the idea that business entities, as Porter and Kramer (2011) define them, exist in order to solve and serve the wants and needs of society at large, and thus falls short of shared value's broader expression of organisational stakeholders.

Sharing of economic value was cited by 60% of respondents as being a component of the way their organisations defined shared value. This

understanding, although being an important underlying sub-component of shared value, primarily had its basis in pure economic value creation and sharing, and lacked an understanding of the idea that organisations could and should also aid in social value creation and sharing. Additionally, these respondents showed a lack of understanding of the idea that the sharing of economic value their organisations created should have its basis in projects or activities that could further aid organisational performance, thus having its basis in sound investment principles, and not in charity or philanthropy

50% of the interviewees expressed an understanding of an emergent theme labelled as "customer centricity". These respondents explicitly communicated that they felt that strategic expansion began with the customer, and that expansion was futile if their organisations could not address the needs, wants and challenges of the customers they aimed to serve. Additionally, a high percentage of interviewees felt that successful expansion into Africa demanded strong local relationships and/or partners, and moreover, 50% of these interviewees felt that successful expansion required their local/partnering entities to explicitly benefit from their organisation's business activities.

These findings illustrate a more nuanced and evolved understanding of businesses' role within society however lack an explicit understanding of the idea that their organisations need to create economic value in a way that also creates social value. Merely serving and pandering to customers wants and needs for financial gain without consideration for doing so in a way that is also socially responsible bears no resemblance to shared value in any way. Additionally, the pure economic gain for local/partnering entities in the form of hand outs and donations has its basis in philanthropy and charity, notions which are explicitly excluded from being incorporated into how shared value is defined by Porter and Kramer (2011).

Another emergent theme having its basis in very closely related underlying subcomponents of shared value was the fact that 50% of interviewees expressed that their organisations felt that social and societal issues were "very important" to their organisation's strategic expansion into Africa. This finding, discussed at length in section 5.3.1displays a distinct lack of understanding of

the idea that societal issues, as Porter and Kramer (2011) define them, need to be brought to the core of corporate strategy, and must be at the centre of what companies do. Porter and Kramer (2011) argue that it is no longer good enough for organisations to regard social issues as "very Important" to corporate strategy, as it displays a lack of understanding of the reasons behind the business entities existence.

Together with societal issues being regarded as "very important" by 50% of interviewees, 40% expressed an understanding of the notion that the organisations they represented had a role in the creation of value that extended beyond mere economic value creation. Again, this understanding is an important underlying subcomponent of the way Porter and Kramer (2011) define shared value, however, an understanding of this concept in isolation to any other underlying subcomponents can result in thinking that bears no resemblance to shared value as a whole. The interviewees that displayed this understanding often did not understand that the social value their organisations created should have its basis in activities that further enabled their own economic value creation, and that the primary motive behind engaging in such activities was primarily economic in nature. This lack of understanding often meant that interviewees felt that the motives behind social value creation were predominantly based in concerns over corporate reputation as well as the longer term sustainability of their businesses, with little understanding of the idea that such practices were actually economic value creation enablers.

Having understood the emergent underlying themes that closely resemble shared value, as well as how they differ, it is now useful to draw conclusions relating how these notions together contribute to an overall understanding of concepts that preceded shared value.

Although many definitions exist, CSR, as it is well defined by EC-European Commission (2001), is a concept whereby organisations incorporate societal and environmental concerns into their business operations on a strictly voluntary basis based on the idea that such behaviour leads to sustainable business success. CSI, often regarded as a more advanced and evolved concept to that of CSR, is fundamentally the same, however differs from CSR in

that it requires investment in social and environmental concerns, in other words, the investment in societal and environmental issues that demand a financial return(Hamman et al., 2008). Both CSR and CSI have their basis in thinking related to the idea that businesses do not operate in a vacuum. They require context in order to exist, and that context is defined by the entities that help, enable, and cause them to function. This breadth of understanding of business context is a primary differentiator between a many concepts that closely resemble shared value. CSR and CSI are very closely related on this front, in that they both realise that employees, suppliers, customers, and shareholders are important organisational stakeholders that all enable and facilitate organisational performance, but both lack an understanding of the reasons behind business's existence. Porter and Kramer (2011) purport that business needs to reconnect with the reasons behind its existence, and that these reasons have their basis in societal issues, the idea that business exists in order to solve the wants, needs and challenges of society at large. A large percentage of the interviewees lacked this understanding, and thus demonstrated thinking more closely related to CSI and CSR.

Additional powerful emergent themes helping to shed light on the way in which the organisations chosen as the focus of this study think about societal issues in relation to business strategy, were obtained by probing the motivators behind engaging in such issues. Many of the interviewees felt that the reasons behind engaging in social issues were primarily based in concerns related to longer term sustainability of business success, or in reputational concerns. Additionally, many interviewees felt that it was important to share the economic value their organisations generated but did not necessarily feel that this sharing needed to be investment based and thus demand some sort of economic return. Most of these emergent themes bear close resemblance to CSR with only a few interviewees expressing an understanding of notions and concepts more closely related to CSI.

Thus, in conclusion, with the majority of interviewees expressing a relatively poor understanding of shared value as a whole, most expressed an understanding of underlying principles and concepts that are most closely

related to CSR, with a smaller percentage expressing a more evolved understanding of concepts more closely related to CSI.

5.4.2 *Other strategic imperatives*

Having understood the extent to which organisations understand shared value as a concept, as well as its importance as a strategic concern, and having gained an understanding of how organisations define concepts closely related to shared value, the purpose of this section is to interpret and discuss the results obtained that did not have their basis in any strategic concerns associated with shared value or societal issues.

First and foremost, all interviewees strongly identified with the fact that their organisations required expansion into Africa to be based upon a strong business case. This business case required extensive research into the region or market of interest and required a strong case to be made on the financial feasibility of the proposed expansion project over time. Interestingly, almost all interviewees made reference to the fact that expansion projects were not necessarily required to turn a profit from day one, but did need to show their financial feasibility over time. This time span did however vary from enterprise to enterprise.

Another strategic concern regarded as imperative by almost all interviewees was the requirement or the need to develop strong local relationships and/or partners. This is cited by Khanna et al. (2005) as of fundamental importance when trying to properly understand local context. Interesting, interviewees did not place emphasis on whether the local entity was required to be a formal business partner or just a local relationship, but emphasis was placed on the need to foster strong, trustworthy, and reliable local relationships, whether they be formal or informal, business, or otherwise, in order to obtain a rich and full understanding of local context. Additionally, a strong emphasis was placed on the development of relationships with the local political entities in the regions and markets chosen for expansion. This was again stressed as fundamentally important by almost all interviewees as it had the ability to help them better diagnose the soft institutional voids discussed by Khanna et al. (2005), better

understand local context, as well as help facilitate a faster and smoother entry into the chosen region and/or market.

Although more modern strategic thinking places less emphasis on macroeconomic indicators as a strategic imperative (Ghemawat, 2007; Khanna et al., 2005), a large percentage of interviewees still regarded macroeconomic indicators as of primary strategic importance when expanding into a new African region and/or market. What is important to understand at this point is what is specifically meant by "macroeconomic indicators". As discussed under section 4.4.2 macroeconomic indicators, as it is defined here, are the classic indicators of an economies state such as GDP, GDP growth, GDP/Capita, etc. Interestingly, different businesses placed different emphasis on different macroeconomic indicators, and had different ways of gleaning insight from them. Food and beverage based businesses regarded macroeconomic indicators at national level as too broad and non-specific. These businesses felt that more locally based information was required in order for them to accurately assess strategic opportunities. All other businesses felt that national macroeconomic indicators were sufficient indicators to help them diagnose the strategic fit of new opportunities on the African continent.

Another top of mind strategic concern identified as of paramount importance by the majority of interviewees when diagnosing the attractiveness of new opportunities on the African continent was labelled as "Openness to foreign investment". This was an interesting finding, as it forms part of the five pillar framework purported by Khanna et al. (2005) for conducting business in emerging markets. Interviewees strongly indentified with the need to thoroughly understand the legislative framework in place in new African regions/markets that either facilitated or inhibited foreign investment. Interviewees stressed the point that the lack of legislation was just as important to understand as the presence of it, as an under-evolved rule of law was often associated with higher degrees of difficulty when conducting business as a foreign business entity.

In addition to gainning a thorough understanding of the legislative framework governing foreign investment, a large percentage of interviewees cited the presense of a predefined framework used to help diagnose the attractiveness

and strategic fit of new African regions and/or markets. This was an important and interesting finding, and requires further discussion for a number of pertinent reasons. Firstly, it is important to note that this "predefined" framework was explicitly defined by all interviewees as a tool to *help* diagnose attractiveness and strategic fit, and not the absolute means through which to do so. In other words, the framework used did not give absolute yes or no answers pertaining to attactiveness and strategic fit, but merely helped facilitate the thorough and well rounded research of a new region and/or market. Often interviewees acknowledged the fact that this framework had evolved over time, and that it could not be used in isololation without being incorporated into broader strategic thinking as it pertained to the organsation as a whole.

In the majority of cases (70%), interviewees also cited the ability of their organisations to leverage off core competencies, abilities, and assets in the new African regions/markets they were interested in entering. This emergent theme spoke to an understanding by interviewees that their organisations felt it was of paramount importance to properly understand their corporate DNA: the things they were good at, the assets they possessed, and the knowledge they had, and that failing to do so often resulted in failure. This point may seem somewhat trivial, but interviewees expressed its importance due to the fact that large MNCs, due to their size, often lose sight of their core business, and thus their direction, and as such can engage in new activities and expansion projects that have little relation to their core business activities. These activities, in the minds of the interviewees, are often doomed to fail primarily due to lack of alignment. This does not however mean that interviewees were opposed to engaging in new types of business activities. The food and beverage based businesses interviewed often engaged in farming based activities, and the ICT based businesses often looked for opportunities to sell new but related products and services to their existing client bases, but in all cases, the ability to leverage off, or have a link back to core strengths, whether they be tangible, or intangible in nature, was a basic prerequisite.

Another important strategic consideration regarded as imperative by the majority of interviewees (70%), had its basis in diversification concerns. Many

of the interviewees felt that due to the fact that business was widely regarded as risky on the African continent, a large motivator behind expansion was the ability of their organisations to spread risk. Additionally, another important motivator behind diversification was the organisation's ability to capitalise on the commonalities and differences between regions and borders. This finding was supported by both Ghemawat (2007) and Khanna et al. (2005) as an important facet to modern strategic thinking when considering the effects and opportunities imposed on business by globalisation.

The presence of a board approved corporate strategy was another emergent theme discussed by the majority of interviewees (70%). This is an important finding as it speaks to, and is related to, a number of other emergent themes. Firstly, the presence of a board approved corporate strategy was cited as being of paramount importance by the majority of interviewees due to the fact that it served as a true north for all strategic decision making in the entire organisation. Importantly, this does not mean that local or regional strategies were all the same, or were some sort of replica of corporate strategy. On the contrary, a well thought out corporate strategy was described by the majority of interviewees as leaving a lot of room for regional flexibility, however, with enough rigidity to ensure success by helping regions properly understand how they fitted into the corporate picture as a whole. Additionally, corporate strategy was often cited as the basis upon which frameworks were built in order to diagnose regional attractiveness and strategic fit, as well as the basis upon which diversification strategies were developed.

Having discussed the strategic concerns regarded as imperative by the majority of interviewees, a number of strategic concerns were mentioned by a smaller percentage of interviewees that still warrant discussion.

Early mover advantage was discussed as being of paramount strategic importance to 40% of the interviewees. This emergent theme was discussed by interviewees who represented organisations whose business models were highly dependent on developing economies of scale based on high volume product outputs, and/or large customer bases. Additionally, 40% of interviewees felt that African expansion was futile without gaining a proper

understanding of the institutional voids present within the new region's political and social systems, as well as product, capital, and labour markets. This is an important observation due to the fact that Khanna et al. (2005) cite these as four facets of a five pronged approach to the diagnosis of institutional voids when doing business in emerging markets. Interestingly, although heavy emphasis was put on openness to foreign investment, relatively low emphasis was put on the other four parts of the five pronged framework. Additionally, different organisations put different emphasis on different parts of the framework whilst completely disregarding others. The reason for this was primarily based in risk versus reward based thinking. While interviewees were cognisant of the fact that many of the regions within which they functioned lacked political or social stability, or sophisticated product, capital and labour markets, often, the reward outstripped the risk, thus making such regions attractive business destinations. Additionally, many of the interviewees expressed a willingness to help plug the institutional voids present within the African regions and markets they functioned in. This is an important finding as it may be regarded as bearing resemblance to shared value due to the fact that these "institutional voids", could be generally regarded as societal issues. This being said, these emergent themes were excluded from inclusion in section 5.4.1 due to the fact that interviewees felt that the plugging of these institutional voids were primarily regarded as a business expense, with little understanding of the notion that they could in fact be regarded as facilitating organisational economic value creation.

5.5 Conclusion

The data obtained from the application of content analysis to the interviews used as the basis of this study, once analysed and interpreted, revealed a number of important insights as they pertain to the studies main research questions.

Due to the fact that only half of the interviewees identified with the idea that the way that their organisations defined shared value required it to be a core strategic concern, or at the centre of corporate strategy, meant that a maximum

of only half of interviewees were diagnosed as regarding shared value as a strategic imperative for their organisations.

This being said, the extent to which interviewees understood shared value was found to be generally quite poor. Whilst a small percentage of the interviewees exhibited a thorough and full understanding, a similarly small percentage did not have any understanding, and the majority showed a poor to moderate understanding. These findings were interpreted to have a number of consequences as they pertained to the first research question.

Firstly, the question of whether or not shared value is regarded as a strategic imperative by the organisations chosen as the focus of the study was found to be a question of degree rather than absolutes. The at least partial understanding of the underlying concepts, notions, and motivators contributing to the understanding of shared value as a whole lends itself to the idea that perhaps we are bearing witness to a paradigm shift in corporate strategic thinking, and that in time, organisations may evolve towards a fuller and more nuanced understanding of shared value as a fundamental strategic concern. This hypothesis was further bolstered by the general observation that the organisations displaying the best overall understanding of shared value had had a presence on the African continent for a longer period of time.

With the majority of organisations found to exhibit a poor to moderate overall understanding of shared value, the data pertaining to how the organisations chosen as the focus of the study develop shared value strategies was probed in an effort to further support these findings. It was found that all interviewees showed through way of evidence that their organisations engaged in practices explicitly defined by Porter and Kramer (2011) as methods for developing shared value strategies. This being said, the motivators behind doing so were primarily based in economic value creation, and not economic *and* social value creation, thus further bolstering the argument that the understanding of shared value as a whole was generally poor amongst a large percentage of the interviewees.

Having come to the conclusion, as it pertained to the first research question, that the understanding of shared value amongst the interviewees was generally quite poor, and thus that shared value was not considered a strategic imperative by the majority of organisations chosen as the focus of the study, the data pertaining to research question 2 could now be analysed.

It was found that although shared value was not diagnosed to be an imperative strategic consideration, societal issues, as they are quite broadly defined, were found to be of fundamental importance to the strategic thinking of almost all organisations in the study. An analysis of the underlying themes that contributed to the way that the interviewees defined "societal issues" revealed an understanding of concepts amongst the majority of the respondents that more closely resembled CSR, with a smaller percentage demonstrating a more evolved understanding of concepts more closely related to CSI. This finding further bolstered the previously made argument that perhaps the data showed evidence of a shift in thinking that that could be diagnosed as paradigmatic in nature, as the data showed clear evidence of motivators that only had their basis in economic value creation, towards considerations that had their basis in economic *and* social value creation.

Lastly, having concluded that although shared value was not considered a strategic imperative by the majority of the organisations chosen as the focus of the study, but that societal issues and concepts closely related to shared value were, the data related to the other strategic imperatives having no basis in any societal concerns could now be analysed. It was found that although all interviewees regarded societal values as at least very important, strategic considerations that had their basis in economic concerns were still of paramount strategic importance for all interviewees. This finding was not found to contradict previous findings due to the fact that a fundamental motivator behind engaging in shared value, as it is defined by Porter and Kramer (2011), is economic value creation

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The purpose of this chapter is to summarise the conclusions of the study in reference to the context specified in the first chapter, as well as to provide recommendations to the key stakeholders identified under section 1.4, "Significance of the study". The chapter is then concluded by making suggestions for further research related to this study.

6.2 Conclusions of the study

In the midst of an era characterised by wide-spread stagnant economic growth imposed primarily as a result of the financial crisis, the global community at large seeks answers from a wide array of possible sources in an effort to find sustainable solutions to kick-start the next stage of global economic growth. The previously overlooked "dark" continent of Africa, due to its large population, wealth of natural resources and underdeveloped markets, has now become a major geographical focus area for a number of parties interested in finding ways of fuelling economic growth and value creation. Additionally, the recent and abrupt end to a reasonably long period of global financial prosperity, and its sustained stagnation, has caused an unprecedented interest in alternative or evolutionary models to that of capitalism that may provide more sustainable or longer term economic growth solutions. As a result, politicians, business leaders, and society at large have come to question businesses' role within society. The notions proposed by Friedman (1970), where he argues that the social responsibility of business is to increase its profits, have now been largely shunned as archaic, and an evolution in thinking towards notions that more broadly encompass economic *and* social value creation have been widely embraced as possible solutions to the many societal and economic challenges the world faces.

Simultaneously, South Africa, although classed as an emerging market, has faced similar economic stagnation concerns to that experienced by the majority

of the developed world. In contrast to the developed world, South Africa is also marred by dire and wide-spread societal problems such as poverty, inequality, and unemployment. As a result, South Africa, like the rest of the world, seeks solutions to encourage economic growth, however, due to the presence of widespread societal concerns, seeks ways of doing so that have a larger societal focus.

Shared value, a concept first defined by Porter and Kramer in 2006, and then further developed in the ground-breaking article, "The big idea: Creating shared value" (2011), has been attracting a lot of attention as a possible solution to the economic *and* societal issues South Africa and the rest of the world faces.

It is against this backdrop that the purpose behind this research becomes apparent. As originally defined in the introduction to the study, the purpose of this research was to determine the "extent to which Multinational Corporations using South Africa as a base, consider shared value as a strategic imperative when expanding business operations into Africa".

In order to fulfil the main purpose of the study, five top-of-mind South African based companies who had been successful in expanding into Africa were chosen as the focus of the study. Semi-structured guided interviews were conducted at each of the five chosen companies with senior employees who possessed thorough and detailed knowledge pertaining to their organisation's African strategy. This was done in order to glean insight into the strategic considerations regarded as imperative by the organisations they represented. Finally, content analysis was applied to all the interviews in order to extract emergent themes and relevant data. The results obtained revealed a number of interesting insights into the main research questions.

Firstly, the awareness of the concept of shared value, as it is specifically defined by Porter and Kramer (2011), was diagnosed to be extremely poor amongst the respondents interviewed, however, all interviewees did feel that they had a generic understanding of what the term meant to them. The reasons for this were primarily diagnosed to be lack of exposure of senior personnel to recent and emerging academic literature in the field of business strategy.

Secondly, when probing how interviewees defined shared value as it pertained to the organisations they represented, it was found that across all interviewees, overall understanding was found to be generally poor (40%). This being said, very few (20%) of interviewees expressed no understanding at all, most (60%) exhibited a poor to moderate understanding, and 20% demonstrated that they had a full and nuanced understanding of all of the underlying concepts, notions and motivators to contributed to a full understanding of shared value. These findings seemed to show evidence of a shift in corporate strategic thinking away from having its basis in only economic concerns, toward thinking based in economic and societal concerns, and even, in the most extreme cases, in concerns that could be diagnosed as primarily societal.

Thirdly, all interviewees, through way of example, showed that their organisations exhibited behaviour that deliberately aided in the development of shared value strategies. All organisations chosen as the focus of the study showed that they engaged in activities that either helped them reconceive products and markets, redefine productivity in the value chain, or enable local cluster development. This being said, the motivations behind engaging in such activities had their basis in primarily economic value creation, and not economic *and* social value creation. This further bolsters the argument that a poor overall understanding of shared value was exhibited by interviewees, and that signs of paradigmatic behaviour towards more advanced notions similar to that of shared value were being observed.

Fourthly, and as alluded to previously, the themes that emerged as a result of performing content analysis on the interviews conducted revealed an understanding of concepts that closely resembled, but were deemed as fundamentally different to shared value. Although the overall understanding of shared value was diagnosed to be reasonably poor, and thus that it was not a strategic imperative for most of the organisations, all expressed an understanding of less advanced socially based concepts that more closely resembled CSR or CSI. This finding serves as further justification for the notion that some sort of evolutionary process is being observed within the business

community, one that shows evidence of a shift towards bringing societal issues to the core of corporate strategic thinking.

Lastly, a number of strategic considerations other than shared value were found to be imperative for the chosen organisations. Amongst the most commonly cited of these were strong local relationships and/or partners, the presence of a sound business case that could prove financial viability over time, and a thorough understanding of the local legislative framework in place aimed at facilitating as well as hindering foreign investment. Interestingly, top-of-mind concerns such as political and social stability as well as sophistication of capital, product, and labour markets, although regarded as important, were not generally regarded as a strategic imperative. This was primarily due to the fact that in most cases, these issues did not significantly hinder their ability to be financially successful, and that in most cases, the effects of these issues could be easily solved or mitigated.

In conclusion, although shared value was not found to be a strategic imperative for the majority of organisations chosen as the focus of the study when expanding business operations into Africa, clear evidence was shown of evolutionary behaviour that may result in it being so in the not too distant future.

6.3 Recommendations

The outcomes and conclusions obtained from this study form the basis upon which a number of recommendations to key stakeholders within the South African, global and African contexts are made.

Due to the fact that the organisations chosen as the focus of the study were South African based companies having successfully embarked upon expansion into the African continent, the conclusions drawn are perhaps more specifically applicable to individuals and organisations who are interested in using South Africa as a base from which to launch African expansion. It is also important to note that a wide range of business types were specifically chosen as the focus of the study in order to broaden its generalisability, thus the findings should be generally applicable to a broad range of business types. Additionally, shared

value as a concept is not confined to application in emerging markets only, or in markets that are heavily marred by dire societal issues, and thus the findings of this study have potential application globally in underdeveloped and developed markets.

With the stakeholders that would derive benefit from the findings of this study being defined both narrowly and broadly, the following recommendations are made.

Business needs to revaluate its role within society at large by rethinking the fundamental drivers behind its existence. Business has often cited financial and economic value creation as the reason behind its existence, however this study shows clear evidence of a shift in this thinking by showing that business has begun to reconnect with the idea that it exists in order to fulfil the wants, needs and challenges of society at large, and can only sustainably generate profit if it is consistently able to do so. In order to achieve this end business needs to bring society back to the centre of corporate strategy by being defined as the very reason behind its existence.

Government and political decision makers, having classically been regarded as the dominant facilitators of social change, need to identify with the way in which business has begun to redefine itself, and thus aid in its further development. One way of doing this would be to develop closer relationships with the business community with the deliberate intention of highlighting the societal issues business has the potential of solving profitably.

NGOs and philanthropic/charitable organisations are potentially amongst some of the most heavily affected stakeholders if the findings of this study are to be taken seriously. Historically, NGOs have been predominantly focused on social value creation, with little to no focus on economic value creation. The findings of this study purport that business has a fundamentally important role to play in social value creation by seeking to create social value in a way that also generates profit. If this trend persists, and proves successful, the very existence of NGOs and charitably based organisations may be called into question.

6.4 Suggestions for further research

The organisations chosen as the focus of this study were very narrowly defined to include South African based companies who have successfully expanded into the African continent. As such, recommendations for further research could be based on broadening this focus into different geographical regions. These studies could include efforts to better understand shared value as a strategic tool to both aid local business development, as well as geographical expansion.

Another suggestion for further research would be to conduct a quantitative assessment of the extent and degree to which organisations understand shared value, and their economic success. This study could be further bolstered by some sort of analysis of the extent to which organisations have understood shared value over time, and whether or not a more advanced understanding had any bearing on financial performance.

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APPENDIX A

Actual Research Instrument

General Information

Name of organisation: .....

Respondent name: .....

Designation: .....

Date: .....

Time: .....

Venue: .....

Interview Schedule

Main Questions

Question 1	When expanding business operations into Africa, what strategic considerations does your company regard as imperative?
Question 2	How does your company see societal issues with regards to business strategy when expanding business operations into Africa?
Question 3	Is your company aware of shared value as a concept, and how important is it as a strategic concern when expanding business operations into Africa?
Question 4	How does your company develop shared value strategies when expanding business operations into Africa?

Additional Questions

If interviewees did not answer the main questions in sufficient depth, the following additional questions were asked in order to obtain the required level of detail.

1. How would you define or describe a strategic imperative as it pertains the organisation you represent?
2. How would you define or describe societal issues as it pertains the organisation you represent?
3. How would you define or describe shared value as it pertains the organisation you represent?

Note:

If it was felt that interviewees were missing the point of the questions posed, the following definitions were given to aid in direction and understanding:

- Strategic Imperative – The strategic considerations without which expansion into Africa would be futile.
- Societal issues – The wants, needs and challenges posed by society at large.
- Shared value – Creating economic value in a way that also creates value for society by addressing its needs and challenges.
- Methods of developing shared value strategies:
    - Reconceiving products and markets.
    - Redefining productivity in the value chain.
    - Enabling local cluster development.

APPENDIX B

An example of a transcribed interview

Question1: When expanding business operations into Africa, what are the strategic considerations regarded by your organisation as imperative?

Interviewee:

1. What we are looking for is stuff that we don't have in South Africa, so if we can get cleaner energy, that's what we pursue, so that's Hydro and Gas. So that's very important, we have got a lot of coal in South Africa, so since we are interconnected regionally it is easy to then to move that power generated by hydro or by gas. So that is our main objective if we go into the region.
2. Is to increase reliability of supply so that if there are opportunities where we can build additional transmission lines to increase that liability, we will pursue it to ensure that the South African consumer gets reliable power from the region.
3. We do feel we've got obligation in the regional development so it's creating awareness of energy efficiency and other utility related competencies across the region, so we do offer a lot of those, because we do believe that we are only as strong as the weakest link and the weakest neighbour, so that's important.
4. And then we will sell power, that is only if we have surplus and we don't need it in South Africa. So that is basically the four pillars we will pursue in any venture.

Interviewer: So you talk about those four pillars, is that a documented very standard approach to the way that you do things, is that the sort of framework that you use when thinking about strategic expansion, or is that an opinion?

Interviewee: No, what we have done is we've developed an Africa strategy which we have taken to our board and shared with our shareholders and accepted at that level, so we are within that framework.

Interviewer: Ok, alright, would you care to elaborate a little bit on that framework?

Interviewee: There's a lot of confidential stuff in there, but I think in essence what I told you is that's what we're pursuing. So we won't run for any megawatt, we will go for very specific market. You've got the five specific countries which I cannot reveal so we will focus on those, but if you know where the cleaner stuff is coming from is easy to guess

Interviewer: So clean is a big driver and also sort of group development, the whole idea that you are only as strong as your weakest neighbour.

Interviewee: And what we really encourage is partnership, so we will not go and develop a project in a neighbouring country if the local utilities are not in there, or benefit from that development. So we won't just jump in and do it all by ourselves.

Question 2: How does your organisation see societal issues with regards to business strategy when expanding business operations into Africa?

Interviewee: I think socio economic issues are very important, we've got 80% of our people in South Africa do have access to electricity. We strongly encourage people to provide more access and we've established a vocation working group in the Southern African power pool to create that awareness, we've created a energy efficiency working group to create awareness and we're driving it, although its adopted now as a regional initiative, we initiated it, so it's very good and its important and something else that is very strong that we encourage and any developer that comes into this region is localization and local beneficiation so we want to see jobs created for our people and our goods and services being used and as being the region, we don't want to import all the stuff from Europe or China whatever, we want local content and something that will last after the project.

Interviewer: So you would, not to put words in your mouth but it would seem that societal issues and I know that societal issues and socio economic issues

are quite broad in their definition but it's centred to corporate strategy, I mean it's not something that's on the periphery, it's very much central.

Interviewee: No, no, we will leave the project if there's bias and if the bias is not towards us. So if they want to benefit India or China or whatever we will say no we are not part of this.

Question3: Is your organisation aware of shared value as a concept and how important is it as a strategic concern when expanding business operations into Africa. So are you aware of shared value?

Interviewee: Well there's a certain meaning in my mind that you are creating something today for benefit bigger than just your intention. So we're not only supporting a power station for a power station to be built, we support a power station to see if there's a market for our goods, if we can create jobs and then centrally to that is creating growth economic growth beyond the border so that there can be a bigger market for our service and goods. So that's how I see it

Interviewer: No that's fine, I mean again I don't want to lead you, it's just to elaborate a little bit on that, I mean this whole idea of bringing society back to the centre of business is essentially what this is about from my point of view, I don't want to lead people to that end, but I'm looking at specifically to see whether business' are taking this concept of shared value seriously when expanding business into Africa, and basically what it is, is shared value is a concept that was developed by Michael Porter, I'm sure you know who he is and to define it in one sentence, he says "Shared Value about creating economic value in a way that also creates value for society by addressing its needs and challenges". So that sounds, it's also what's important about the concept is it's about looking for societal issues and about solving them profitably, it's not about, it's a positive sum gain, you know what I mean, it's not about tackling societal issues for the sake of doing it.

Interviewee: It should be sustainable. No – that is our model, exactly that. Where we made a mistake in the past, was in the 60's when we done Caborabassa, it was between Portugal and the apartheid regime, they said they had to do something so they built this power station in another country so South

Africa will receive all the power on the DC line, so that's very bad – I mean there is no benefit. There was some big load shedding and that can't get access to the power, those clients are just crossing the people and they don't have access to power. That's what we are changing now, we will make sure that whatever technical solution we put on the table, the local community will benefit, and it should make business sense of course.

Question 4: Could elude and give me some sort of a break down as to how Eskom develops these shared values strategies?

Interviewee: Ok, it's a very important question, what we did realize is that we're not consistent in our approach, and sometimes you can be a bit bias because it's in one of your priority countries. So what we're busy developing, is criteria. Then you've got various spheres of things that you focus and you need to answer, so when we see a new opportunity we will bring it and then we will roast whoever initiate this project or this idea.

Interviewer: Roast?

Interviewee: Yes, no, we will stress test it and then it's very consistent, so it's a tool that we're busy developing. So then It's not just a matter of no or yes, maybe it's good because of this and this and this, so it's very consistent and there's a lot of what I've said already, but what's in for the local community, what's in for our future trade with that country, the cleanness of the power, liability, all that kind of stuff. So to be consistent, and then very important is the intermediate. There's a lot of people who want to do business in Africa just to be the middle man, so we cut them out and of course their projects will be counted down and what's the distance between Kinshasa and Cape Town? It's quite a distance and a lot of countries in between. So that's what we're trying to do. We don't have a perfect model as yet but...

Interviewer: But it's something in development and you're aware of the fact that ok…. You said about cutting out the middle man, why is that?

Interviewee: Only, I've never seen somebody that wants to do something because they've got the heart to do it, they would do it for the money, so there's always a premium that you have to pay for it. So…..

Interviewer: Local partners, is something that's important, yes?

Interviewee: No that's partner, that's not the middle man.

Interviewer: Well ya ok, it depends on definition to some extent.

Interviewee: People have come into my office, say listen they know about this nice opportunity, please pursue it and if you pursue it and it's successful, we want 10%.

Interviewer: Ok – just for coming with the idea?

Interviewee: So what we're doing now is we're busy with working on our relationships, on our networks, so that we're proactive, we know about the stuff.

Interviewer: Ok, alright, well that pretty much covers everything, just so that I'm consistent with regards to the way that I'm approaching this, I'll tell you, I mean this is all based pretty much solely on one paper by Michael Porter and all of my definitions with regards to my analysis on how I go about analyzing these interviews that I have with you will come back to me looking at three ways that he proposes as ways of developing shared valued strategies and he talks about reconceiving products and markets as one, number two is redefining productivity in the value chain and last is enabling local cluster development.

Interviewee: That's good.

Interviewer: So I mean you ticked a lot of those in what you already answered, but is there anything else you would like to add now that I've…

Interviewee: Traditionally Eskom export a lot of power, but as we continue we say, but listen, these people will never be self-sufficient if we continue to feed him. But that's where we change and we adjust it, we'll say we will rather support the power purchase agreement in the country to make a project bankable and let them be less dependent on us. And it's very important, it's out

there, otherwise what you do is you get all these people running to Africa because here we generate the power and here they come and work at the power stations, the mines whatever and they just export the money back to Mozambique or to Zimbabwe, it's not sustainable. And it's not good for South Africa to grow by itself; we need to grow as a cluster. Right now we're looking at the SADEC cluster and I'm busy looking at Eastern Africa, because there's a lot of hydro in that area. So this is what we do, and it's 100% aligned. Something that is sure if we continued that way we've continued we would have been spiralling down, and it's a very good business, its 10 billion rand profit per year, it's very good. So whatever profit Eskom is making, it's coming from Africa, so you can't just cut it, so of course there was a lot of resistance in the beginning, but people start understanding now. You can't just give fish, you need to show how to fish and how to feed their communities so that you can have more fishermen in there, and we will supply the rods from South Africa.

APPENDIX C

Consistency Matrix

Research problem: Do successful Multinational Corporations based in South Africa consider shared value as a strategic imperative when expanding business operations into the rest of Africa?

Sub-problem	Literature Review	Research questions	Interview Questions	Type of data	Analysis
How do successful Multinational Corporations based in South Africa develop shared value strategies in order to expand business operations into the rest of Africa?	(Porter & Kramer, 2006) (Porter & Kramer, 2011)	Is shared value considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, and if so, how were the shared value strategies developed?	Q2. How does your company see societal issues with regards to business strategy when expanding business operations into Africa? Q3. Is your company aware of shared value as a concept, and how important is it as a strategic concern when expanding business operations into Africa? Q4. How does your company develop shared value strategies when expanding business operations into Africa?	Text	Content analysis

Research problem: Do successful Multinational Corporations based in South Africa consider shared value as a strategic imperative when expanding business operations into the rest of Africa?					
Sub-problem	**Literature Review**	**Research questions**	**Interview Questions**	**Type of data**	**Analysis**
If shared value is not considered a strategic imperative, what strategic considerations are considered as imperative for the successful expansion of business operations into the rest of Africa for successful Multinational Corporations based in South Africa?	(Porter, 1980) (Porter, 1985) (Porter & Van der Linde, 1995) (Khanna et al., 2005) (Ghemawat, 2007)	If shared value is not considered a strategic imperative by MTN, Shoprite, Standard Bank, SAB, and Eskom when expanding business operations into Africa, what do they consider strategic imperatives?	Q1. When expanding business operations into Africa, what strategic considerations does your company regard as imperative?	Text	Content analysis