

**Innovating business models toward sustainability:
An emerging market perspective**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Philosophy in Corporate Strategy

27 November 2023

Abstract

Globally, corporate executives are under increasing pressure to act on sustainability. Firms that were founded in the 20th century had simply not been designed for sustainability. This requires that corporate executives refine their business models (BMs) for sustainability as the future of business, the environment, and society are all dependent on these refined models. One of the avenues for addressing the sustainability challenge is through the implementation of sustainable business models (SBMs). The purpose of this research study was to understand how firms can innovate their BMs toward sustainability.

This research study in particular aimed to understand what the innovative practices are that firms can adopt in transitioning to an SBM. Also, to gain insights into the drivers that assist firms to transition to an SBM as well as understanding the challenges that firms face in transitioning to an SBM. Furthermore, the study aimed to gather insight into the strategies that can be employed by firms in transitioning to an SBM.

This study was a qualitative study. For the data collection, 14 semi-structured interviews were conducted with participants who were experienced and knowledgeable about sustainability. South Africa (SA) was selected as the country of study and the private equity (PE) industry was selected as the industry of study. A thematic analysis approach, inclusive of an inductive and deductive coding process, was undertaken in assessing and evaluating the data.

The research study yielded a conceptual framework for aiding firms on how to innovate their BMs toward sustainability. Similarities were identified from the research study to the literature contributing to the existing body of knowledge. Also, nuances of differences were identified resulting in three potential refinements to the literature, concerning innovative practices, challenges, and strategies.

Keywords

Sustainable business model, innovative practices, drivers, challenges, strategies

Declaration

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

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Student Number

Signature

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List of Abbreviations

BM	Business Model
BMfS	Business Model for Sustainability
CEO	Chief Executive Officer
DFI	Development Financing Institution
ESG	Environmental, Social and Governance
ESM	Environmental and Social Management
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Science
IFC	International Finance Corporation
MSCI	Morgan Stanley Capital Investment
PE	Private Equity
SA	South Africa
SAVCA	South African Private Equity and Venture Capital Association
SBM	Sustainable Business Model
SDG	Sustainable Development Goal
SME	Small and Medium-Sized Enterprise
SP	Sustainable Practice
TBL	Triple Bottom Line
UN	United Nations
UNPRI	United Nations Principles for Responsible Investment
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum

CHAPTER 1: INTRODUCTION

1.1. Background - Business relevance

“Sustainable development is more than a goal. It is our responsibility to our planet and future generations” (Guterres, 2018). Sustainable development has become quite topical over the last number of years, with the adoption of the United Nations (UN) Sustainable Development Goals (SDGs) in 2015. The foundation of the SDGs in essence encapsulates “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations [UN] Brundtland Commission, 1987).

However, the 2030 SDG Agenda is in total jeopardy due to numerous crises at a global level such as the Covid-19 pandemic, climate change, and wars to name a few, making the pathway to sustainability so much more difficult (UN, 2022). The road ahead necessitates a united and collective effort globally to get us toward sustainability (UN, 2022).

The World Business Council for Sustainable Development (WBCSD, 2022) highlights that the three biggest challenges globally are the climate crisis, depletion of the natural environment, and growing inequality, emphasising that these challenges are a great threat to business. A total mindset shift is urgently needed by businesses to address these challenges, by building resilient businesses for the future (WBCSD, 2022).

Farri et al. (2022) argued that firms that were founded in the 20th century had simply not been designed for sustainability, and as a result, a culture of sustainability has not been developed. Young and Reeves (2020) emphasised that firm leadership teams should be refining business models (BMs) for sustainability as the future of business, the environment, and society are dependent on this.

von Buchwaldt et al. (2023) argued that chief executive officers (CEOs) have another core task besides focusing on a competitive advantage and value creation strategy. That core task is to focus on ensuring that the diverse interests of a broad stakeholder base demanding sustainable business practices in various degrees are fulfilled (von Buchwaldt et al., 2023). This was further emphasised by WBCSD (2022), namely that stakeholders are increasingly becoming demanding of their interests, requiring firms to act. It necessitates that a CEO deliver on both tasks (von Buchwaldt et al., 2023).

1.2. Research problem

Globally, CEOs and managers are recognising the importance of sustainability in relation to corporate profits and success, demanding the implementation of sustainable practices (SPs) (Hahn et al., 2017). Nonetheless, corporate executives are under increasing pressure to act on sustainability (Comin et al., 2020; UN Global Compact, 2021; Yip & Bocken, 2018).

According to Bocken and Short (2021), key industry sectors continuously rely on “endless environmental exploitation and consumerism of short-lived products” (p. 12). This echoes the sentiment of Schaltegger, Lüdeke-Freund, and Hansen (2016) that “business activities are the root cause of many environmental and social problems and thus a major source of sustainability concerns” (p. 266).

It is however asserted that corporates are integrating sustainability practices within their strategy, tackling global issues such as global warming, poverty reduction, and food security, to name a few, as well as developing sustainable products and services (Bocken & Short, 2021; Hoffman & Ross, 2018; Meuer et al., 2020). Manninen and Huiskonen (2022) emphasised that corporates can impact the direction of markets and market actors toward more sustainable business practices.

Further, Hoffman and Ross (2018) observed that corporates are creating market shifts toward sustainability. However, despite the progress made, Bocken and Short (2021) argued that the majority of industries are still to immerse environmental and social factors into their business activities.

Although the role of the private sector is acknowledged in driving sustainability and aiding the global sustainable development agenda, it is argued that there is still a disconnect between the efforts made and what has been proposed as ideal practice, to such an extent that environmental and societal SPs are not fully embedded in business activities (Bocken & Short, 2021; Borgert et al., 2020). Also, Lüdeke-Freund and Dembek (2017) argued that sustainability is sometimes confused with financial viability, not incorporating any socially and environmentally sustainable business practices. Meuer et al. (2020) emphasised that progress towards sustainability is achievable if corporates change their core business activities to align with longer-term sustainable development objectives.

One of the avenues of addressing the global sustainability challenge is through the implementation of sustainable business models (SBMs) (Dentchev et al., 2016; Lüdeke-

Freund & Dembek, 2017; Yip & Bocken, 2018). Yip and Bocken (2018) asserted that the adoption of an SBM will certainly assist corporates with their triple bottom line (TBL) responsibility of people, profit, and planet. However, the adoption of SBMs and the integration of sustainability by corporates is challenging and still lacking, emphasising the need for further research to assess the extent to which SPs have been embedded within corporates as well as to extend the academic studies across industries, and geography (Bonfanti et al., 2022; Evans et al., 2017; Ritala et al., 2018; Silvestre et al., 2022). Also, Reim et al. (2021) emphasised that from an SBM framework perspective there is no one-size-fits-all framework.

It was further pinpointed by Silvestre et al. (2022) that innovation is crucial in the transition to an SBM. Evans et al. (2017) highlight that there is a literature gap in helping firms to understand that innovation is imperative in moving towards an SBM. The areas of innovation within a firm are identified as environmental, social, and economic (Ritala et al., 2021). Concerning the areas of innovation, Ritala et al. (2018) in their study encourage further research on the innovative practices that firms can embed in transitioning to an SBM.

Maimbo and Zadek (2017) highlighted that to move towards sustainability, the financial sector is a key participant in driving sustainability efforts. This is supported by Bocken and Short (2021) stating that the financial sector is an overarching and critical industry that is a facilitator of business activity, through its investment decision-making process, so much so, that it can be seen as an enabler that can drive corporates towards sustainable business practices. However, in the same vein, Bocken and Short (2021) argued that key segments within the financial sector still need to embrace sustainability meaningfully, in other words, key segments are found to be more short-term focused and profit-driven at the expense of long-term sustainability.

1.3. Research questions

Ritala et al. (2018) encouraged further research to be conducted around the innovative practices that firms can employ in transitioning to an SBM as well as expanding the SBM literature across industries (Bonfanti et al., 2022; Yip & Bocken, 2018). Silvestre et al. (2022) emphasised that to create and develop an SBM, innovation is essential. Meuer et al. (2020) and Mignon and Bankel (2022) highlighted that although the academic sustainability studies have increased significantly over the last several years, it is debated that these studies were predominantly produced in advanced economies (Mani et al., 2018).

1.3.1 Main research question

Hence, for the research study, the main research question posed is:

How can firms in emerging markets innovate their BMs toward sustainability? (Bonfanti et al., 2022; Evans et al., 2017; Ritala et al., 2018; Silvestre et al., 2022).

The researcher acknowledges that the research question posed is broad; therefore, the following sub-questions were selected from the literature to provide more focus and guidance in answering the main research question.

1.3.2 Research sub-questions

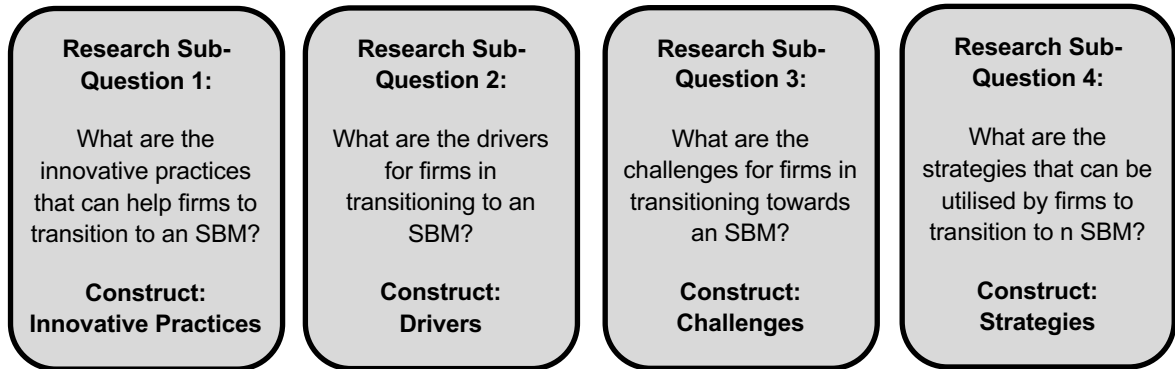
To the main research question, four sub-questions were identified:

1. *What are the innovative practices that can help firms to transition to an SBM?* (Bonfanti et al., 2022; Yip & Bocken, 2018)?
2. *What are the drivers for firms in transitioning to an SBM?* (Biloslavo et al., 2020; Manninen & Huiskonen 2022; Silvestre et al., 2022)?
3. *What are the challenges for firms in transitioning towards an SBM?* (Caldera et al., 2019; Evans et al., 2017; Yip & Bocken, 2018)?
4. *What are the strategies that can be utilised by firms to transition to an SBM?* (Mignon & Bankel, 2022; van Bommel, 2018)?

Figure 1 showcases the main theoretical constructs in the context of the research questions.

Figure 1

Theoretical constructs in the context of the research questions



Note: Author's own adapted from Biloslavo et al. (2020), Bonfanti et al. (2022), Caldera et al. (2019), Evans et al. (2017), Manninen and Huiskonen (2022), Mignon and Bankel (2022), Silvestre et al. (2022), van Bommel (2018), Yip and Bocken (2018)

1.4. Research aims

The research aimed to explore SBMs, in other words, to gain insights into and understanding of how firms can transition their BM toward sustainability, through innovation. This was done, firstly, by discussing what an SBM is, together with the areas of innovation within which a firm can adopt innovative practices and what these innovative practices are. Secondly, to understand the firm drivers for sustainability, both internally and externally. Thirdly, to gain insights into the challenges that firms face in transitioning their BM toward sustainability. Lastly, to understand what strategies firms can employ to transition to an SBM. Furthermore, the research conclusions from this research study aid in expanding the SBM literature in terms of geography as well as the industry sector.

In addressing the key theoretical constructs (innovative practices, drivers, challenges, and strategies) on how firms can innovate their BM toward sustainability, the research study sought to develop a conceptual framework. The development of the conceptual framework aimed to provide insight, understanding, and guidance on how firms can transition to an SBM, in particular, making recommendations to managers and other stakeholders in transitioning a firm toward sustainability.

Furthermore, the research study also aimed to create awareness of SBMs and how they can assist in contributing to and addressing the global sustainability challenge from an emerging market perspective.

1.5. Research contribution

In terms of the research study, similarities were identified to the literature regarding the key constructs, namely innovative practices, drivers, challenges, and strategies, in aiding a firm to transition to an SBM. The similarities identified confirmed the existing literature and contributed to the existing body of knowledge.

In addition, three nuances of differences were identified in relation to the existing literature, which added to a potential refinement to the body of knowledge. These included the following:

- Technical assistance – non-monetary, as a potential sub-theme of the innovative practices that firms can employ in transitioning to an SBM.
- Data collection, as a potential sub-theme of the challenges experienced by firms in transitioning to an SBM.
- Sustainability performance appraisal – firm, as a potential sub-theme of the strategies that firms can employ in transitioning their BMs toward sustainability.

Furthermore, the conceptual framework developed contributes to the SBM literature. More so, it provides guidance and recommendations to a firm's management teams and other stakeholders on how they can innovate their BM toward sustainability.

1.6. Research scope

1.6.1 Theoretical scope

The theoretical scope of this research study was the SBM literature, including the SBM framework and the areas of innovation including the innovative practices that a firm can apply in transitioning to an SBM. Further research is encouraged on the innovative practices that firms apply in developing an SBM (Ritala et al., 2018).

Moreover, the theoretical scope also addressed the following key research constructs in aiding firms on how to innovate their BM toward sustainability. These key research constructs include the firm drivers for transitioning to an SBM (Biloslavo et al., 2020; Manninen & Huiskonen 2022; Silvestre et al., 2022), the challenges in transitioning to an SBM (Evans et al., 2017; Yip & Bocken, 2018) as well as what strategies firms can adopt to transition to an SBM (Mignon & Bankel, 2022; van Bommel, 2018).

1.6.2 Physical Scope

South Africa (SA) was selected as the physical scope for this research study, specifically the Private Equity (PE) industry due to the following. Firstly, previous academic sustainability studies have been geared toward advanced economies (Mani et al., 2018). Secondly, Morris et al. (2023) argued that emerging economies, including SA, have become more crucial to global markets, including the importance of theorising management practices from these economies. Thirdly, the services sector has progressively become an important sector of the global economy (Jansen van Rensburg et al., 2020). Dentchev et al. (2016) encouraged research studies on the role of the service industries in effecting SBMs. Lastly, the World Economic Forum (WEF) (2022) argued that the PE industry, is ideally positioned to drive sustainability, through its BM, being governance-led and long-term value-creation focused, hence selecting PE as the industry of study in SA.

1.7. Outline of the research paper

The research paper comprises seven chapters. The first chapter introduces the business relevance within the context of the study together with the research problem. Chapter 2 covers the literature review, discussing the key theoretical constructs and concludes with a conceptual framework. Chapter 3 outlines the main research question together with the research sub-questions to aid in addressing the main research question. In Chapter 4 the research methodology adopted for the research study is discussed, including the justification for the research methodology selected.

This is followed by Chapter 5 in which the research findings of the study are presented by each research question. Thereafter, in Chapter 6, the research findings are compared to the literature, by each research question, following a comparative analysis process. The research paper concludes in Chapter 7, highlighting the principal theoretical conclusions, the research contribution as well as key recommendations for management and other stakeholders. The research report ends with identifying the limitations of the research study as well as suggestions for future research.

The next chapter discusses the literature concerning the key theoretical constructs.

CHAPTER 2: LITERATURE REVIEW

A literature review was undertaken to assist the researcher in addressing the research questions posed. The review was conducted by focusing on academic journals, published specifically within the last five years, that are highly rated and peer reviewed.

The literature review begins by providing an overview of the SBM literature, including providing an analysis of the SBM framework. Thereafter, the researcher discusses and analyses the key constructs in connection with each research question posed.

Firstly, the innovation of the BM is discussed and analysed to understand the innovative practices that firms can apply in transitioning their BM toward sustainability. Secondly, the firm drivers for sustainability are discussed and analysed, considering the internal and external drivers aiding firms to transition to an SBM. Thirdly, the researcher considers the challenges for firms in transitioning to an SBM. Fourthly, the strategies that firms can utilise in transitioning their BMs toward sustainability are discussed and analysed. The chapter concludes by providing a conceptual framework in aiding firms to transition to an SBM.

Table 1 provides an outline of the chapter, in particular the focus of the literature review conducted.

Table 1

Literature review overview

Introduction						
Key Headings	2.1 SBMs	2.2 Innovation of the BM	2.3 Drivers in transitioning to an SBM	2.4 Challenges in transitioning to an SBM	2.5 Strategies in transitioning to an SBM	2.6 Conclusion
Discussion	Analysis of SBM literature	Analysis and overview of innovating the BM	Understanding of key drivers, internal and external, in transitioning to an SBM	Overview of the key challenges in transitioning towards an SBM	Analysis and overview of key strategies in transitioning to an SBM	Overview of conceptual framework transitioning to an SBM

Note: Author's own

2.1 Sustainable business models

Geissdoerfer et al. (2018) defined SBMs as “business models that incorporate pro-active multi-stakeholder management, the creation of monetary and non-monetary value for a board range of stakeholders, and hold a long-term perspective” (p. 404), in essence, BMs that focuses on long-term value creation and value capture activities for multiple stakeholders. The notion of SBM started evolving when companies desired to incorporate sustainability into their BMs to help achieve sustainability objectives and to bring change in organisations (Bocken & Short, 2016; Stubbs & Cocklin, 2008). This was driven on the back of the advent of global sustainability issues, namely the depletion of natural resources, rising pollution levels, and global warming (Shakeel et al., 2020).

Table 2 provides an overview of the SBM literature considering the perspectives and insights of five academic studies.

Table 2

SBM analysis

SBM Analysis					
Authors	Shakeel et al. (2020)	Geissdoerfer et al. (2018)	Lozano (2018)	Evans et al. (2017)	Schaltegger, Hansen and Lüdeke-Freund (2016)
Journal	Journal of Cleaner Production	Journal of Cleaner Production	Business Strategy and the Environment	Business Strategy and the Environment	Organization & Environment
SBM Concept	SBM incorporates sustainable value, segregated: Sustainable value-proposition Sustainable value creation and delivery Sustainable value-capture	Proactive multi-stakeholder engagement, focusing on stakeholder value creation, and having a long-term view	Sustainability focuses on value-creation in four dimensions, namely economic, environmental, social, and time	Focus on creating sustainable value incorporating economic, environmental, and social value forms	Focus on the firm's sustainable value proposition to customers and stakeholders, creation, and delivery of value, capturing value, while regenerating natural, social, and economic capital

Note: Adapted from Evans et al. (2017), Geissdoerfer et al. (2018), Lozano (2018), Schaltegger, Hansen, and Lüdeke-Freund (2016), Shakeel et al. (2020)

Table 2 assisted the researcher in giving context and meaning to the SBM concept. It considers the interpretation and views of various scholars within five academic studies, on what an SBM is. This includes understanding the similarities around what an SBM is. Furthermore, Table 2 helped to provide clarity to the SBM concept in light of the research questions posed. The researcher highlights that additional academic studies were considered and discussed (besides the five academic studies highlighted in Table 2) to gain a deeper understanding of the SBM concept.

Considering scholarly contributions in Table 2, all the scholars highlight and identify “value” as key to the SBM literature, more so, sustainable value creation. Shakeel et al. (2020) specifically emphasised SBM as sustainable value creation anchored within the three components of BM, value proposition, value creation and delivery, and value capture (Geissdoerfer et al., 2018). Thereby, further highlighting that SBM has evolved from the BM literature (Shakeel et al., 2020).

Also, a similarity highlighted by Geissdoerfer et al. (2018) and Lozano (2018) regarding SBMs, is time, in other words, a long-term perspective is necessary for SBMs. This was affirmed by Mignon and Bankel (2022) who stated that a long-term horizon is a prerequisite for creating SBMs.

Stakeholder value creation and management is another similarity that was noted by the scholars. Evans et al. (2017) specifically pointed out that the SBM notion was established on the TBL proposition, considering various stakeholder interests, specifically the environment, and society. This was affirmed by Biloslavo et al. (2020) and Shakeel et al. (2020) who said that the TBL proposition encapsulates the very nature of SBMs.

However, Freudenreich et al. (2020) argued that the SBM literature does not fully recognise the importance of stakeholder interests and relationships. Hence, a paradigm shift is required by firms and their stakeholders in balancing economic, environmental, and societal interests, in other words, no more doing business as usual (Mignon & Bankel, 2022). It is further argued by Comin et al. (2020) that the adoption of an SBM is certainly complicated by multi-stakeholder integration, considering the various interests of stakeholders. Høgevold et al. (2015) stressed the importance of the firm leadership team including employees driving this paradigm shift.

In contrast to SBM, Schaltegger, Hansen, and Lüdeke-Freund (2016) in their study refer to the business model for sustainability (BMfS). BMfS is in essence the same as SBM, considering and reflecting on the definition of BMfS by Schaltegger, Hansen, and Lüdeke-Freund (2016):

A business model for sustainability helps describing, analyzing, managing, and communicating (i) a company’s sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries. (p. 6)

Schaltegger, Hansen, and Lüdeke-Freund (2016) in their definition of BMfS also refer to value proposition, value creation and delivery, and value capture, considering multiple stakeholders. This is very similar to the SBM concept as discussed by the various scholars as mentioned in Table 2. The researcher highlights that some literature would refer to SBM or BMfS. In the context of this research, reference is made to SBM.

2.2 Innovation of the BM

A key study in the advancement of the SBM literature is the SBM framework that was developed by Bocken et al. (2014). This provided a solid foundation for understanding and making sense of what an SBM entails. In other words, giving clarity in terms of what needs to be considered in advancing SBMs as well as laying the foundation of the main areas of innovating the BM.

Yip and Bocken (2018) in their study affirmed that the SBM framework provides a strong and methodical approach to distinguishing and classifying SBMs for different industries in the future (however, highlighting the need for further research on SBM frameworks for service-related industries). It is interesting to highlight that Bonfanti et al. (2022) in their study refer to the SBM framework as the dimensions of the TBL framework. This reaffirms the view of Biloslavo et al. (2020) and Shakeel et al. (2020) that the TBL proposition encapsulates the very nature of SBMs.

2.2.1 Innovation areas of an SBM

The main areas of innovating the BM as identified by Bocken et al. (2014) in their study included technological, social, and organisational, later referred to as environmental, social, and economic (Ritala et al., 2021). It is essential, considering the research context, and more specifically the research questions, that an overview of the innovation areas is provided, being environmental, social, and economic (Ritala et al., 2021):

- Environmental – specifically engages around sustainable business practices concerning the long-term sustainability of the natural environment, in other words, using natural resources responsibly, allowing for the natural replenishment of resources (Biloslavo et al., 2020).
- Social – deals with the social aspects of business which include “elements such as social equity, social justice, health, education, culture, community development, social capital, human rights, labor rights, peace-keeping, social responsibility, and community resilience” (Ritala et al., 2021; p. 4).

- Economic - deals with profit-making, and how it is shared among the various stakeholders of the firm, including employees, equity owners, debt financiers, and the government in the form of taxes.

2.2.2 SBM – Innovative practices

Table 3 provides an overview of how the SBM framework has advanced over the years, including elaborating on the areas of innovation, starting with the Bocken et al. (2014) SBM framework as the foundation.

Table 3

SBM framework analysis

SBM framework analysis				
Authors	Bocken et al. (2014)	Yip & Bocken (2018)	Bonfanti et al. (2022)	Freudenreich et al. (2020)
Journal	Journal of Cleaner Production	Journal of Cleaner Production	Business Strategy and the Environment	Journal of Business Ethics
Context	Literature review on the development of SBM archetypes	SBM framework: Banking Sector	SBM framework: Manufacturing Sector	BMfS Stakeholder Theory
Areas of innovation	Technological	Technological	Environmental	Customer dimension
	<ul style="list-style-type: none"> • Maximisation of efficiencies relating to material and energy • Value creation from waste • Renewables substitution and natural processes 	<ul style="list-style-type: none"> • Maximisation of efficiencies relating to material and energy • Digitalisation of business activities 	<ul style="list-style-type: none"> • Waste and resource management • Activities concerning stakeholder management • Activities concerning supply chain management • Product innovation • Promotion of sustainable mobility 	<ul style="list-style-type: none"> • Promoting delivery of service than ownership • Sharing of services, for example, mobility services
	Social	Social	Social	Business partner dimension
	<ul style="list-style-type: none"> • Encouraging functionality delivery instead of ownership • Adoption of a stewardship role • Reducing consumption (sufficiency) 	<ul style="list-style-type: none"> • Reducing consumption (sufficiency) • Adoption of a stewardship role • Inclusive BM (focused on value creation) 	<ul style="list-style-type: none"> • Encouraging functionality delivery instead of ownership • Adoption of a stewardship role • Reducing consumption (sufficiency) • Corporate welfare • Employee health & safety • Diversity and equity inclusion • Corporate academy 	<ul style="list-style-type: none"> • Business partners collaborate to develop sustainable solutions, in other words, how reduce energy and material consumption • Resource scarcity and waste, for BMs to shift from products to services
	Organisational	Organisational	Economic	Employee dimension
	<ul style="list-style-type: none"> • Repurpose business from a societal and environmental view • Development of scalable sustainable solutions 	<ul style="list-style-type: none"> • Repurpose business from a societal and environmental view • Sustainable finance (loan funding) • Sustainable financial products 	<ul style="list-style-type: none"> • Repurpose business from a societal and environmental view • Economic value-creation for stakeholders 	<ul style="list-style-type: none"> • Encourage employee ownership in firms • Emphasises mutual exchanges and relationships between firms and employees
			Across-the-board practices:	Societal stakeholder dimension
		<ul style="list-style-type: none"> • Embedding a localisation strategy 	<ul style="list-style-type: none"> • Collaboration with societal stakeholders to 	

			<ul style="list-style-type: none"> • Developing of networks • Creating sustainable ecosystems 	raise industry standards, and stricter ecological and social regulations
				Financial stakeholder dimension
				<ul style="list-style-type: none"> • Pursuing financial goals while addressing social and ecological issues

Note. Adapted from Bocken et al. (2014), Bonfanti et al. (2022), Freudenreich et al. (2020), Yip and Bocken (2018)

Table 3 helped the researcher in organising the evidence gathered concerning the SBM framework and its evolvement, specifically considering the areas of innovation, to aid in answering the research questions. Furthermore, Table 3 helped provide a comparison of the similarities and differences between the selected research papers.

The research papers were selected as a means to provide an understanding of the SBM framework, including offering a diversity of perspectives concerning the SBM framework:

- Bocken et al. (2014) provide for the foundation of the SBM framework as well as highlighting the areas of innovation.
- Yip and Bocken (2018) highlight that previous research on the SBM framework predominantly focused on the manufacturing industry. Their study focuses on understanding the SBM framework from a services industry perspective, specifically the banking sector.
- Bonfanti et al. (2022) is a later study, that reflected on the evolvement of the SBM framework. It focuses specifically on the manufacturing industry.
- Freudenreich et al. (2020) in their study offer a divergent perspective on SBMs considering stakeholder theory.

2.2.3 Literature analysis of innovating the BM

In their study, Bocken et al. (2014), within the three areas of innovation, introduced eight SBM archetypes. Archetypes refer to SPs. The number of SPs has certainly increased with the later studies conducted, as outlined in Table 3.

In terms of similarities, several SPs highlighted within the areas of innovation overlap across three of the research studies (Bocken et al., 2014; Bonfanti et al. 2022; Yip & Bocken, 2018). In contrast, Yip and Bocken (2018) in their study specifically focused on the banking sector due to the previous SBM archetypes mainly being built around the manufacturing industry. Table 3 highlights that although the areas of innovation might be

the same, being environmental, social, and economic, several of the SPs within the services industry are different, as highlighted by (Yip & Bocken, 2018). In other words, it appears that there are core SPs that would apply across various industries; however, there are SPs that would differ between industries. Bonfanti et al. (2022) observed that corporates' adoption of SPs was mostly still voluntary.

Some similarities across the three areas of innovation, namely environmental, social, and economic, across the three research studies (Bocken et al., 2014; Bonfanti et al. 2022; Yip & Bocken, 2018) include:

- **Environmental:** The maximisation of efficiencies within an organisation relating to material and energy usage. This includes effective waste and resource management. The overarching aim is the reduction in the usage of natural resources (Yip & Bocken, 2018).
- **Social:** The reduction of consumption and the adoption of a stewardship role. The reduction of consumption centres around creating customer awareness of the environment for example (Bonfanti et al., 2022). The adoption of a stewardship role focuses on the well-being of stakeholders, specifically providing environmental and social benefits (Yip & Bocken, 2018).
- **Economic:** Repurposing business from a societal and environmental perspective (this was a key similarity across the three studies). This entails organisations making a positive impact on the environment and society through their BM, creating environmental and societal benefits through their business activities (Bonfanti et al. 2022; Yip & Bocken, 2018).

Several differences were noted in the research papers selected, specifically in the Bonfanti et al. (2022) study, although geared towards the manufacturing sector:

- Firstly, several new archetypes (SPs), specifically focusing on employees, were identified, contributing to and strengthening the overall SBM framework. Key employee-focused archetypes were identified under the social area of innovation, namely corporate welfare, employee health and safety, diversity and equity inclusion, and corporate academy, highlighting a greater focus on employees in achieving sustainability (Bonfanti et al., 2022).

- Secondly, Bonfanti et al. (2022) introduced a further area of innovation, referred to as across-the-board practices. In other words, practices that were identified that could not be categorised into any of the other areas of innovation. The key notion of across-the-board practices is underscored by the partnerships developed and entered into, by firms to help drive sustainability (Bonfanti et al., 2022).

A different perspective was also highlighted by Yip and Bocken (2018) concerning the environmental area of innovation. This is centred around the digitalisation of certain business activities to reduce an organisation's impact on the environment (Yip & Bocken, 2018).

Lastly, in contrast to the three studies (Bocken et al., 2014; Bonfanti et al., 2022; Yip & Bocken, 2018), the Freudenreich et al. (2020) study provided a divergent perspective on BM sustainability, through the lens of stakeholder theory. Freudenreich et al. (2020) highlighted five stakeholder dimensions, namely customers, business partners, employees, societal and financial stakeholders, and how business activities should evolve from a sustainability perspective considering each stakeholder. For example, from an employee stakeholder dimension, it should be encouraged that employees participate in a firm's ownership to assist with the sustainability of the firm's BM (Freudenreich et al., 2020). A key argument by Freudenreich et al. (2020) is that a BM cannot operate without having good relationships with internal and external stakeholders, highlighting that without stakeholders value cannot be created.

2.2.4 Literature interpretation and conclusion of innovating the BM

The analysis provided for a comparative analysis, including offering diverse perspectives, across the research papers selected, in connection with innovating the BM. Both similarities and differences regarding the SBM framework were identified, in the context of innovating the BM, across the three areas of innovation, namely environmental, social, and economic. A key contrast was the study of Freudenreich et al. (2020) that considered BM sustainability through a stakeholder approach perspective, emphasising that without stakeholders, a firm is not in a position to create value.

In the context of the analysis, the three main areas of innovation remain, namely environmental, social, and economic, with a further area of innovation introduced by Bonfanti et al. 2022, namely across-the-board practices. Within the areas of innovation,

a number of similarities were identified across the three studies (Bocken et al., 2014; Bonfanti et al. 2022; Yip & Bocken, 2018).

The analysis highlighted a number of SPs within the areas of innovation, to aid firms in transitioning to an SBM. However, as highlighted by Table 3, the SPs identified differ from industry to industry, manufacturing industry versus the services industry, although there are core SPs that would be the same across industries. Yip and Bocken (2018) highlighted the need for further research on SBM frameworks for service-related industries.

In conclusion, the three main areas of innovation within which a firm can innovate its BM are environmental, social, and economic. A number of SPs are highlighted within these areas of innovation, which inform the innovative practices that can be employed by firms in aiding their transition to an SBM. The three main areas of innovation are included as part of the conceptual framework presented in Section 2.6.

2.3 Drivers in transitioning to an SBM

This part of the chapter provides context and understanding of what the key drivers are that aid firms to transition to an SBM. Table 4 below outlines the key drivers to innovate toward an SBM.

Table 4

SBM drivers

SBM drivers				
Authors	Long et al. (2018)	Biloslavo et al. (2020)	Manninen & Huiskonen (2022)	Silvestre et al. (2022)
Journal	Journal of Cleaner Production	Management Decision	Journal of Cleaner Production	Business Strategy and the Environment
SBM Drivers	<ul style="list-style-type: none"> • Collaboration (Various market actors supporting sustainability efforts) • Continuous innovation (Continuous drive for improving sustainability performance) • Clear narrative and vision (Regularly and consistently communicate the sustainability initiatives, and strategy) • Profitability (Profit focus, as without profits, the firm would not be in position to implement sustainability initiatives) 	<ul style="list-style-type: none"> • Openness to external triggers For example, customer demanding sustainable product/service • Involvement of top management in addressing the external trigger • Resource and budget allocation to address external trigger • Alignment of critical stakeholders Convincing stakeholders that sustainability is the right thing to do • Involvement of middle and operational 	<ul style="list-style-type: none"> • <u>Organisational:</u> Sustainability anchored culture (Firm culture values sustainability, top management, and employees) • Firm known as a sustainable brand (Firm known for the sustainable products that it produces) • Long-established sustainability commitment (Longstanding commitment of top management aiding sustainability, part of the firm's strategy) 	<ul style="list-style-type: none"> • Strategic alignment with sustainability (Emphasises top management's commitment to sustainability) • Engagement with stakeholders (Stakeholders' interests are considered and integrated from a sustainability perspective) • Information related to sustainability (Evaluating, managing, and monitoring sustainability performance) • Innovation for sustainability

	<ul style="list-style-type: none"> • Sustainability foundation (Firm sustainability culture) • External events (Regulatory changes or consumer trends changing, encouraging sustainability initiatives) 	<p>management, and staff driving and mobilising common strategic sustainability vision</p> <ul style="list-style-type: none"> • Willingness to expand supply chains in terms of sustainability 	<ul style="list-style-type: none"> • <u>Employee:</u> Employees motivated and take initiative to progress sustainability (Employees passionate about sustainability, take initiative) - Culture of sharing knowledge (Employees sharing their skills and expertise on sustainability) - Incorporation of sustainability into daily tasks (In decision-making, and performance of daily activities, sustainability is at the core of it) 	<ul style="list-style-type: none"> • (Finding innovative ways to integrate sustainability into the BM) • Other resources and capabilities (Utilising internal and external resources to advance sustainability efforts)
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Note. Adapted from Biloslavo et al. (2020), Long et al. (2018), Manninen and Huiskonen (2022), Silvestre et al. (2022)

Table 4 was compiled in order to understand the key drivers, both internal and external, that help firms to transition to an SBM. It provides a comparison of the similarities and differences concerning the four research papers, to help understand the key drivers.

2.3.1 Literature analysis of the SBM drivers

Several similarities were identified from the four research papers, regarding the drivers towards an SBM. Some of the similarities are highlighted below:

- Stakeholder engagement has been identified as a driver across the following research papers (Biloslavo et al., 2020; Long et al., 2018; Silvestre et al., 2022). It highlights the importance of ensuring various stakeholders' interests are considered and integrated, from a sustainability perspective, with a firm as well as engaging with a firm's stakeholders to get alignment on sustainability matters (Biloslavo et al., 2020; Silvestre et al., 2022).

In contrast, Biloslavo et al. (2020) further argued that stakeholder engagement is about demonstrating to and persuading stakeholders that sustainability is the right thing to do. Long et al. (2018) in their study provided a slightly different lens and probably a broader perspective, which entailed focusing on collaboration between market participants in driving sustainability efforts. In other words, market participants' collaboration is important in driving a firm toward sustainability, taking into account the firm's relationship with other market participants and the ecosystem within which it operates.

- Another similarity identified was around strategic alignment and direction toward sustainability (Biloslavo et al., 2020; Silvestre et al., 2022). Both Biloslavo et al. (2020) and Silvestre et al. (2022) in their studies emphasised the necessity of top management's commitment to and involvement in sustainability. Biloslavo et al. (2020) further stressed the involvement of middle and operational management in driving sustainability efforts. Long et al. (2018) particularly argued the importance of integrating sustainability objectives within a firm's overall strategic objectives and initiatives and continuously communicating them across the firm.
- Another similar driver highlighted was around continuous innovation (Long et al., 2018; Silvestre et al., 2022). This means building and driving continuous innovation within the firm and in that way advancing sustainability efforts. Silvestre et al. (2022) in particular emphasised continuous innovation in light of how firm processes can be redesigned and improved considering sustainability initiatives. This is further supported by Long et al. (2018) highlighting the focus on continuous innovation through continuous process improvement and adopting sustainability tools.

In contrast, reflecting on the scholarly work of Manninen and Huiskonen (2022), the drivers for sustainability were identified at an organisational and employee level. The focus specifically being around the firm culture concerning sustainability, in other words, the culture that is instilled within the firm, with sustainability being at the forefront and anchored within the firm culture, strategy, and values (Manninen & Huiskonen, 2022). This echoed the view of Long et al. (2018) and Silvestre et al. (2022) that a complementary firm culture and leadership are essential in steering BMs to sustainability.

A different perspective was pointed out by Biloslavo et al. (2020) in driving firms toward sustainability, in that firms must be open to external triggers such as customers requiring a sustainable product or service. In other words, top management must be open to such triggers and address them (Long et al., 2018). Another external trigger highlighted by Biloslavo et al. (2020) includes changes in regulations, requiring firms to adhere to sustainable laws and practices. This means that firms would be required to allocate resources, including a budget allocation, to address the external triggers such as introducing sustainable products and services, thereby shifting toward a new BM for sustainability (Biloslavo et al., 2020).

2.3.2 Literature interpretation and conclusion of the SBM drivers

The analysis presented allowed for comparative analysis concerning the drivers towards an SBM. Both similarities and differences were highlighted in terms of the four scholarly articles.

Some of the key similarities identified across the four academic studies, concerning the drivers to an SBM, firstly included stakeholder engagement and interests which centred around the importance of considering and integrating various stakeholders' interests from a sustainability perspective (Biloslavo et al., 2020; Long et al., 2018; Silvestre et al., 2022). Secondly, strategic alignment which discussed the importance of top management's commitment and involvement towards sustainability, including the involvement of middle and operational management (Biloslavo et al., 2020; Silvestre et al., 2022). Thirdly, continuous innovation around sustainability focuses on how firm processes can be redesigned and improved considering sustainability initiatives (Long et al., 2018; Silvestre et al., 2022). These drivers are considered internal drivers.

The analysis also provided a divergent perspective by Manninen and Huiskenen (2022) in driving sustainability, in that firms should embed an anchored and focused sustainability culture within a firm. In other words, having a firm culture and leadership that aids in driving sustainability within firms (Long et al., 2018; Silvestre et al., 2022). This driver is considered an internal driver.

Another insight yielded from the analysis is that firms need to be aware of and open to external triggers that necessitate and drive sustainability (Biloslavo et al., 2020). This includes understanding customer needs and wants as well as changes to regulations that necessitate sustainable practices (Biloslavo et al., 2020). These drivers are considered as external drivers.

In conclusion, a number of drivers, both internal and external, were identified, aiding firms toward an SBM. These drivers are incorporated into the conceptual framework presented in Section 2.6.

2.4 Challenges in transitioning to an SBM

This section of the chapter discusses the literature concerning the challenges experienced by firms in transitioning to an SBM. Evans et al. (2017) acknowledged that the creation of an SBM is complex, intricate, and multifaceted. Table 5 showcases the challenges experienced by firms in transitioning to an SBM.

Table 5

SBM challenges

SBM challenges						
Authors	Evans et al. (2017)	Bhattacharya & Polman (2017)	Ritala et al. (2018)	Yip & Bocken (2018)	Long et al. (2018)	Caldera et al. (2019)
Journal	Business Strategy and the Environment	MIT Sloan Management Review	Journal of Cleaner Production	Journal of Cleaner Production	Journal of Cleaner Production	Journal of Cleaner Production
Challenges	<ul style="list-style-type: none"> • TBL: (Balancing TBL benefits for all stakeholders) • Mindset (Firm mindset restrictive, inhibit new BMs) • Resources (Reluctancy to allocate resources) • Technology Innovation (Technology innovation integration into the BM is complex) • External Relationships (Engaging stakeholders and the firm operating environment demands effort) • Business Modelling Methods and Tools (Methods and tools limited) 	<ul style="list-style-type: none"> • Sustainability seen as a change management initiative • No analysis to consider the entire value chain in which the firm operates • Sustainability is not a priority for the Board of Directors • Getting middle-level buy-in • Making sustainability part of the daily work • Collaborating with competitors, thereby disrupting the competitive space 	<ul style="list-style-type: none"> • Institutional inertia (Particularly for large corporations, its age, and size, slow to change) • Inconsistencies in country policies, cultural customs, and management practices (Difficulty for multi-national corporations in developing BMs that all stakeholders' interests are balanced) • Integrated strategies with different implications for stakeholders in different countries (Integrating sustainability strategies in daily operations, across subsidiary companies is a challenge) 	<ul style="list-style-type: none"> • Short-term focus (Implementing SBM archetypes conflicts short-term pressure, profit targets) • Promotion of sustainable products insufficient • Market segment small (Consumer market still small for financially sustainable products) • Deficiency of appraisal system (Appraisal system not guided towards sustainability) • Lack of customer awareness of sustainability 	<ul style="list-style-type: none"> • Lacking support for ecosystem (Lack of government as well as retailer support to drive sustainability efforts) • Principle-agent concerns (Principle no incentive to drive sustainability, however, the agent wants to, an example of leased properties) • Externalities (Economic crisis hindering transitioning to an SBM) 	<ul style="list-style-type: none"> • Lack of financial resources (Large capital costs) • Lack of time (Time investment required in developing and implementing SP) • Risk associated with the implementation of SP • Lack of knowledge, expertise (Lack of technical expertise) • Current policies and regulations (Tight regulations) • Organisational culture (Culture impedes implementation of SP)

Note. Adapted from Bhattacharya and Polman (2017), Caldera et al. (2019), Evans et al. (2017), Long et al. (2018), Ritala et al. (2018), Yip and Bocken (2018)

Table 5 organised the evidence gathered in understanding the key challenges firms have to grapple with in transitioning to an SBM. It helped in answering the research questions posed, and in providing context to the challenges that firms must overcome. Furthermore, Table 5 guided the researcher to identify any similarities and differences, through a comparative analysis, concerning the challenges in transitioning to an SBM, within the six journal articles.

2.4.1 Literature analysis of SBM challenges

The challenges highlighted in Table 5 are rather divergent across the scholarly work selected and are context specific. For example, the study of Ritala et al. (2018) specifically focused on large companies that are listed on Standard & Poor's 500 Index and that have a global presence while the study of Yip and Bocken (2018) only focused on the banking sector.

However, a few similarities were identified across some of the research papers:

- Evans et al. (2017) emphasised the TBL challenge relating to the balancing of profits, and societal and environmental benefits in transitioning to an SBM. In other words, ensuring that the various stakeholders' benefits are attended to and protected, is a challenge for firms in moving towards an SBM (Evans et al., 2017). Ritala et al. (2018) further argued that it becomes even more complex to manage stakeholders' interests if the firm is a multinational firm due to different country policies and norms.
- Long et al. (2018) highlighted the concern around the lack of support from the wider ecosystem, for example, governments not supporting and facilitating sustainability. In other words, the lack of governmental support may impact the firm's willingness to transition to an SBM. This is very similar to the challenge argued by Caldera et al. (2019) that governments have laws and regulations not aiding firms' sustainability efforts.
- Although the study of Yip and Bocken (2018) specifically focused on the banking sector, the challenges highlighted apply to different firms and industries. A key challenge highlighted was short-termism, in other words, the firm focus is on short-term profits and performance incentives at the expense of implementing SPs (Yip & Bocken, 2018). This amplifies the TBL challenge highlighted by Evans et al. (2017), which is that the focus is more geared toward one stakeholder, being the shareholders of the company.
- Another challenge highlighted was that the employee appraisal and performance incentive system of the firm is not geared toward sustainability, as a result, it's difficult to drive firm and employee behaviour toward sustainability (Yip & Bocken, 2018). This echoed the view of Caldera et al. (2019) that an organisational culture can impede the incorporation and implementation of SP, such that sustainability

is not integrated within the firm's culture. Furthermore, this also aligns with the argument of Evans et al. (2017) around mindset, in that management's mindset can be very restrictive and not open to adopting changes to the BM.

A divergent challenge pinpointed is the lack of customers' awareness around sustainability, and their lack of demand for sustainable products and services (Yip & Bocken, 2018). This highlights that the customer segment market for sustainable products and services is small and a niche (Yip & Bocken, 2018). In contrast, Long et al. (2018) argued that there is a lack of support from retailers in driving sustainability efforts. In other words, retailers are denying consumers access to sustainable products due to their view that there is little consumer demand for sustainable products (Long et al., 2018).

The paper of Bhattacharya and Polman (2017) provides a different perspective on the challenges, by particularly underscoring the challenges that senior management of a firm needs to address in advancing sustainability. In other words, looking more internally within an organisation, at the challenges that need to be tackled. The following include some of the key challenges that Bhattacharya and Polman (2017) noted:

- Sustainability not being a key priority for the board of directors due to the board's entrenched view of focusing on shareholder value.
- Firms' perception that implementing and creating an SBM is a change-management initiative.
- Getting the buy-in from all employees on sustainability is challenging.

Caldera et al. (2019) also provided a divergent context and insights in understanding the challenges for firms to implement sustainable business practices. The study focused on small and medium-sized enterprises (SMEs). A key and prominent challenge highlighted by Caldera et al. (2019) is the lack of financial resources, in that implementing sustainable business practices requires significant capital cost, hindering the firm's objective toward sustainability. However, this is in contrast to the argument of Evans et al. (2017) that firms can be found to be reluctant to allocate resources toward transitioning to an SBM. Although a different challenge, impacting a firm's transition to an SBM are crises like an economic crisis, limiting a firm's accessibility to capital to drive sustainability (Long et al., 2018).

Although not part of the scholarly work presented in Table 5, Bocken and Short (2021) highlighted a further challenge that firms face in transitioning to an SBM, which is that of only focusing on one SBM archetype, in other words, one SP, while not addressing the bigger sustainability challenges at an industry level. This means that firms tend to be selective in prioritising only certain SPs (Meuer et al., 2020). Lozano (2018) emphasised the need for a more comprehensive and inclusive approach toward sustainability.

2.4.2 Literature interpretation and conclusion of SBM challenges

The analysis presented highlights the point that transitioning to an SBM is complex (Evans et al., 2017). In terms of the comparative analysis among the six articles, some of the challenges presented are very similar across the various studies, as highlighted in Table 5. However, it is worthwhile to note that some of these studies are also quite divergent from each other, concerning the context within which each of these studies was conducted, and thus broadening and enriching the challenges presented in moving to an SBM.

Some of the similarities across the scholarly work firstly included balancing interests around the TBL, and balancing environmental and social benefits alongside profits (Evans et al., 2017). Secondly, firms tend to have a short-term focus (Yip & Bocken, 2018). Thirdly, firms do not have appraisal systems and performance incentives to drive sustainability efforts within the organisation (Yip & Bocken, 2018). These are considered internal challenges. Fourthly, a lack of support from the wider ecosystem in driving sustainability (Long et al., 2018). This is considered an external challenge.

Contrasting views concerning the challenges to an SBM were also highlighted by some academic scholars, including amongst other the consumers' lack of demand for sustainable products and services (Yip & Bocken, 2018), considered as an external challenge. Also, considered as an internal challenge, is a firm's lack of capital in implementing sustainable business practices (Caldera et al., 2019), although differently argued by Evans et al. (2019) in that firms are rather reluctant to allocate financial resources towards sustainability. Furthermore, Bhattacharya and Polman (2017) more specifically highlighted the internal challenges that a senior management team of a firm needs to tackle to drive sustainability efforts within the firm.

In conclusion, it is crucial to understand and be aware of the challenges firms face in transitioning toward an SBM. A number of challenges were identified through the

literature review process. These challenges are integrated as part of the conceptual framework presented in Section 2.6.

2.5 Strategies in transitioning to an SBM

In this section of the chapter, the researcher explores and discusses the strategies that firms can employ in transitioning to an SBM. Mignon and Bankel (2022) argued that firms can use different strategies to innovate their BMs toward sustainability. Yip and Bocken (2018) stressed that innovating BMs is an intentional and constant practice of immersing societal and environmental benefits with economic profits. Table 6 below outlines some of the key firm strategies to innovate toward an SBM.

Table 6

SBM strategies

SBM strategies			
Authors	van Bommel (2018)	Caldera et al. (2019)	Mignon & Bankel (2022)
Journal	Journal of Cleaner Production	Journal of Cleaner Production	Business Strategy and the Environment
SBM Strategies	<ul style="list-style-type: none"> • Instrumental strategy: Alignment (Issues around sustainability are aligned to and included in business goals) • Avoidance (Seeking economic and social trade-offs) • Integrative strategy: Opposition (Bonus system, long-term versus short-term) • Temporal Separation (Sustainability programs allowing employees to volunteer) • Synthesis (Focus on introducing policies, structures as well and culture for sustainability integration) • Spatial separation (Having sustainability expertise employed in driving sustainability initiatives) 	<ul style="list-style-type: none"> • Integrated strategy (Integrating sustainability objectives within the overall firm strategic objectives and initiatives) • Continuous improvement (Adopting tools for continuous improvement processes) • Stakeholder involvement (Incorporation of stakeholders concerns within business decision-making (both internal and external stakeholders)) • Streamlined processes (Aligning business processes with globally accepted standards and guidelines) 	<ul style="list-style-type: none"> • Boundary Spanning (Shared ownership Education Long-term partnerships Platform Sharing) • Experimentation (Iterative phases Pilot phases and testing Latest organisational forms Latest material, technologies, or processes) • Practical Tools & Guidelines (Cambridge business model innovation process Triple layer business model canvas) • Corporate Management (Creating a new vision Leading by example)

Note. Adapted from Caldera et al. (2019), Mignon and Bankel (2022), van Bommel (2018).

The purpose of Table 6 is to provide an understanding, practically, on what strategies firms can implement in moving toward sustainability. It helped guide the researcher in answering the research questions posed, especially focusing on the strategies that assist firms in their SBM transitioning journey. Furthermore, Table 6 through a comparative

analysis process, aided the researcher to understand any similarities and contrasts highlighted by the various scholars regarding the strategies for sustainability.

2.5.1 Literature analysis of SBM strategies

In understanding the strategies that can be implemented by firms in transitioning to sustainability, several overlaps and similarities were identified:

- van Bommel (2018) and Caldera et al. (2019) all emphasised that sustainability should be integrated into a firm's strategic objectives and initiatives. van Bommel (2018) specifically highlighted that alignment is a prerequisite, in other words, sustainability concerns should be aligned with the firm's objectives and initiatives, thereby ensuring that sustainability is included in the firm's strategy. For example, ensuring that customer demands are fulfilled by complying with sustainability standards.
- Another similarity highlighted by van Bommel (2018) and Caldera et al. (2019) is the streamlining of a firm's operations around sustainability. van Bommel (2018) refers to it as the synthesis process. In other words, the adoption, incorporation, and implementation of policies and systems, driving the sustainability agenda (van Bommel, 2018). Caldera et al. (2019) particularly emphasised this around the adoption of global sustainability accepted standards and guidelines that guide a firm's business operations.
- The scholarly work of Caldera et al. (2019) and Mignon and Bankel (2022) highlighted the need for practical tools and guidelines in aiding a firm's strategy towards sustainability. Caldera et al. (2019) underscored it more from a perspective of continuous improvement. In other words, what tools can be adopted to improve processes that enhance sustainability efforts within the firm (Caldera et al., 2019). Mignon and Bankel (2022) provided specific tools and instruments that can be utilised, including the Cambridge business model innovation process as well as the triple layer business tool.
- A further similarity noted was boundary spanning which in essence requires a firm to contemplate a wider perspective and view of its activities, and how its activities impact various stakeholders either positively or negatively (Mignon & Bankel, 2022). This ties in with the engagement of the stakeholders' factor of Caldera et al. (2019) highlighting the importance of integrating stakeholders'

interests concerning sustainability, including stakeholder involvement in the decision-making process.

A contrasting perspective by Mignon and Bankel (2022) is experimentation, although more of an innovation tool. Mignon and Bankel (2022) point out that experimentation is sometimes incorporated with the above-mentioned strategies such as boundary spanning as well as the practical tools, transitioning firms toward sustainability. Experimentation can take many forms including the use of new materials, and newer technology, piloting new projects such as new products or services as well as considering new forms of organisations (Mignon & Bankel, 2022).

Another contrasting view presented by Mignon and Bankel (2022) was the point of management's involvement in leading sustainability efforts by creating a new vision for the firm. This means a cultural shift is necessitated through involving employees affecting sustainability initiatives (Mignon & Bankel, 2022).

A further difference that was highlighted by van Bommel (2018) was around a firm employing sustainability expertise to assist with sustainability integration within the firm. Furthermore, van Bommel (2019) also emphasised that having a sustainability team shows a firm's commitment toward sustainability as well as helps with ensuring that sustainability initiatives are driven and deployed throughout the whole organisation.

van Bommel (2018) provided further insight specifically in connection with the remuneration policy of the firm. In other words, linking employees' bonus incentivisation structures (short and long-term) with achieving sustainability targets (van Bommel, 2018). It was noted that this will encourage employees to adopt sustainable business practices (van Bommel, 2018).

2.5.2 Literature interpretation and conclusion of SBM Strategies

Considering the analysis presented, there are some strategies that firms can develop and implement in guiding their transition to an SBM. In terms of the comparative analysis between the scholarly articles, several of the strategies presented are very similar, as presented in Table 6.

Some of the similarities highlighted include sustainability integration at a firm's strategic level, in other words, integrating sustainability within a firm's strategic objectives (Caldera et al., 2019; van Bommel, 2018) as well as sustainability integration at a firm's operation

and procedure levels (Caldera et al., 2019; van Bommel, 2018). Further similarities included using practical toolkits in driving sustainability (Mignon & Bankel, 2022) as well as boundary spanning, considering a firm's wider impact on its stakeholders, both positive and negative (Mignon & Bankel, 2022).

A different perspective yielded by Mignon and Bankel (2022) is experimentation, although more of an innovation tool, utilised in conjunction with boundary spanning helps with the transition to an SBM. Experimentation can take on many forms such as the use of new materials (Mignon & Bankel, 2022). A further insight highlighted by Mignon and Bankel (2022) is that a culture shift is necessary in aiding a firm toward sustainability, through involving employees.

A further difference that Bommel (2018) observed was around a firm employing sustainability expertise to assist with sustainability integration within the firm. A further insight highlighted is linking employee remuneration structures to achieving sustainability targets (van Bommel, 2018).

In aiding to answer the research questions posed, it's crucial to understand what strategies can be employed and followed by firms in transitioning toward an SBM. The strategies discussed form a key component of the conceptual framework presented in Section 2.6.

2.6 Conclusion

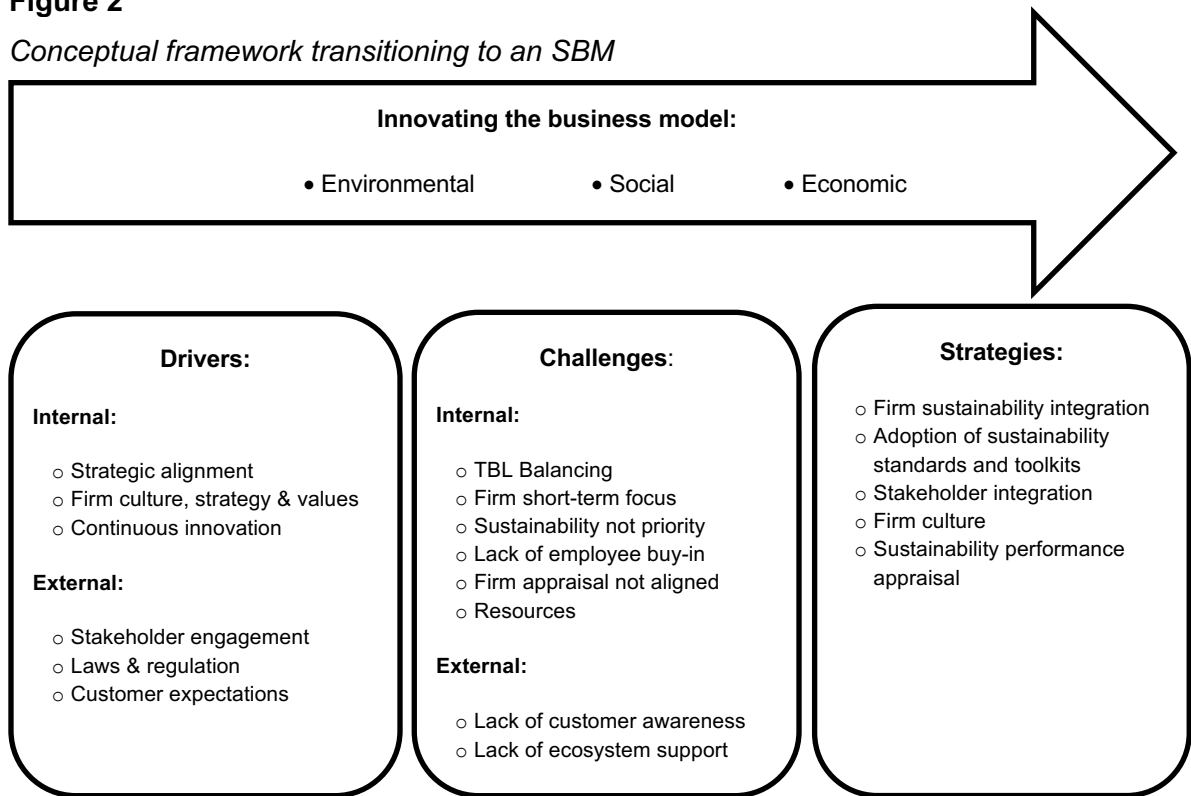
The literature review was carried out to aid in addressing the research questions posed. The literature commenced with exploring the SBM literature, including understanding the SBM framework. The researcher then focused on discussing the key constructs, starting with understanding the innovative practices that can assist firms in transitioning to an SBM. Furthermore, the literature review discussed the drivers, both internal and external, in supporting a firm to transition to an SBM. Also, the challenges impeding a firm from transitioning to an SBM were discussed. Lastly, the researcher discussed the strategies that firms can utilise in transitioning to an SBM.

Figure 1 below provides a conceptual framework reflecting the literature explored and reviewed in addressing the research questions posed. The conceptual framework demonstrates the current understanding of the literature concerning how can firms innovate their BM toward sustainability, through understanding the innovative practices within the areas of innovation that a firm can employ, understanding the drivers for firms

to transition to an SBM, understanding the challenges that firms should overcome to transition to an SBM as well as understanding the strategies firms can employ in transitioning to an SBM.

Figure 2

Conceptual framework transitioning to an SBM



Note: Author's own adapted from Bhattacharya and Polman (2017), Biloslavo et al. (2020), Bocken et al. (2014), Bonfanti et al. (2022), Caldera et al. (2019), Evans et al. (2017), Freudenreich et al. (2020), Geissdoerfer et al. (2018), Long et al. (2018), Manninen and Huiskonen (2022), Mignon and Bankel (2022), Silvestre et al. (2022), van Bommel (2018), Yip and Bocken (2018)

The next chapter summarises the main research question alongside the research sub-questions.

CHAPTER 3: RESEARCH QUESTIONS

This chapter discusses the research questions identified through the literature review presented in Chapter 2. The research questions were cemented around the study of Ritala et al. (2018) that encouraged further research on the innovative practices that firms can employ in transitioning to an SBM as well as expanding the SBM literature across industries (Bonfanti et al., 2022; Yip & Bocken, 2018). Silvestre et al. (2022) highlighted that innovation is crucial in creating, developing, and transitioning to an SBM. Furthermore, Mani et al. (2018) argued that academic sustainability studies have predominantly been produced in advanced economies.

In light of the above, the main research question posed for this research study is as follows:

How can firms in emerging markets innovate their business models (BMs) toward sustainability?

The researcher acknowledges that the main research question posed is broad; therefore, the following research sub-questions were selected from the literature to provide more focus and guidance in answering the main research question.

1. *What are the innovative practices that can help firms to transition to an SBM?* (Bonfanti et al., 2022; Yip & Bocken, 2018)

The research sub-question explored what innovative practices are being applied by firms in transitioning their BM toward sustainability, considering the areas of innovation, namely environmental, social, and economic. In addition, the question aided in addressing the 'How' in the context of the main research question. It also helped to understand further insights concerning the innovative practices employed by firms in transitioning to an SBM.

2. *What are the drivers for firms in transitioning to an SBM?* (Biloslavo et al., 2020; Manninen & Huiskonen 2022; Silvestre et al., 2022)

The aim of this research sub-question was to understand what the drivers are, both internally and externally, that guide firms to transition to an SBM. Furthermore, the research question aimed to understand any additional insights concerning firm drivers

for sustainability. Moreover, the question assisted with answering the main research question, in understanding the firm drivers to an SBM.

3. *What are the challenges for firms in transitioning towards an SBM?* (Caldera et al., 2019; Evans et al., 2017; Yip & Bocken, 2018)

The research sub-question sought to understand the challenges that firms face in transitioning toward an SBM. In other words, understanding the barriers and the factors that prohibit firms from advancing to an SBM. In essence, understanding the challenges firms must overcome to transition toward sustainability. The question also contributed towards addressing the main research question, through the understanding and insights gained.

4. *What are the strategies that can be utilised by firms to transition to an SBM?* (Mignon & Bankel, 2022; van Bommel, 2018)

This research sub-question aimed to investigate and identify what strategies are being utilised by firms in transitioning an SBM. The insight and understanding gained from the research sub-question would assist and contribute toward addressing the 'How' in relation to the main research question.

The chapter that follows discusses the research methodology applied for this research study.

CHAPTER 4: RESEARCH METHODOLOGY

Research design is described by Bell et al. (2019) as “a framework for the collection and analysis of data” (p. 38), in other words, it entails how the research will be conducted, and how the data will be analysed and assessed. Considering the main research question proposed on “how can firms in emerging markets innovate their BMs toward sustainability”, it provides for an exploratory study. This section of the paper discusses the research design and methodology adopted in answering the research questions posed.

4.1 Research paradigm and design

An interpretivism philosophy was adopted for the research. Interpretivism is concerned about understanding of human action and behaviour, “concerned with the ‘how’ and the ‘why’ of social action” (Bell et al., 2019; p. 15). Referring to the main research question of “how” as well as the sub-research questions, the key emphasis is on “how” and “what”, understanding multiple perspectives, in this case, an emerging market context, supports the adoption of the interpretivism philosophy (Bell et al., 2019). Eisenhardt et al. (2016) further argued that interpretivist studies are helpful in tackling grand challenges such as sustainability, thereby creating key theoretical insights.

4.2 Choice of methodology

The choice of methodology for the research study was a phenomenological approach. The researcher highlights that a phenomenological approach is not the same as phenomenology. According to Creswell et al. (2007), a phenomenological approach is concerned about the study of a phenomenon. The first step in the phenomenological approach is identifying the phenomenon, and then studying the phenomenon (Creswell et al., 2007). Considering the main research question posed, the research study explored the phenomenon of innovating BMs toward sustainability in an emerging market context. Creswell et al. (2007) also argued that a phenomenological approach is aligned to an interpretivist study due to the interpretation and gaining an understanding of different perspectives.

4.3 Research setting

Considering the main research question on how firms in emerging markets can innovate their BMs toward sustainability, the setting for this research was an emerging market context. Morgan Stanley Capital Investment (MSCI) Investor Insight (2012) (as cited in Morris et al., 2023, p. 2) described emerging economies “as economies that do not meet

a certain threshold of (a) sustainable gross national income per capita, (b) liquidity in their equity markets, and (c) accessibility to foreign investors". Morris et al. (2023) argued that the significance of emerging economies, including SA, has certainly grown from a global market's perspective.

Emerging markets have over the years become significant players in the global economy, according to (Cao & Shi, 2021), so much so, that according to World Economics (2023), emerging economies make up 50% of the global gross domestic product (GDP), equating to 66% of global GDP growth in the last ten years. Due to the large population of emerging economies, amounting to 4.3 billion people according to World Economics (2023), and its substantial growth and development over the years as noted by (Cao & Shi, 2021), it contributes significantly to waste generation, and resource depletion, adding to the global sustainability challenge (Patwa et al., 2021). This substantiates the point raised by Manninen and Huiskenen (2022) that the market-related conditions, in other words, the context within which a firm operates, can be an enabler or hindrance in effecting SPs.

The services sector has progressively become an important sector of the global economy, so much so that the services sector contribution in advanced and emerging economies approximate 76% and 55% respectively of GDP in 2020 (Jansen van Rensburg et al., 2020). In 2018, the services industry contributed 61% to the GDP in SA (with the financial sector making up around 23% of the GDP), transforming the SA economy more towards a service-orientated economy (Jansen van Rensburg et al., 2020).

The researcher therefore selected SA as the emerging market, in other words, the country of study. Morris et al. (2023) further argued that emerging economies, including SA, have become more crucial to global markets, including the importance of theorising management practices from these economies.

Considering the services sector and its growing importance as well as the need for research around SBMs within the services sector (Yip & Bocken, 2018), the industry of study that was selected within SA is the PE industry. The WEF (2022) argued that the PE industry is ideally positioned to drive sustainability, through its BM, being governance-led and long-term value-creation focused. It is further argued by Eccles et al. (2022) that PE has become so large that it is key in tackling climate change and other major societal challenges.

4.4 Level and unit of analysis

Due to the research question focusing on innovating BMs toward sustainability, the level of analysis was at the organisational level, in other words, at the firm level. Therefore, in addition to considering the research setting, the level of analysis for the research study was all the PE firms that conduct business within SA, including PE consulting firms. The unit of analysis was the individual participants, experienced and knowledgeable professionals on sustainability, employed at PE firms and PE consulting firms in SA (Creswell et al., 2007).

4.5 Sampling frame

For the research study, the following criteria guided the selection of the research participants:

- Firstly, the industry focus was PE firms and PE consulting firms operating in SA.
- Secondly, the research participant was employed by a PE firm or PE consulting firm in SA.
- Thirdly, the research participant was knowledgeable, informed, and experienced with the concept of SBMs (Creswell et al., 2007). The positions held by the research participants were middle to senior management. In other words, the research participants were equipped with the relevant skills and experience.

4.6 Sampling method and size

Based on Bell et al. (2019), purposive sampling is about sampling, choosing participants that are most relevant in answering the research questions posed and being able to contribute and enhance the understanding of the phenomenon. Purposive sampling was therefore used in selecting the research participants best able to answer the research question of how firms can innovate their BMs toward sustainability. See Section 4.5 for the selection criteria for the research participants. Furthermore, Robinson (2014) argued that the rationale for purposive sampling is to obtain unique and different perspectives about the phenomenon being studied, supporting the interpretivism philosophy adopted for the research study.

In terms of literature, sample sizes for qualitative studies can range up till 25 interviews or higher, according to (Gentles et al., 2015), with no fewer than 12 interviews (Guest et al., 2006). Based on the guidance from the literature, the researcher intended to recruit

18 research participants, to aid in answering the research questions. However, a final sample size of 14 research participants was achieved.

The intended composition of the 18 research participants was supposed to include 12 research participants from the PE firms because of a wider accessibility of PE firms than PE consulting firms in SA. Nonetheless, the final composition was eight research participants from the PE firms and six research participants from the PE consulting firms.

When the research participants were recruited, they were given a brief overview of the purpose of the research study. Also, the research participants were informed that the interview would last between 45 and 60 minutes. The researcher highlighted that the research participants' experience would be valuable and fitting in understanding the phenomenon being studied (Josselson, 2013). It was further noted to the research participants that their identity would be anonymous, including the name of the company they work for, from a research capturing and reporting perspective (Josselson, 2013).

Table 7 below provides a summary of the sampling approach, including the level and unit of analysis, sampling technique and the number of research participants.

Table 7

Sampling approach

Level of analysis	Unit of analysis	Sampling technique	Final number of participants	Intended number of participants
PE Firms	Experienced, knowledgeable professionals on sustainability	Purposive sampling	8	12
PE Consulting Firms	Experienced, knowledgeable professionals on sustainability	Purposive sampling	6	6

Note. Author's own

4.7 Research instrument

A semi-structured interview protocol was utilised as the research instrument for the research study. A semi-structured interview protocol is a list of questions specifically around the phenomenon that is being studied (Bell et al., 2019). Gioia et al. (2012) argued that the semi-structured interview protocol allows for a greater deal of attention and focus on the research questions studied.

The robustness of the research instrument was ensured as it was tested by the researcher before the actual interviews were conducted, in other words, a pilot interview was conducted (Josselson, 2013). It is important to note that the pilot interview did not form part of the final data set.

Bell et al. (2019) argued that the researcher is allowed flexibility with semi-structured interviews in the sequencing of questioning, enabling the research participant to respond based on their experiences and understanding of the phenomenon being studied. The semi-structured interviews allowed for posing open-ended, exploratory questions, supporting the fact that the research study is an exploratory study (Gehman et al., 2018). Al Balushi (2016) further argued that semi-structured interviews are commonly used for interpretivist studies.

Considering the research questions posed, the semi-structured interview protocol was developed and guided from the research questions (Josselson, 2013) which included the following aspects:

- Understanding BM sustainability integration
- Innovative practices in transitioning to an SBM
- Drivers in transitioning to an SBM
- Challenges in transitioning to an SBM
- Strategies in transitioning to an SBM

Appendix 1 includes the semi-structured interview protocol.

4.8 Data collection

Considering the main research question posed of “how” provides for an explorative study which is commensurable of a qualitative research approach. Bell et al. (2019) defined qualitative research as research that “usually emphasises words” (p.19). It is asserted that for business and society research that engages and explores concepts such as sustainability, a qualitative research approach would be more effective (Crane et al., 2018). Hence, the data collection process followed a qualitative approach, which entails the emphasis being on words.

The data for the research study was gathered through conducting 14 semi-structured interviews. Therefore, the data gathering process entailed conducting semi-structured interviews with “knowledgeable agents” (Gehman et al., 2018), engaging research participants that have experienced the phenomenon of innovating BMs towards sustainability (Creswell et al., 2007).

The data collection process commenced once the researcher had received ethical clearance. Considering the sampling frame, the researcher viewed the membership base of the South African Private Equity and Venture Capital Association (SAVCA) via their website, to identify PE firms registered with SAVCA, including PE consulting firms. Based on the firms identified, the researcher then invited the knowledgeable and experienced individuals for the interview.

The semi-structured interviews were conducted remotely via the Microsoft Teams platform. The research participants were required to sign the informed consent form. The informed consent form was shared and signed by the respective participant ahead of the scheduled interview time. The research participant’s consent was obtained to audio record the interviews. The researcher utilised the transcription functionality of Microsoft Teams to assist with the transcription of the interviews. After the interview, the transcription was downloaded in Microsoft Word. The participant’s transcription was then reviewed by the researcher for accuracy by referring to the recording, allowing for changes and edits to be made to the participant’s transcription.

Once the transcripts had been reviewed and finalised by the researcher, they were uploaded into Atlas.it, a computer-aided qualitative data analysis software, for the data analysis process. For confidentiality purposes, the audio recordings, transcripts, and analyses were anonymised, including removing any identifiers. In other words, the data was stored and reported without identifiers.

The data collected is securely stored in the researcher’s private Dropbox account. Dropbox is a cloud-based storage platform. The account is protected by a password.

4.9 Data analysis

For this research study, a thematic analysis approach was undertaken in assessing and evaluating the data. According to Gibson and Brown (2009), thematic analysis entails “analysing data according to commonalities, relationships and differences across a data set” (p. 127), effectively searching for key themes within the data. Bell et al. (2019)

highlighted that thematic analysis is one of the approaches that is most commonly used for qualitative data analysis. Also, a thematic analysis aligns with a phenomenological approach (Braun & Clarke, 2021).

One of the first steps undertaken was the immersion of the researcher in the data gathered by reading the transcripts line-by-line (Chenail, 2012). The researcher applied the thematic analysis phases highlighted by Braun and Clarke (2021), including familiarising oneself with the data, in this case, studying the PE professionals and consultants' interview transcripts, and thereafter following a systemic data coding process in generating codes, leading to identifying key themes, and defining these.

The thematic analysis coding process followed both an inductive and deductive coding process. In adopting the inductive and deductive mapping process, the conceptual leap framework of Klag and Langley (2013) was applied, which allows the researcher to transition from an inductive approach to a deductive approach and in that way "bridging the gap between empirical data and theory" (p. 150).

Furthermore, as part of the thematic analysis process, the researcher was looking for key themes through repetitions, in other words, topics and words that recurred through transcripts as well as similarities and differences, how the research participants discussed the topics as part of the interviews and how this differs between research participants (Ryan & Bernard, 2003, as cited in Bell et al. 2019). Also, the researcher applied constant comparison as part of the analysis process, which entailed constantly comparing new data with existing data, including concepts (Bell et al., 2019).

The thematic analysis was a recursive process (Braun & Clarke, 2021). The intention of the thematic analysis was to reach data saturation, in other words, data was analysed to the point where no new or additional themes were detected (Saunders et al., 2018).

In light of the inductive and deductive coding, the process involved the following:

- Firstly, through an inductive approach, identifying and coding the initial themes. This involved a two-step process by making use of the Atlas.ti software:
 - Step one included importing the participants' transcripts into Atlas.ti. Thereafter, the 1st order codes were identified as the researcher analysed

and reviewed the transcripts in Atlas.ti. Step one generated 246 1st order codes.

- Step two entailed further analysing and reviewing the 1st order codes, which involved categorising the 1st order codes according to similarity of meaning and understanding. Step two resulted in a total of 65 1st order categories.
- Secondly, applying the deductive approach by mapping the initial themes identified onto the conceptual framework as presented in Section 2.6, applying the conceptual leap framework of (Klag & Langley, 2013). This also involved a two-step process:
 - Step one involved taking a conceptual leap by mapping the 65 1st order categories onto the conceptual framework as presented in Section 2.6. The deducting mapping process allowed for the identification of new insights and themes from the dataset. A total of 24 themes were identified including four potential new themes which are discussed in the next chapter.
 - Step two entailed the further mapping of the 24 themes identified to the defined constructs presented as part of the conceptual framework in Section 2.6. The constructs included innovative practices, drivers, challenges, and strategies in transitioning to an SBM.

The researcher notes that for the purposes of the data analysis, the research participants were grouped into two groups, being PE firms and PE consulting firms. This is aligned with the sampling approach as presented in Section 4.6.

4.10 Data validity and reliability

In qualitative research, the reliability and validity of research findings are crucial to ensure that the data collected is both reliable and accurate (Bell et al., 2019; Saunders & Lewis, 2012). In validating the research, the insights that were gathered through the data collection process were reviewed and evaluated in relation to the literature review conducted, to ensure validity as well as coherency with the research questions posed. Furthermore, the framework for identifying the codes and themes was consistently

applied throughout the data analysis process. In other words, the researcher applied consistency in analysing the interview transcripts.

In terms of reliability, the data collection and data analysis process followed in presenting the research findings should be of such a nature that another researcher is able to yield similar results (Saunders & Lewis, 2012). Bell et al. (2019) linked reliability to auditing, in other words, records should be maintained in an accessible manner, for all the research phases of the study. Therefore, it is critical to the reliability process that the steps followed in the research process are verifiable and replicable.

Table 8 showcases the factors that contributed to the validity and reliability of the research study (Bell et al., 2019; Braun & Clarke, 2021):

Table 8

Research validity and reliability

Factors:	Research assurance
<ul style="list-style-type: none"> • Assessed the interview protocol by means of conducting a pilot interview. • Similarities and differences identified between the research participant groups (Chapter 5). Cross-case and in-case analyses. • Comparison of results to literature (Chapter 6). • Purposive sampling was used. No researcher bias. 	Reliability
<ul style="list-style-type: none"> • Literature review conducted through using articles from recent, highly rated journals. • Consistency matrix developed and aligned to the research questions. • Selected research design is appropriate for the research study conducted. • Data analysis process followed a systematic approach, supported by methodology literature. • Systemic approach in presenting the research findings by research question, supported by evidence in the form of quotations (Chapter 5). • Research audit trail maintained. Availability and accessibility of records. 	Validity

Note. Author's own

4.11 Ethical considerations

The researcher ensured that the GIBS Research Ethics processes were followed. The data collection process only started once the researcher had obtained ethical clearance. The ethical clearance approval is included in Appendix 2.

The confidentiality of the research participants was secured by means of the following measures. Firstly, the names of the individuals and the name of their organisations were not identified or reported. Therefore, the data was anonymised, meaning it was stored and reported without identifiers. Secondly, each research participant signed the informed consent form before the interview commenced. The informed consent forms are stored separately. The template of the informed consent form is included in Appendix 3.

The researcher further highlights that there was no requirement for any organisational approval for the research to be conducted, as the research study was neither conducted with a particular organisation nor within a particular organisation. Therefore, no organisational permission request was made.

The data collected is securely stored in the researcher's private Dropbox account. Dropbox is a cloud-based storage platform. The account is protected by a password.

4.12 Limitations

The following were the limitations of this research study:

Firstly, the researcher is a novice researcher and has limited experience in conducting research. In other words, prior to conducting this study, the researcher had limited experience in conducting research interviews as well as with the data analysis process. However, this was somehow mitigated through the conduct of a pilot interview as well as following a systematic and consistent approach to the data analysis process.

Secondly, the research was limited to the PE industry; however, the PE industry is seen as key in tackling sustainability challenges.

Thirdly, the research findings were limited to the PE industry and may not necessarily be expandable across various industries.

Finally, the number of research participants was limited to 14 from a sample size perspective.

The research findings are discussed in the next chapter.

CHAPTER 5: RESEARCH FINDINGS

In this chapter, the key research findings are presented. The research findings are a consequence of analysing the data gathered from 14 semi-structured interviews, as described in the previous chapter.

Figure 3

Revised conceptual framework transitioning to an SBM

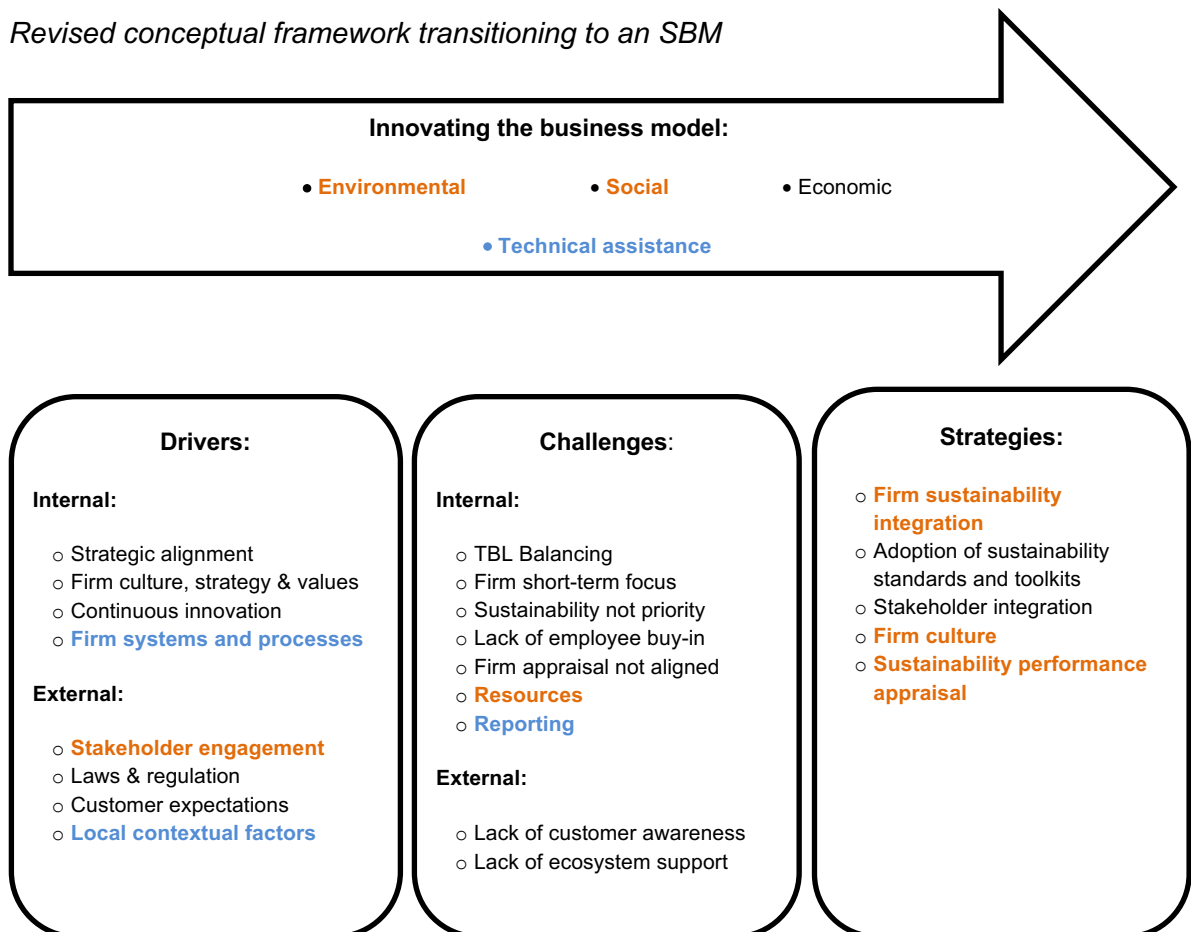


Figure 3 demonstrates the revised conceptual framework as a result of mapping the 24 themes onto the conceptual framework as presented in Section 2.6 (and discussed in Chapter 4). The researcher highlights that not all themes that were derived have been discussed. After carefully considering the 24 themes, a total of 11 themes were chosen for discussion by the researcher. The themes were chosen as a result of the deep insights and new understanding provided regarding the research topic and research questions posed.

Four of the 11 themes selected were identified as potential new themes from the mapping process as described in Chapter 4, highlighting potential new insights and understanding. The four potential new themes are highlighted in bold blue in Figure 3

above. The other seven themes selected aligned with the conceptual framework as presented in Section 2.6. These themes are noted in bold orange in Figure 3.

The key findings are structured according to the research questions as described in Chapter 3. Within each research question, the selected theme is presented. The themes mentioned were grouped into two, PE firms and PE consulting firms. In other words, the research participants were divided into two groups for the data analysis process, as described in Chapter 4. For each theme discussed, the themes mentioned are summarised according to the two groups as many, some, or few, highlighting the frequency of mention of a theme according to the two groups.

The researcher highlights that the frequent mention of a theme does not necessarily inform the importance and relevance of that theme. In other words, the relevance and importance of a theme mentioned are informed by the meaning of what was said by a research participant. Also, it is important to note that the research participants' experiences and understanding of the phenomenon being studied provide key insights in terms of relevant research questions. Furthermore, the theme mentions of many, some, and few are indicators only for comparative purposes. In some cases, the lack of theme mentions, or a few mentions, is as meaningful as many mentions.

In terms of the evidence selected for each theme discussed, a cross-case analysis and an in-case analysis were conducted. A cross-case analysis is a comparison of the evidence across participant groups, in this instance between the PE firms' group and PE consulting firms' group. An in-case analysis is a comparison of the evidence within one of the participant groups.

5.1 Research question 1: What are the innovative practices that can help firms to transition to an SBM?

Four themes were identified from the data analysis that related to research question 1. The four themes form part of the conceptual framework as presented in Figure 3. The researcher selected two existing themes and one potential new theme for the discussion. The themes selected present valuable insights and understanding in terms of the research question.

The four themes relating to the innovative practices that help firms in transitioning to an SBM are presented in Table 9. For the discussion, three themes which were chosen, namely environmental, social, and technical assistance, are highlighted in bold in Table

9. The technical assistance theme is a potential new theme and is displayed in light grey in Table 9.

Table 9

Themes identified research question 1: Innovative practices

Themes	
1.	Environmental
2.	Social
3.	Economic
4.	Technical assistance

Note. Author's own

5.1.1 Research question 1: Theme 1 – Environmental

The first theme comprises the area of innovation relating to the environment, in other words, understanding the sustainable business practices that ensure the longevity of the natural environment. Some key insights were provided by the research participants about the theme and research question.

5.1.1.1 Evidence of environmental

The evidence of environmentally sustainable business practices is presented in Table 10. The evidence was selected based on the key insights shared by the research participants in the context of the research question and contributing toward a deeper understanding of the phenomenon being studied.

Table 10

Evidence of environmental theme

Theme 1 Evidence: Environmental	
Quotation	Participant
PECF3 “mobile solar solution for lights that have not been scaled”	PE Consulting Firm
PEF2 “green buildings incorporating various energy and essentially water efficiencies and more recently we have now started rolling out a solar rooftop PV project”	PE Firm
PEF3 “increase the energy efficiency and reduce the GHG emissions”	PE Firm
PEF6 “So for example, solar PV on their rooftops and have alternative power supplies”	PE Firm
PECF5 “It might be changing the globes and replacing it with energy efficient lights or putting efforts into renewable energy”	PE Consulting Firm

Note. Author's own

Table 11 provides an overview of the number of mentions for the first theme by the PE firms and PE consulting firms.

Table 11

Mention of theme: Environmental

Theme 1	PE Firm	PE Consulting Firm
Environmental	Many	Some

Note. Author's own

5.1.1.2 Analysis of the evidence: Cross-case and in-case

The evidence presented on the environmentally sustainable business practices highlighted more similarities than differences between the PE firms and PE consulting firms. The PE firms made more mentions of the theme than the PE consulting firms.

Considering the similarities of the cross-case comparison, both the PE firms and PE consulting firms highlighted energy efficiency mechanisms as an area of innovation concerning the environment. PECF5 noted the replacement of light globes with energy efficient lights while PEF2 highlighted the integration of energy efficiencies within green buildings.

In-case analysis showed a similarity within the PE firms' group which centres on alternative energy sources such as renewable energy, in this case, solar rooftop solutions. This is evident by PEF2 mentioning the rollout of a solar rooftop PV solution. Similarly, PEF6 reflected on solar PV as an alternative power supply.

However, a different perspective was illustrated by PEF2 concerning water efficiency mechanisms as another form of innovation. PEF2 specifically shared information about the integration of water efficiencies from a green building perspective.

5.1.1.3 Theme conclusion: Environmental

In terms of the evidence presented, more similarities were highlighted in the context of the area of innovation relating to environmentally sustainable business practices. The similarity across the PE firms and PE consulting firms specifically emphasised energy efficiency mechanisms as a source of innovation from an environmental perspective. For example, the use of energy efficient lights.

Alternative energy sources such as renewable energy, in particular solar rooftop solutions, were mentioned by the PE firm participants, as a means of innovation. This means the integration of solar rooftop solutions as an environmentally sustainable practice.

Furthermore, a different perspective was highlighted by one of the PE firm participants around water efficiency mechanisms, as another area of innovation – another environmentally sustainable business practice that can be integrated within a firm.

5.1.2 Research question 1: Theme 2 – Social

The area of innovation dealing with the social aspect of a firm, which refers to the socially sustainable practices of a firm, was discussed as the second theme. Valuable insights and understanding were shared by the research participants around the theme and research question.

5.1.2.1 Evidence of social

Table 12 showcases the evidence of socially sustainable business practices. The evidence was chosen based on the valuable insights outlined by the research participants regarding the research question, thereby providing a richer understanding of the phenomenon under study.

Table 12

Evidence of social theme

Theme 2 Evidence: Social	
Quotation	Participant
PECF1 <i>“redesigned a labour policy for them and created a more collaborative environment with their staff, making the firm more accountable”</i>	PE Consulting Firm
PEF2 <i>“maintaining our standards in terms of health and safety and how we deal with the public you know”</i>	PE Firm
PEF4 <i>“started implementing road safety training and workshops specifically for all the sales teams....became part of the corporate culture, reiterating the importance of health and safety. There is a lot of skills development, and training, I would say is innovative”</i>	PE Firm
PEF7 <i>“Good social awareness is in there, making it a safe environment for people to work in, including diversity transformation”</i>	PE Firm

Note. Author’s own

Table 13 indicates the number of mentions for the second theme by the PE firms and PE consulting firms about research question 1.

Table 13

Mention of theme: Social

Theme 2	PE Firm	PE Consulting Firm
Social	Some	Few

Note. Author's own

5.1.2.2 Analysis of the evidence: Cross-case and in-case

In terms of the evidence presented on the social practices, some similarities were noted, more so, among the PE firms. Only a few mentions of the social theme were by the PE consulting firms.

Concerning the similarities, from a cross-case analysis perspective, the evidence highlighted by both the PE firms and PE consulting firms, in terms of the socially sustainable practices mainly centred around employees. However, different perspectives were provided by the PE firms and PE consulting firms concerning employees.

The PE consulting firms' group emphasised the redesign of labour policies, creating a more collaborative employee environment and making firms more accountable to their employees. This was specifically noted by PEEF1. The perspective yielded by the PE firm group highlighted the importance of employee health and safety, allowing it to become ingrained in the corporate culture of a firm. This is evident from what was shared by PEF4 concerning the implementation of road safety training for sales teams and emphasising the importance of employee health and safety from a firm perspective.

In-case analysis pointed out further insights within the PE firm group, offering different nuances around the social areas of innovation concerning employees. Firstly, regarding the focus on employee training and development, noted by PEF4. Secondly, concerning employee diversity transformation within a firm as a socially sustainable business practice. This was evident by the insights shared by PEF7.

5.1.2.3 Theme conclusion: Social

The evidence presented on the area of innovation concerning socially sustainable practices noted a key similarity across the PE firms and PE consulting firms. This key

similarity between the two groups was the focus on employees. However, differences were noted between the two groups around employees. Further insights were provided by the PE firms' group.

The following were the differences noted between the two groups regarding employees:

- The redesign of labour practices, and policies, making firms more accountable to their employees and creating a more collaborative environment with employees. This perspective was offered by PECF1 from the PE consulting firms' group.
- The PE firms' group insight shared was on employee health and safety. In other words, fostering a culture of employee health and safety. This evidence was outlined by PEF4.

Further insights were highlighted by the participants of the PE firms' group as areas of innovation concerning socially sustainable business practices. The insights provided, firstly, were on employee training and development; and secondly focused on employee diversity transformation within a firm.

5.1.3 Research question 1: Theme 4 – Technical assistance

The fourth theme of research question 1, concerning what innovative practices can help firms transition to an SBM, is about technical assistance. This is a potential new theme. Some key insights and understanding were revealed by the research participants concerning the theme and research question.

5.1.3.1 Evidence of technical assistance

Table 14 highlights the evidence pertaining to the technical assistance theme. The selected evidence was based on the meaningful insights shared by the research participants concerning the research question, thereby contributing to an enhanced understanding of the phenomenon being studied.

Table 14

Evidence of technical assistance theme

Theme 4 Evidence: Technical assistance	
Quotation	Participant
PECF2 <i>"its not super innovative, but we are seeing technical assistance being used in really interesting ways to drive sustainability. Development</i>	PE Consulting Firm

<i>Financing Institutions (DFIs) investors mostly have technical assistance funding available for sustainability initiatives”</i>	
PEF1 <i>“as the firm, we were successful in closing the technical assistance facility with investors in order to help portfolio companies with sustainability initiatives to assist in unlocking value”</i>	PE Firm
PEF3 <i>“a lot of investors specifically DFIs offer technical assistance facilities to help PE firms with research or coming up with solutions regarding sustainability issues both at a PE firm level as well as at a portfolio company level”</i>	PE Firm
PEF4 <i>“investors also have technical assistance where they provide time, effort and input, that as a pass-through obligation through us, as a grant that then flows into the portfolio companies”</i>	PE Firm
PECF6 <i>“a number of funders are then providing technical assistance”</i>	PE Consulting Firm

Note. Author’s own

Table 15 indicates the number of mentions of technical assistance by the PE firms and PE consulting firms concerning research question 1.

Table 15

Mention of theme: Technical assistance

Theme 4	PE Firm	PE Consulting Firm
Technical assistance	Many	Few

Note. Author’s own

5.1.3.2 Analysis of the evidence: Cross-case and in-case

A few similarities were highlighted among the PE firms and PE consulting firms as evidence concerning the technical assistance theme. However, the technical assistance theme was mentioned to a lesser extent by the PE consulting firms.

Regarding the cross-case analysis, both the PE firms and PE consulting firms, in light of the evidence presented, highlighted the offering of technical assistance by investors to PE firms as an innovative approach to helping firms transition to an SBM. This was emphasised by PECF2 who said that Development Financing Institutions (DFIs) make technical assistance financing available to support sustainability initiatives. Also, PEF3 noted that DFIs provide technical assistance funding facilities to PE firms to help with resolving sustainability challenges. The evidence further suggests that most of the technical assistance funding comes from DFIs, in other words, having a DFI as an investor.

Further insights were stressed by the PE firms' group from an in-case analysis perspective:

- Firstly, technical assistance can be utilised to help address sustainability issues both at a PE firm as well as at an investment company level. This was specifically mentioned by PEF3.
- Secondly, the technical assistance can be in the form of time, effort, and input; therefore it does not necessarily have to be in the form of money. This was pointed out by PEF4.

5.1.3.3 Theme conclusion: Technical assistance

Similarities were noted across the PE firms and PE consulting firms in light of the evidence presented on the technical assistance theme, as an innovative practice in aiding firms to transition to an SBM. The technical assistance theme was only mentioned a few times by the PE consulting firms' group.

Regarding the similarities presented across the two groups, technical assistance funding is seen as an innovative practice in aiding firms with their sustainability journey. Furthermore, the evidence highlights that technical assistance is mainly offered by DFIs, that is, having a DFI as an investor.

The following insights were highlighted by the in-case analysis concerning technical assistance as an innovative practice in aiding firms to transition to an SBM:

- Technical assistance can be utilised both at a PE firm and investment company level.
- Technical assistance does not only have to be in the form of money. It can be in the form of time, effort, and input.

5.1.4 Conclusion of research question 1: What are the innovative practices that can help firms to transition to an SBM?

Four themes were identified concerning research question 1, aimed at understanding the innovative practices that help firms transition to an SBM. The researcher selected two existing themes and one potential new theme.

Table 16 provides an overview of the mentions of the selected themes by the PE firms and PE consulting firms.

Table 16

Mention of themes: Research question 1

Theme	PE Firm	PE Consulting Firm
Environmental	Many	Some
Social	Some	Few
Technical assistance	Many	Few

Note. Author's own

Both the PE firms and PE consulting firms mentioned the three selected themes; however, the PE consulting firms did so to a lesser extent for the social and technical assistance themes.

In terms of the evidence presented, both similarities and differences were noted for the three themes, between the PE firm participants, although more similarities were found:

- Concerning the environmental theme analysis, similarities specifically centred around energy efficiency mechanisms and alternative energy sources, such as renewable energy, as areas of innovation concerning environmentally sustainable business practices. For example, solar rooftop solutions. However, a different perspective was highlighted by one of the PE firms' research participants regarding water efficiency mechanisms as another form of innovation to environmentally sustainable practices.
- The analysis of the social theme identified a key similarity across the PE firms and PE consulting firms, which was the focus on employees. However, differences were noted by the two groups concerning employees. The PE consulting firms' group highlighted the redesign of labour policies, making firms more accountable to their employees, while the PE firms' group emphasised employee health and safety as an area of innovation from a social perspective. In essence, fostering a culture of employee health and safety.

The participants in the PE firms' group offered further perspectives concerning employees, as an area of social innovation, namely employee training and development as well as employee diversity transformation within a firm.

- With respect to the technical assistance theme, the similarities across the two groups was that technical assistance funding is seen as an innovative practice in aiding firms with their sustainability efforts. Furthermore, the evidence highlighted that the technical assistance was mainly offered by DFIs, that is, having a DFI as an investor. Insights highlighted by the in-case analysis within the PE firms' group were first, the utilisation of technical assistance at a PE firm and investment company level. Secondly, that the technical assistance can be in the form of time, effort, and input, that is, non-monetary.

5.2 Research question 2: What are the drivers for firms in transitioning to an SBM?

Regarding research question 2, eight themes were identified from the analysis of the data. Illustrated in Figure 3, the eight themes constitute a part of the conceptual framework. For the discussion, the researcher selected one existing theme and two potential new themes. The chosen themes provide valuable insights and understanding regarding the research question.

Table 17 summarises the eight themes in context of the internal and external drivers transitioning firms towards an SBM. The selected themes included one internal driver, being a firm's systems and processes and the two external drivers, namely stakeholder engagement and local contextual factors. The themes are highlighted in bold in Table 17 and further reflected in light grey if it is a potential new theme.

Table 17

Themes identified research question 2: Internal and external drivers

Themes	
Internal	
1.	Strategic alignment
2.	Firm culture, strategy & values
3.	Continuous innovation
4.	Firm systems and processes
External	
5.	Stakeholder engagement
6.	Laws and regulations
7.	Customer expectations
8.	Local contextual factors

Note. Author's own

5.2.1 Research question 2: Theme 4 – Firm systems and processes

The fourth theme of research question 2 considers a firm’s systems and processes as key internal driver in transitioning a firm towards sustainability. The researcher notes that this is a potential new theme. Some crucial insights were revealed by the research participants concerning the theme and research question.

5.2.1.1 Evidence of firm systems and processes

In Table 18, the evidence is presented in context of the firm’s systems and processes theme, aimed at understanding the internal driver guiding firms towards an SBM. The evidence that was selected was as a result of the key insights provided by the research participants in connection with the research question, thereby enhancing the understanding of the phenomenon being studied.

Table 18

Evidence of firm systems and processes theme

Theme 4 Evidence: Firm systems and processes	
Quotation	Participant
PECF1 <i>“creation of an ESG (environmental, social and governance) management system, which are policies and procedures, which tells you what you need to abide by”</i>	PE Consulting Firm
PECF2 <i>“we have got our ESG, environmental and social management system”</i>	PE Consulting Firm
PEF2 <i>“we have an environmental social management (ESM) in place which actually was built from the ESM system that we have for the fund”</i>	PE Firm
PECF4 <i>“help them to get the ESM systems in place to be compliant with the requirements from a funders perspective”</i>	PE Consulting Firm
PEF4 <i>“that’s kind of where our focus and our use of an ESG management system lies that drives our sustainability focus”</i>	PE Firm
PEF7 <i>“We have built our own ESM system, our own policy”</i>	PE Firm
PEF8 <i>“We developed our kind of ESG policies and processes and essentially just kind of taking that, you know, every year it's very dynamic space, there's always new inclusions in it.”</i>	PE Firm
PEF3 <i>“we have ESG subcommittees within our funds”</i>	PE Firm

Note. Author’s own

Table 19 is a summary of the number of mentions for the firm systems and processes theme by the PE firms and PE consulting firms.

Table 19

Mention of theme: Firm systems and processes

Theme 4	PE Firm	PE Consulting Firm
Firms Systems and Processes	Many	Many

Note. Author's own

5.2.1.2 Analysis of the evidence: Cross-case and in-case

The evidence showcased both similarities and differences across the PE firm and PE consulting firms, concerning the firm's systems and processes theme as an internal driver aiding firms to transition to an SBM. The theme mentions were across both PE firms and PE consulting firms. However, a few differences were highlighted within the PE firms' group concerning the theme.

In context of the cross-case analysis, the key similarity noted by both the PE firms and PE consulting firms, centred around the creation, development and having in place an ESM system that helps drive sustainability efforts. PEF2 and PEF7 both highlighted that the respective PE firms had an ESM system.

A further observation from a cross-case analysis perspective, is that some of the research participants referred to the system as an ESG management system. This was specifically emphasised by PECF1 and PEF4, referring to an ESG management system in driving sustainability efforts.

However, the in-case analysis within the PE firms' group, highlighted subtle differences with regards to the theme. Firstly, that an ESM system also exists at an investment fund level – noted by PEF2. In other words, the ESM system is not only driven at PE firm level. Secondly, PEF8 highlighted that the sustainability space is dynamic and evolving, requiring new considerations to be considered in a PE firm's ESG management system on a continuous basis. Thirdly, that PE firms do have ESG subcommittees in place to aid and drive sustainability considerations – specifically emphasised by PEF3.

5.2.1.3 Theme conclusion: Firm systems and processes

Both similarities and differences were noted in the evidence presented concerning the firm's systems and processes theme as an internal driver aiding firms to transition to an SBM.

The cross-case analysis between the two groups revealed that PE firms have an ESM management system in place, to assist in driving sustainability initiatives. Also, the cross-case analysis showed that some participants referred to PE firms having an ESG management system.

Furthermore, the in-case analysis, specific to the PE firms' group, highlighted some differences concerning the firm system and processes theme. These differences include the following:

- ESM systems also exist at an investment fund level, and not necessarily only at a PE firm level.
- The sustainability agenda is ever evolving and requires ESG management systems to keep evolving as well.
- ESG subcommittees are in existence within PE firms to help drive firms to transition to sustainability.

5.2.2 Research question 2: Theme 5 – Stakeholder engagement

Stakeholder engagement was the next theme regarding research question 2, in essence – understanding stakeholder engagement as an external driver to assist firms to transition to an SBM. Salient insights and understanding were highlighted by the research participants concerning the theme and research question.

5.2.2.1 Evidence of stakeholder engagement

The evidence from the stakeholder engagement theme is presented in Table 20. The evidence was carefully considered and selected based on the valued insights relayed by the research participants concerning the research questions and thereby adding to a richer understanding of the phenomenon being studied.

Table 20

Evidence of stakeholder engagement

Theme 5 Evidence: Stakeholder engagement	
Quotation	Participant
PECF2 “stakeholder expectations include investor expectations”	PE Consulting Firm
PEF4 “have a social license to operate to ensure buy-in from the surrounding community, also look at responsible procurement	PE Firm

<i>processes. We also have a stakeholder engagement plan to make sure that we identify our stakeholders who are in our investment”</i>	
PECF4 <i>“decision to adopt more sustainable business practices is a result of PE firms raising funding from DFIs.”</i>	PE Consulting Firm
PEF3 <i>“So a lot of the institutional investors (DFIs) are pushing for a lot of these sustainability themes and requirements”</i>	PE Firm
PEF6 <i>“So we have a huge responsibility to our employees. Their labour rights are protected, that they all have employment contracts, having good quality jobs.... we work with our communities as well”</i>	PE Firm
PEF5 <i>“we have an impact theory of change that include other things around community development, community economic growth building and gender diversification”</i>	PE Firm
PECF5 <i>“I think the investors for now where we are, is mainly driving PE firms to sustainability.”</i>	PE Consulting Firm
PEF8 <i>“our investors are largely DFIs, mostly European, and with them comes a big focus on sustainability”</i>	PE Firm

Note. Author’s own

Table 21 notes the number of mentions of the stakeholder engagement theme by the PE firms and PE consulting firms.

Table 21

Mention of theme: Stakeholder engagement

Theme 5	PE Firm	PE Consulting Firm
Stakeholder engagement	Many	Some

Note. Author’s own

5.2.2.2 Analysis of the evidence: Cross-case and in-case

A few similarities were noted in terms of the evidence presented around the stakeholder engagement theme in driving a firm’s sustainability transition. The stakeholder engagement theme was mentioned by both the PE firms and PE consulting firms; however, to a greater extent by the PE firms’ group participants. Further similarities were noted within the PE firms’ group. Yet several differences were also underscored by the PE firms’ group concerning the theme, revealing some key insights.

The key similarity that was emphasised by the cross-case analysis between the two groups was PE firms having institutional investors such as DFIs that drive firms to incorporate sustainability principles. This was amplified by PECF4 and PEF8 highlighting the DFIs’ requirements for sustainable business practices integration. This was

specifically called to attention by PEF3 who said that DFIs are prioritising sustainability themes and requiring PE firms to incorporate sustainability measures.

An in-case similarity noted by the PE firms' group was having the community as a key stakeholder. This includes considering a firm's social licence to operate within these communities and getting the buy-in from communities, as pointed out by PEF4.

Further insights were underscored by the in-case analysis within the PE firms' group: These include the following:

- Firstly, having employees as a key stakeholder. This includes adhering to labour laws and practices as well as providing quality jobs to employees, as mentioned by PEF6.
- Secondly, PE firms have a stakeholder engagement plan, as noted by PEF4. In other words, a framework that guides firms in their interactions with various stakeholders and understanding stakeholder expectations.
- Thirdly, having sustainability measurements and targets around various stakeholders, referred to as the impact theory of change. This was specifically emphasised by PEF5.

5.2.2.3 Theme conclusion: Stakeholder engagement

The evidence presented both similarities and differences concerning the stakeholder engagement theme as an external driver in aiding a firm to transition to an SBM. The evidence highlighted several insights specifically from the PE firms' group.

The key similarity revealed by the cross-case analysis between the two groups was having DFIs as an investor. The PE firms' group emphasised this more, indicating that PE firms are required to incorporate sustainability measures into their BM.

The in-case analysis within the PE firms' group highlighted the community as a critical stakeholder, receiving the buy-in from communities. This referred to understanding the community's expectations as a stakeholder.

Further insights were showcased by the in-case analysis among the PE firms' group, namely:

- Employees are a key stakeholder to consider. This includes ensuring compliance with labour laws and providing decent employment.
- Having a stakeholder engagement framework in place, to understand stakeholder concerns and expectations surrounding the firm.
- Incorporating stakeholder sustainability measurements and targets, referred to as the impact theory of change.

5.2.3 Research question 2: Theme 8 – Local contextual factors

The local contextual factors theme is underpinned by the environment within which a PE firm operates and how the environment influences a firm to transition to an SBM. This is a potential new theme. The research participants across the two groups shared valuable insights and understanding about this theme.

5.2.3.1 Evidence of local contextual factors

The local contextual factors theme evidence is presented in Table 22. Evidence based on the valuable insights conveyed by the research participants regarding the research question were selected, furthering the understanding of the phenomenon being studied.

Table 22

Evidence of local contextual factors

Theme 8 Evidence: Local contextual factors	
Quotation	Participant
PECF2 <i>“three of those always come to mind, our job creation, gender and climate change”</i>	PE Consulting Firm
PECF4 <i>“The operating environment is another external factor that is really driving more intentionality around sustainable business... in South Africa, for example, we have got exceptionally high levels of unemployment”</i>	PE Consulting Firm
PEF8 <i>“a big gender focus within these portfolio companies. I’ll focus on gender and employee diversity within these companies”</i>	PE Firm
PEF2 <i>“interesting because we recently launched an impact fund”</i>	PE Firm
PEF6 <i>“we had started thinking about raising an impact fund”</i>	PE Firm
PEF4 <i>“just energy transition, we want everyone to have access to clean, safe, affordable energy, electricity”</i>	PE Firm

PECF6 <i>“if we think around social issues, there's several developmental issues and challenges. Use finance as an enabler to solve those, it kind of makes it a lot easier... a lot of climate funds that are coming up”</i>	PE Consulting Firm
PECF1 <i>“has been driven I think by the European markets and investors, driving the sustainability agenda”</i>	PE Consulting Firm

Note. Author’s own

The number of mentions of the local contextual factors theme by the PE firms and PE consulting firms are summarised in Table 23.

Table 23

Mention of theme: Local contextual factors

Theme 8	PE Firm	PE Consulting Firm
Local contextual factors	Some	Many

Note. Author’s own

5.2.3.2 Analysis of the evidence: Cross-case and in-case

The evidence indicated a few similarities around the SA market context in driving and influencing firms to transition to an SBM. However, the similarities reflected were mainly within the respective PE firms’ group, or the PE consulting firms group. The mentions of the local contextual factors theme were mainly by the PE consulting firms’ group. Nonetheless, further insights were showcased by the research participants across the two groups.

A similarity was highlighted through the in-case analysis within the PE consulting firms’ group. This was specifically around the SA market context, namely around climate change, gender diversity and the high unemployment rate. PECF6 particularly emphasised that SA has several developmental challenges to address and that PE firms can be an enabler to solve these challenges. These challenges were also reflected by PECF2.

An insightful observation was revealed through the in-case analysis within the PE firms’ group. This related to the launching and introduction of impact funds by PE firms, mentioned by PEF2 and PEF6. These impact funds are established to specifically address some of these challenges, such as climate change or gender diversity. This was further supported by an additional insight by PECF6 who highlighted that several climate funds are being established.

A divergent view presented through the in-case analysis within the PE consulting firms' group was that sustainability efforts in SA are mainly driven by the European markets and investors. This was noted by PECF1. This supports the evidence presented earlier concerning the stakeholder engagement theme, whereby DFIs, which are mainly European based, require sustainability measures to be incorporated by PE firms.

5.2.2.3 Theme conclusion: Local contextual factors

The local contextual factors theme was underpinned by understanding how the environment within which a PE firm operates, influences a firm to transition to an SBM. The similarities of the theme were specific to the respective groups, PE firms or PE consulting firms. Further insights were also showcased by the research participants across the two groups. Also, the local contextual factors theme mentions were mainly noted by the PE consulting firms' group.

The key similarity that the PE Consulting firms' group highlighted through the in-case analysis was around SA's contextual challenges such as climate change and gender diversity. The PE firms are ideally positioned to solve these challenges.

Within the PE firms' group, the in-case analysis revealed a key similarity that PE firms have established impact funds or are in the process of launching impact funds. The impact funds are established to address challenges such as climate change or gender diversity.

A divergent perspective revealed by the in-case analysis of the PE consulting firms' group was that European markets and investors are driving sustainability efforts within SA. This supports the evidence presented earlier about investors' requirements for the incorporation of sustainability measures.

5.2.4 Conclusion of research question 2: What are the drivers for firms in transitioning to an SBM?

Regarding research question 2, eight themes were identified which focused on understanding what the internal and external drivers are for firms in transitioning to an SBM. The researcher discusses one existing theme and two potential new themes.

An overview of the PE firms and PE consulting firms' mentions of the selected themes are summarised in Table 24. In terms of the three selected themes, both the PE firms and PE consulting firms mentioned the themes. However, this was to a lesser extent by

the PE consulting firms in relation to the stakeholder engagement theme as well as the PE firms to a lesser extent in relation to the local contextual factors theme.

Table 24

Mention of themes: Research question 2

Theme	PE Firm	PE Consulting Firm
Firm systems and processes	Many	Many
Stakeholder engagement	Many	Some
Local contextual factors	Some	Many

Note. Author's own

In terms of the evidence presented, both similarities and differences were noted for the three themes.

The analysis of the firm systems and processes theme yielded that PE firms have an ESM system or an ESG management system in place, to drive the integration of sustainability measures within a firm. It was further highlighted that an ESM system exists at a PE firm level as well as the investment fund level. Furthermore, PE firms also have an ESG subcommittee structure in place to drive sustainability efforts. It was also recognised that sustainability is in an ever-evolving space that requires ESG management systems to evolve as well.

The stakeholder engagement theme analysis revealed that PE firms that have DFIs as investors are required to incorporate sustainability measures into their BM. Further, two key stakeholders were highlighted by the PE firms' group, firstly, the community, understanding the community's expectations and incorporating the expectations into a firm's BM. The second key stakeholder was the employees, ensuring compliance with labour practices and providing good quality employment. Some further insights were revealed by the in-case analysis of the PE firms' group, whereby PE firms have a stakeholder engagement framework in place and they incorporate stakeholder sustainability measurements and targets into their BMs.

The analysis of the local context factors theme highlighted that SA has contextual challenges and that PE firms are ideally positioned to solve some of SA's contextual challenges such as climate change and gender diversity. Furthermore, impact funds are being established and introduced in the SA market, such as climate funds, to assist in

addressing the contextual challenges. Also, it was noted that European markets and investors are driving sustainability efforts in SA.

5.3 Research question 3: What are the challenges for firms in transitioning towards an SBM?

For research question 3, seven themes were identified as a result of the data analysis process. The seven themes align with the conceptual framework as presented in Figure 3. One existing theme and one potential new theme were selected for the discussion. The themes that were selected provide valuable insights and understanding concerning the research question.

In understanding the challenges in transitioning a firm toward sustainability, seven themes were identified and are summarised in Table 25. The selected themes, resources and reporting are shown in bold in Table 25 and further highlighted in light grey if it is a potential new theme. The researcher further highlights that two of the themes, namely short-term focus and lack of customer awareness, that were part of the conceptual framework presented in Section 2.6, were not identified as part of the data analysis.

Table 25

Themes identified research question 3: Challenges

Themes	
Internal	
1.	TBL balancing
2.	Sustainability not priority
3.	Lack of employee buy-in
4.	Firm appraisal not aligned
5.	Resources
6.	Reporting
External	
7.	Lack of ecosystem support

Note. Author's own

5.3.1 Research question 3: Theme 5 – Resources

The resources theme comprises the resource challenges that firms experience in transitioning to an SBM. Key insights and understanding were shared by the research participants concerning the theme and research question.

5.3.1.1 Evidence of resources

The evidence covering the resources theme is presented in Table 26. The chosen evidence was based on the essential insights conveyed by the research participants regarding the research question and enhancing the understanding of the phenomenon being studied.

Table 26

Evidence of resources theme

Theme 5 Evidence: Resources	
Quotation	Participant
PECF2 “skills and experience gap...the staff (sustainability officers) is expensive often”	PE Consulting Firm
PECF3 “ESG is a really new space and PE firms are notoriously cost sensitive...there is probably a kind of an education gap”	PE Consulting Firm
PECF4 “I think very few organisations have internal capabilities to do that”	PE Consulting Firm
PEF3 “there is going to be some capital outlay and some money that has to go out”	PE Firm
PEF4 “our resource pools (sustainability human capital) are very limited”	PE Firm
PEF6 “data collection process extensive as different DFI’s require different data to be collected”	PE Firm
PECF6 “there are not enough talented professionals who play in this space and so you know, it’s kind of new field”	PE Consulting Firm

Note. Author’s own

Table 27 highlights the number of mentions of the resources theme by the PE firms and PE consulting firms.

Table 27

Mention of theme: Resources

Theme 5	PE Firm	PE Consulting Firm
Resources	Some	Many

Note. Author’s own

5.3.1.2 Analysis of the evidence: Cross-case and in-case

Both similarities and differences were noted around the evidence from the resources theme, as a challenge for firms to transition to an SBM. More similarities were noted than differences. Although the theme mentions were from both the PE firms and PE consulting

firms, more theme mentions were from the PE consulting firms. A difference was highlighted by one of the participants of the PE firms' group.

A key similarity highlighted by the cross-case analysis between the two groups was around human capital. It was noted that there is a lack of human capital skills and expertise in terms of sustainability. This was mentioned specifically by PECF2 and PEF4. In other words, there is an education, experience, and skills gap around sustainability and the skillset is thus limited.

Another similarity noted through the cross-case analysis between the two groups, was the financial aspect, which comprised the additional costs that would need to be incurred to employ human capital such as sustainability officers. The evidence suggests that the requisite human capital comes at a higher cost, as noted by PECF2. Also, the evidence highlights that additional financial capital is required to implement systems to support sustainability efforts. PEF3 highlighted that capital outlay would be required for sustainability initiatives.

A difference that was highlighted by the in-case analysis within the PE firms' group was about data collection. In other words, data collection requirements for sustainability differ from investor to investor, in particular for the various DFIs, as noted by PEF6. The implication of this is that PE firms require additional resources for both human capital and financial capital.

5.3.1.3 Theme conclusion: Resources

The evidence showed similarities concerning the resources theme. Further, the resource theme was mostly mentioned by the PE consulting firms' group; although a difference was also noted by one of the research participants within the PE firms' group.

The cross-case analysis between the two groups highlighted, firstly, that the access to human capital is a challenge. There are limited skills and expertise for sustainability. Secondly, was the financial capital challenge – employing sustainability expertise is expensive and firms are required to implement systems which support sustainability initiatives.

A difference was revealed by the in-case analysis within the PE firms' group, namely that data collection requirements differ across investors. This has a further impact on additional capital outlay required, both from a human capital and financial perspective.

5.3.2 Research question 3: Theme 6 – Reporting

Theme six referred, to as the reporting theme, comprised the reporting challenge for firms around sustainability, impacting a firm's efforts in transitioning to an SBM. This is a potential new theme. Valuable insights and understanding relating to the theme and research question were highlighted by the research participants.

5.3.2.1 Evidence of reporting

The evidence from the reporting theme is presented in Table 28. The evidence chosen was based on valuable insights that were contributed by the research participants in context of the research question, allowing for a richer understanding of the phenomenon being studied.

Table 28

Evidence of reporting theme

Theme 6 Evidence: Reporting	
Quotation	Participant
PECF1 <i>“regarding frameworks, the International Finance Corporation (IFC) standards and guidelines remain the cornerstone... its driven by the IFC standards and looks like there is a lot of other standards out there”</i>	PE Consulting Firm
PECF3 <i>“There is very little data available to any company that wants to know how they are doing in relation to the industry or the region... You are going to have these stringent reporting requirements”</i>	PE Consulting Firm
PEF3 <i>“lack of harmonisation very frustrating for a lot of PE firms”</i>	PE Firm
PEF4 <i>“We need to have some form of standardisation and formal procedures that we follow. The one constant for us is the United Nations Principles for Responsible Investment (UNPRI).”</i>	PE Firm
PEF5 <i>“from our perspective there is quite a lot of different set of requirements and things. Key challenge for us is that there is not one sort of benchmark standard or set of reporting indicators or anything like that”</i>	PE Firm
PECF6 <i>“So there is not one standardised framework around. So, we definitely need standardization”</i>	PE Consulting Firm
PEF8 <i>“We have different investors, and all these investors have a different reporting lens with different frameworks.”</i>	PE Firm

Note. Author's own

The number of mentions for the reporting theme by the PE firms and PE consulting firms are displayed in Table 29.

Table 29

Mention of theme: Reporting

Theme 6	PE Firm	PE Consulting Firm
Reporting	Many	Many

Note. Author's own

5.3.2.2 Analysis of the evidence: Cross-case and in-case

In terms of the reporting theme evidence, there were both similarities and differences. The theme mentions were evenly across the PE firms and PE consulting firms.

The cross-case analysis showcases the similarity that the two groups highlighted, being a lack of standardisation around sustainability reporting. In terms of the evidence presented, different sustainability reporting frameworks are being used by PE firms, for example, the IFC Standards and Guidelines or the UNPRI Standards. This was noted by PECF1 and PEF4. The in-case overview within the PE firms' group further highlighted the challenge of having multiple investors, with each investor having their own sustainability reporting framework or requirements. This was specifically emphasised by PEF8.

A further similarity noted by the cross-case analysis between the two groups was concerning sustainability benchmarks. The evidence indicated that there is no benchmark standard in place to compare firms in terms of how they are performing from an industry or region perspective on sustainability. PEF5 highlighted that there is no sort of benchmark standard and PECF3 noted that there is very little data available for benchmarking.

The in-case analysis showcased a difference within the PE consulting firms' group that sustainability reporting requirements are rigid and rigorous, in other words, stringent. The stringent reporting requirements were reflected by PECF3. This can become more complicated considering the challenge mentioned of having multiple investors with their own sustainability reporting frameworks.

5.3.2.3 Theme conclusion: Reporting

In terms of the evidence presented, more similarities were noted around the reporting theme. The mentions of the reporting theme were more evenly across the PE firms and

PE firm consulting firms. Nonetheless, a difference was highlighted by the in-case overview within the PE consulting firms' group.

The following similarities were noted across the two groups by the cross-case analysis:

- There is a lack of standardisation when it comes to sustainability reporting. This challenge is further complicated by having a number of investors having different sustainability reporting requirements.
- No sustainability benchmarks in place to assess a firm's sustainability performance within an industry or the region.

The in-case analysis within the PE consulting firms' group revealed that the sustainability reporting requirements are stringent.

5.3.4 Conclusion of research question 3: What are the challenges for firms in transitioning towards an SBM?

Seven themes were identified concerning research question 3, in understanding the challenges for firms in transitioning to an SBM. The researcher discussed one existing theme and one potential new theme. The researcher further highlights that two of the themes, namely short-term focus and lack of customer awareness, that were part of the conceptual framework presented in Section 2.6, were not identified as part of the data analysis.

Table 30 provides the mentions of the selected themes that were mentioned by the PE firms and PE consulting firms; although to a lesser extent by the PE firms' group regarding the resources theme.

Table 30

Mention of themes: Research question 3

Theme	PE Firm	PE Consulting Firm
Resources	Some	Many
Reporting	Many	Many

Note. Author's own

The evidence presented both similarities and differences concerning the two themes that were discussed.

The resources theme analysis revealed the following through the cross-case analysis between the two groups, in understanding a firm’s challenge in transitioning to an SBM. Firstly, the human capital challenge – there are limited sustainability skills and expertise. Secondly, the financial capital resource challenge. This specifically applies to sustainability expertise being expensive to employ and the capital outlay required for implementing systems to support sustainability initiatives. The in-case analysis within the PE firms’ group revealed the data collection challenge. In other words, the data collection requirements varies across investors, requiring further capital outlay in terms of human capital and financial capital.

The reporting theme analysis highlighted the following by the cross-case overview between the two groups. Firstly, the lack of standardisation concerning sustainability reporting. This is further complicated by having multiple investors with different sustainability reporting requirements. Secondly, no sustainability benchmarks to assess a firm’s sustainability performance. Furthermore, the in-case analysis within the PE consulting firms’ group highlighted that sustainability reporting requirements are stringent.

5.4 Research question 4: What are the strategies that can be utilised by firms to transition to an SBM?

Regarding research question 4, the data analysis has yielded five themes. All five of the themes aligned to the conceptual framework as presented in Figure 3. For the discussion three themes were selected. The themes that were selected provided valuable insights and contributed to a better understanding regarding the research question.

Table 31 outlines the five themes that were identified regarding the strategies that are utilised by firms in transitioning to an SBM. The three themes selected for the discussion include firm sustainability integration, firm culture, and sustainability performance appraisal and are shown in bold in Table 31.

Table 31

Themes identified research question 4: Strategies

Themes	
Internal	
1.	Firm sustainability integration
2.	Adoption of sustainability standards and toolkits

3.	Stakeholder Integration
4.	Firm culture
5.	Sustainability performance appraisal

Note. Author's own

5.4.1 Research question 4: Theme 1 – Firm sustainability integration

The firm sustainability integration theme contributes to understanding the strategies firms utilise in transitioning to an SBM. In other words, what firms are doing to integrate sustainability from a strategic perspective. The research participants shared valuable insights and perspectives concerning the theme and research question.

5.4.1.1 Evidence of firm sustainability integration

Table 32 outlines the evidence from the firm sustainability integration theme. The evidence selected was based on the key insights that were conveyed by the research participants concerning the research question and enhancing the understanding concerning the phenomenon being studied.

Table 32

Evidence of firm sustainability integration theme

Theme 1 Evidence: Firm sustainability integration	
Quotation	Participant
PECF2 <i>"important to have like a sustainability champion or ESG champion"</i>	PE Consulting Firm
PECF4 <i>"having an ESG or sustainability champion within the organisation that is spearheading sustainability initiatives"</i>	PE Consulting Firm
PEF4 <i>"So our investment mandate basically drives our deal generation process, understanding what is a fit for investment purposes"</i>	PE Firm
PECF2 <i>"unique investment mandate, what sectors do the PE firm invest into"</i>	PE Consulting Firm
PEF1 <i>"it really starts with intentionality. To make sure that we are very intentional about how it's being done"</i>	PE Firm
PEF3 <i>"What is our responsible investment policy? What are we going to achieve? How we see ourselves as a responsible investor, both at a PE firm level but also through our portfolio companies?"</i>	PE Firm
PEF5 <i>"We have a responsible investment code that is normally part of our commitment"</i>	PE Firm
PECF6 <i>"We are seeing more PE funds that are being intentional around sustainability considerations."</i>	PE Consulting Firm
PEF6 <i>"responsible investment policy kind of guided us where we wanted to go"</i>	PE Firm

PEF2 “PE fund influenced by the South Africa’s macro-economic challenges such as the high unemployment rate as well as the energy crisis.”	PE Firm
PEF3 “focusing on four sustainable development goals (SDG) that we have selected as a PE firm, and incorporating those aspects throughout our investment processes”	PE Firm

Note. Author’s own

The number of mentions of the firm sustainability integration theme by the PE firms and PE consulting firms are summarised in Table 33.

Table 33

Mention of theme: Firm sustainability integration

Theme 1	PE Firm	PE Consulting Firm
Firm sustainability integration	Many	Some

Note. Author’s own

5.4.1.2 Analysis of the evidence: Cross-case and in-case

In terms of the evidence presented, both similarities and differences were observed in the context of the firm sustainability integration theme, although more similarities than differences were noted. The theme mentions were both by the PE firms and PE consulting firms although a higher number of theme mentions were by the PE firms.

A similarity underscored through the cross-case analysis between the two groups was around the PE firm investment mandate. In other words, the investment mandate of a PE firm informs the strategy of the firm regarding its investment focus, which sectors and which companies to invest into. PEF4 highlighted that their investment mandate informs their deal generation and identifying investments that fits the investment mandate. Hence, the investment mandate assists with the sustainability integration within a PE firm.

A further similarity emphasised by the evidence presented through the cross-case analysis between the two groups is intentionality. In other words, for sustainability to be integrated, a firm has to be intentional about it, intentional about following sustainable business practices considering the environmental and social aspects of the firm’s decisions. PEF1 emphasised that it starts with intentionality, in other words, being very intentional about integrating sustainability practices. This was echoed by PEF6.

A similarity pointed out by the in-case analysis within the PE consulting firms' group was about PE firms appointing sustainability officers or ESG officers to assist with the firm sustainability integration. PEF2 specifically mentioned the importance of having a sustainability or ESG champion. With a dedicated role of a sustainability officer or ESG officer, it allows for an increased focus on sustainability practices and aids the firm in their transitioning to an SBM.

The in-case analysis by the PE firms' group stressed the similarity of having a responsible investment policy as a PE firm. This was specifically underscored by PEF3 and PEF6 whereby the responsible investment policy guides the PE firm to be a responsible investor in the way the firm conducts business and goes about doing its business. In essence, being a responsible investor encourages sustainable business practices to be integrated within the firm. A further perspective presented by PEF3 is that the responsible investor focus is not only at a PE firm level but that it is cascaded down into the investment companies.

A few differences were mentioned by the in-case analysis within the PE firms' group – firstly around a firm's perspective being influenced by macro-economic challenges or issues of SA such as the energy crisis and the high unemployment rate. This guides and aids PE firms integrating sustainability initiatives into their BMs. Secondly, the adoption and focus on certain SDGs by PE firms, thereby facilitating the integration of sustainable business practices into a firm's BM.

5.4.1.3 Theme conclusion: Firm sustainability integration

The evidence revealed more similarities in the context of the firm sustainability integration theme. Furthermore, the firm sustainability integration theme was more frequently mentioned by the PE firms' group. However, a few differences were observed by the research participants of the PE firms' group.

The cross-case analysis between the two groups revealed the following similarities:

- The investment mandate of a PE firm informs its strategy development and execution. Hence, the investment mandate assists with the sustainability integration within a PE firm.
- PE firm intentionality – PE firms have to be intentional about sustainability integration by adopting sustainable business practices.

The in-case analysis within the PE consulting firms' group observed the similarity around the appointment of sustainability officers or ESG officers, to assist with the sustainability integration within a firm. Also, a similarity noted by the PE firms' group in-case analysis was having a responsible investment policy, aiding firms to conduct business in a responsible manner, allowing for sustainable business practices to be incorporated within the firm. The responsible investment policy also informs and supports the adoption of responsible business practices at the investment company level.

A few differences were pointed out by the PE firms' group in-case analysis, in aiding firm sustainability integration. Firstly, PE firms' BMs are influenced by macro-economic challenges such as the energy crisis and the high unemployment rate in SA. Secondly, PE firms' BMs informed by adopting and focusing on certain SDGs.

5.4.2 Research question 4: Theme 4 – Firm culture

The firm culture theme contributes towards understanding the strategies employed by firms in transitioning to an SBM. Valuable insights and understanding pertaining to the theme and research question were conveyed by the research participants.

5.4.2.1 Evidence of firm culture

The evidence pertaining to the firm culture theme is presented in Table 34. The evidence was obtained from the valuable insights shared by the research participants in connection with the research question and deepening the understanding of the phenomenon being studied.

Table 34

Evidence of firm culture theme

Theme 4 Evidence: Firm culture	
Quotation	Participant
PECF2 <i>“we are seeing more leadership teams talking about these concepts a little bit more confidently, whereas previously it was very isolated in like an ESG or sustainability role, now we are hearing, deal team leads talking about sustainability”</i>	PE Consulting Firm
PEF1 <i>“changing mindsets is very important, getting people to buy into the concept... very clear vision and mission, that is sustainability”</i>	PE Firm
PEF1 <i>“we have these internal meetings called knowledge shares, where share and discuss concepts such as sustainability for example gender lens investing”</i>	PE Firm
PEF2 <i>“So, you need a lot of buy-in from the partners and senior team. So, it really is about making sure you have got the seniors onsite and when they are onsite the rest falls into place.”</i>	PE Firm

PEF6 <i>“but there is culture and over the last few years it has needed to evolve to include and accommodate ESG considerations...seen more integration with the investment team embracing sustainability...to communicate what ESG means for us as a company”</i>	PE Firm
PEF8 <i>“CEO feels very strongly about this, making it really easy in terms of implementing”</i>	PE Firm
PEF4 <i>“we are for sustainability, planet, profit and people”</i>	PE Firm

Note. Author’s own

Table 35 provides a summary of the mentions of the firm culture theme by the PE firms and PE consulting firms.

Table 35

Mention of theme: Firm culture

Theme 4	PE Firm	PE Consulting Firm
Firm Culture	Many	Few

Note. Author’s own

5.4.2.2 Analysis of the evidence: Cross-case and in-case

The evidence emphasised both similarities and differences in the context of the firm culture theme. Also, the evidence showcased more similarities than differences. Both groups made mention of the theme; however, this was mostly by the PE firms’ group.

A similarity brought to the forefront by the two groups through the cross-case analysis was the buy-in required from the employees of the firm, especially the leadership team. PEF6 particularly noted that sustainability is more embraced now than in earlier years. PEF2 highlighted that once the leadership team is onboard, sustainability initiatives fall into place. A further insight shared by PEF1 was about changing mindsets, in order to get the buy-in from the firm employees.

Another similarity pointed out by the in-case analysis within the PE firms’ group participants was about having a sustainability focused cultured firm. The evidence revealed that sustainability should be part of the values of a firm. This was reflected by PEF4, *“we are for sustainability, planet, profit and people”*. Furthermore, PEF6 noted that a sustainability culture is embraced through constantly communicating what sustainability means for their firm, thereby driving employee values and behaviour.

Nonetheless, in analysing the evidence it is apparent that a few differences were underscored by the in-case analysis within the PE firms' group:

- In order to have a firm culture that embraces sustainability, it must be embraced and driven by the CEO of the firm, as noted by PEF8. Although the evidence highlighted earlier on that buy-in is required from the senior leadership team on sustainability, it was particularly emphasised by PEF8 that a CEO must have a value-system that embraces sustainability, for it to be fully adopted within a firm.
- A further difference noted by PEF1 was regarding knowledge shares – internal meetings where employees share knowledge, insights and understanding concerning sustainability. This aids in fostering a culture centred around sustainability.

5.4.2.3 Theme conclusion: Firm culture

Both similarities and differences were revealed through the evidence presented regarding the firm culture theme. Also, the firm culture theme were mostly mentioned by the PE firms' group.

A similarity observed by both groups through the cross-case analysis was that to embrace a firm culture of sustainability, buy-in is required from employees, more so, from the leadership team of a firm. Furthermore, the PE firms' group specifically noted that to get buy-in, mindsets must be changed.

A further similarity specifically mentioned by the PE firms' group through the in-case analysis is that sustainability should be part of the values of the firm. This can be achieved through constantly communicating what sustainability means for a firm, driving employee values and behaviour.

The evidence also noted a few differences through the in-case analysis within the PE firms' group. Firstly, that the CEO must have a value-system that embraces sustainability, to allow for firm adoption concerning sustainability. Secondly, creating a culture centred around sustainability through knowledge shares.

5.4.3 Research question 4: Theme 5 – Sustainability performance appraisal

The sustainability performance appraisal theme assisted with the discussion in understanding the strategies employed by firms in transitioning to an SBM. The research

participants provided valuable insights and understanding pertaining to the theme and research question.

5.4.3.1 Evidence of sustainability performance appraisal

Table 36 highlights the evidence concerning the sustainability performance appraisal theme. The evidence was obtained from the valuable insights conveyed by the research participants regarding the research question and deepening the understanding of the phenomenon being studied.

Table 36

Evidence of sustainability performance appraisal

Theme 5 Evidence: Sustainability performance appraisal	
Quotation	Participant
PECF2 <i>“investment professionals incentivised based on sustainability performance...placing sustainability targets alongside financial targets, and that being part of everyone’s incentive structure and not limited to the ESG or sustainability officer”</i>	PE Consulting Firm
PECF6 <i>“what we are also starting to see is a number of investors saying they are willing to give a higher fee for sustainability efforts”</i>	PE Consulting Firm
PEF8 <i>“long-term incentive or short-term incentive are kind of aligned to certain components of ESG or sustainability performance, done at a few companies...we can demonstrate from an ESG perspective that a portfolio company can be sold for a higher multiple”</i>	PE Firm
PEF7 <i>“helping you if you exit and what value you can realise from exiting the investment, and making it attractive you know for the next investor”</i>	PE Firm

Note. Author’s own

The mentions of the sustainability performance appraisal theme by the PE firms and PE consulting firms are outlined in Table 37.

Table 37

Mention of theme: Sustainability performance appraisal

Theme 5	PE Firm	PE Consulting Firm
Sustainability performance appraisal	Some	Some

Note. Author’s own

5.4.3.2 Analysis of the evidence: Cross-case and in-case

Evidence of both similarities and differences was presented regarding the sustainability performance appraisal theme. The mentions of the theme were both by the PE firms and PE consulting firms.

A similarity demonstrated by the evidence in terms of the cross-case analysis between the two groups, was the incentivisation of teams. This means that team members are rewarded for achieving sustainability targets, thereby encouraging employee behaviour to implement sustainability initiatives. Two further insights were provided by the research participants of both groups. Firstly, PECF2 highlighted that the incentivisation is driven at team level and not limited to the ESG or sustainability officer. Secondly, PEF8 noted that the incentivisation of teams is driven both at a PE firm level and investment company level.

Some of the differences noted through the cross-case analysis between the two groups include the following:

- It is seen increasingly that investors are willing to reward PE firms higher fees if the PE firms are meeting certain sustainability targets. This guides PE firms' strategic focus towards sustainability, driving efforts and actions, that support sustainable business practices. This difference was noted PECF6.
- In terms of the PE firm BM concerning exits, whereby investment companies are sold to realise returns for investors, it was observed that incorporating sustainability into a firm yields a higher value proposition. The evidence further highlights that incorporating sustainability into a firm, makes it more attractive for the next investor, as noted by PEF7.

5.4.3.3 Theme conclusion: Sustainability performance appraisal

The evidence presented both similarities and differences concerning the sustainability performance appraisal theme as a strategy assisting firms to transition to an SBM. The theme was mentioned across both groups.

The similarity noted by the cross-case analysis between the two groups related to team incentivisation. Team members are rewarded for incorporating sustainability efforts into the BM. Also, the incentivisation is driven at a team level, and not limited to the ESG or sustainability officer. Furthermore, the team incentivisation is driven both at a PE firm and investment company level.

A few differences were revealed by the in-case analyses. Firstly, the PE consulting firms' group stated that investors are willing to pay PE firms higher fees for incorporating

sustainability targets. Secondly, the PE firms' group said that integrating sustainability efforts at an investment company level assists the PE firm to extract a higher value for investors, when exiting the investment company. Also, making it attractive for the next investor.

5.4.4 Conclusion of research question 4: What are the strategies that can be utilised by firms to transition to an SBM?

Regarding research question 4, five themes were identified concerning the strategies that can be utilised by firms to transition to an SBM. Three of the five themes are discussed by the researcher.

The three selected themes were mentioned by both the PE firms and PE consulting firms. The mentions of the firm sustainability integration and firm culture themes, however, were mostly from the PE firms' group.

The mentions of the selected themes by the PE firms and PE consulting firms are outlined in Table 38.

Table 38

Mention of themes: Research question 4

Theme	PE Firm	PE Consulting Firm
Firm sustainability integration	Many	Some
Firm culture	Many	Few
Sustainability performance appraisal	Some	Some

Note. Author's own

The evidence highlighted both similarities and differences among the three themes.

In context of the analysis of firm sustainability integration theme evidence, the following was revealed:

- A PE firm's investment mandate informs its strategy development and execution. The investment mandate allows for sustainability initiatives to be integrated within the firm. Furthermore, intentionality is key to sustainability integration within a firm, in other words, being intentional about incorporating sustainable business practices within a firm.

- The appointment of ESG or sustainability officers' aids with sustainability integration within a PE firm. Also, PE firms have a responsible investment policy that guides and oversees that business activities are conducted in a responsible manner, allowing for the adoption of sustainable business practices.
- PE firms' BMs are influenced by macro-economic challenges such as the energy crisis, facilitating sustainability integration at a firm level. In addition, it is seen that the BMs of PE firms are shaped by the adoption and focus on certain SDGs, thereby increasing focus on sustainability integration within a firm.

In light of the firm culture theme evidence analysis, the following was highlighted:

- In aiding a firm culture of sustainability, the buy-in of employees, more so, the leadership team of the firm is required. In this instance, changing employee mindsets about sustainability is necessary in order to get the buy-in of employees.
- It is important for sustainability to be part of a firm's values. This is achievable through constantly communicating what sustainability means for a firm, thereby guiding employee values and behaviour.
- The value-system of a CEO must embrace sustainability, to allow for the adoption and integration of sustainability within a firm. Furthermore, encouraging a culture of knowledge shares concerning sustainability.

The analysis of the sustainability performance appraisal theme evidence stressed the following:

- Team members' performance is linked to sustainability targets, and thus team members are rewarded for integrating sustainability initiatives into the firm's BM. Also, the sustainability targets are team driven, and not limited to the ESG or sustainability officer. Furthermore, the sustainability performance targets are driven both at a PE firm and investment company level.
- Investors are rewarding PE firms for sustainability integration through higher fees. In addition, incorporating sustainability initiatives at an investment company

level assists the PE firm to extract a higher value for investors upon exiting the investment company. Also, the sustainability incorporation at an investment company level makes it more attractive for the next investor.

5.5 Conclusion

In this chapter, the key research findings were documented that were derived from the data collection and analysis process. The data analysis identified 24 themes, through a thematic analysis process. This was inclusive of both an inductive and deductive coding process. The utilisation of Atlas.ti facilitated the coding process and identification of the 24 themes.

The 24 themes were mapped onto the conceptual framework as presented in Section 2.6. The research focused on developing insights and new understanding around the research topic, hence, not all themes that were derived from the data analysis process were discussed.

In presenting the research findings, the researcher selected and discussed 11 themes. The selected themes that were discussed were based on the deep insights and new understanding that they provided concerning the research topic and research questions.

Four of the 11 themes discussed were new potential themes, highlighting the potential for new insights and understanding. The new potential themes were technical assistance, firm's systems and processes, local contextual factors, and reporting. These new potential themes arose because of the mapping process that was followed. The other seven themes aligned with the conceptual framework that was presented as part of Figure 3.

In terms of the data analysis, no evidence was found for two themes forming part of the conceptual framework as presented in Figure 3. These themes were a firm's short-term focus and lack of customer awareness, specifically relating to research question 3, focusing on the challenges for firms in transitioning to an SBM.

Table 39 summarises the key findings by research question and theme discussed.

Table 39*Key findings by research question and theme*

Research question 1:
1. What are the innovative practices that can help firms to transition to an SBM?
Findings: Existing theme – Environment
<ul style="list-style-type: none"> • Energy efficiency mechanisms as well as alternative energy sources, such as renewable energy. • Water efficiency mechanisms, another form of innovation to environmentally sustainable practices.
Findings: Existing theme – Social
<ul style="list-style-type: none"> • Focus on employees. Redesign of labour policies, making firms more accountable to their employees. Employee health and safety, fostering a culture of employee health and safety. • Employee training and development, as well as employee diversity transformation.
Findings: Potential new theme – Technical assistance
<ul style="list-style-type: none"> • Technical assistance as an innovative practice in aiding firms with sustainability initiatives. Technical assistance mainly offered by DFIs, in other words, having a DFI as an investor. • Technical assistance can be in the form of time, effort, and input (non-monetary).
Research question 2:
2. What are the drivers for firms in transitioning to an SBM?
Findings: Potential new theme – Firm systems and processes
<ul style="list-style-type: none"> • PE firms have an ESM system or an ESG management system in place, to drive sustainability integration. Exist at a PE firm level as well as the investment fund level. • PE firms also have an ESG subcommittee structure in place to drive sustainability. • Sustainability is an evolving space requiring ESG management systems to evolve as well.
Findings: Existing theme – Stakeholder engagement
<ul style="list-style-type: none"> • PE firms that have DFIs as investors are required to incorporate sustainability measures into their BM. • Other two key stakeholders revealed included communities and employees. • Regarding communities', it's understanding the community's expectations and incorporating their expectations into a firm's BM. • Concerning employees, it's around ensuring compliance with labour practices and providing good quality employment. • PE firms have a stakeholder engagement framework in place. • Incorporating stakeholder sustainability measurements and targets into BMs.
Findings: Potential new theme – Local contextual factors
<ul style="list-style-type: none"> • SA has contextual challenges. PE firms are ideally positioned to assist in solving some of SA's contextual challenges such as climate change and gender diversity. • Impact funds are being established and introduced in the SA market, such as climate funds, to assist in addressing the contextual challenges. • Also, European markets and investors are driving sustainability efforts within SA.
Research question 3:
3. What are the challenges for firms in transitioning towards an SBM?
Findings: Existing theme – Resources
<ul style="list-style-type: none"> • Human capital challenge, limited sustainability skills and expertise in SA. • Financial capital resource challenge.

<ul style="list-style-type: none"> • Data collection challenge as requirements varies across investors, requiring further capital outlay in terms of human capital and financial capital.
Findings: Potential new theme – Reporting
<ul style="list-style-type: none"> • Lack of standardisation concerning sustainability reporting. • No sustainability benchmarks are available to assess a firm’s sustainability performance. • Sustainability reporting requirements are stringent.
Research question 4:
4. What are the strategies that can be utilised by firms to transition to an SBM?
Findings: Existing theme – Firm sustainability integration
<ul style="list-style-type: none"> • PE firm’s investment mandate informs its strategy, allowing for sustainability integration. Intentionality is key to sustainability integration within a firm. • Appointment of an ESG or sustainability officer aids with sustainability integration. • PE firms have a responsible investment policy that guides and oversees that business activities are conducted in responsible manner. • BMs of PE firms are shaped by the adoption and focus on certain SDGs, thereby increasing focus on sustainability integration within a firm.
Findings: Existing theme – Firm culture
<ul style="list-style-type: none"> • Sustainability-centred and focused firm culture in transitioning to an SBM is necessary. Sustainability part of firm values, achievable through constantly communicating what sustainability means for a firm. • Value-system of a CEO must embrace sustainability, allow for the adoption and integration of sustainability within a firm. • Firms to encourage a culture of knowledge shares concerning sustainability.
Findings: Existing theme – Sustainability performance appraisals
<ul style="list-style-type: none"> • Firm’s team members performance is linked to sustainability targets. Sustainability targets are team driven, and not limited to the ESG or sustainability officer. • Sustainability performance targets are driven both at a PE firm and investment company level. • Incorporating sustainability initiatives at an investment company level, assists the PE firm to extract a higher value for investors upon exiting the investment company. • Also, the sustainability incorporation at an investment company level makes it more attractive for the next investor, ultimately resulting in PE firms together with investors being rewarded for sustainability integration at an investment company level.

Note. Author’s own

The research findings are discussed in context of the literature in the next chapter.

CHAPTER 6: DISCUSSION OF THE RESEARCH FINDINGS

In this chapter, the findings in Chapter 5 are discussed in relation to the literature. The layout and structure of this chapter are according to the research questions, very similar to Chapter 5. The key research findings from Chapter 5 were systemically compared to the literature as discussed in Chapter 2, to assist with answering the research questions as posed in Chapter 3.

A process of comparison is presented for each theme. The researcher provides a recap of the findings for each theme as well as a recap of the literature for the related theme. For each theme, the findings are then compared to the literature of each theme. A conclusion is then presented for each theme based on the comparison analysis conducted.

The researcher identified four potential new themes, all of which are presented in Chapter 5 as part of the research findings. The new potential themes did not form part of the conceptual framework that was presented in Section 2.6. For the potential new themes, an additional three-step process was conducted by the researcher to confirm if these themes were, in fact, potential new themes – to determine if these themes were different or reflected nuances of difference to the literature. Furthermore, due to the systematic approach followed with the three-step process, the validity and reliability concerning the research was enhanced.

The three-step process entails the following:

Step one:

A word search of the theme was performed by the researcher within the context of the existing literature as discussed in Chapter 2.

Step two:

This step was conducted when no research results were identified in step one. Consequently, the researcher then selected three scholarly articles from Chapter 2 that were analysed and reviewed as part of the literature review conducted. A word search was then performed within these selected articles to identify any mentions of the theme. In case the word search identified any literature concerning the theme, the identified literature was then analysed to assess and understand whether there were any

similarities or differences in context of the research findings. If no results were yielded in step two, the researcher then advanced to step three.

Step three:

Step three involved the researcher identifying an additional three articles written by key scholars within the context of the theme and research question. A similar process was then followed by the researcher which entailed performing a word search within these articles. In case the word search uncovered any literature concerning the theme, the identified literature was analysed to assess and understand whether there were any similarities or differences regarding the research findings. If no results were yielded in step three, the finding was then considered as a potential difference, consequently, a potential new contribution to the body of literature.

The aim of the systematic process followed in this chapter is to firstly discuss and confirm areas of similarity regarding the research findings with the extant literature. Secondly, to confirm whether and how any areas of differences noted in the research findings were indeed potential new insights. A revised conceptual framework is presented at the end of the chapter.

6.1 Research question 1: What are the innovative practices that can help firms to transition to an SBM?

This research question seeks to understand what the innovative practices are that help firms in transitioning to an SBM.

6.1.1 Research question 1: Theme 1 – Environmental

The theme relates to the area of innovation relating to the environment. It is therefore about understanding the sustainable business practices that ensure the longevity of the natural environment.

6.1.1.1 Recap of findings: Theme 1 – Environmental

The key research findings identified that energy efficiency mechanisms as well as alternative energy sources, such as renewable energy, are areas of innovation concerning environmentally sustainable business practices. Another form of innovation that was revealed by the findings was water efficiency mechanisms as part of environmentally sustainable business practices.

6.1.1.2 Recap of literature: Theme 1 – Environmental

In the context of the literature, the maximisation of efficiencies in connection with energy was emphasised as an area of innovation relating to the environment (Bocken et al., 2014; Yip & Bocken, 2018). Renewables substitution was further highlighted as an alternative energy source as well as a clean energy source contributing further as an innovative practice concerning the environment (Bocken et al., 2014). Bonfanti et al. (2022) in their study also considered waste and resource management as an area of innovation for a firm concerning environmentally sustainable business practices.

6.1.1.3 Comparison: Findings to literature

The research findings are similar to the literature review in the context of the area of innovation relating to environmentally sustainable business practices. The energy efficiency mechanism finding, identified as an environmentally sustainable business practice, was highlighted by (Bocken et al., 2014; Yip & Bocken, 2018). Furthermore, the finding around renewable energy as an alternative source of energy or substitution was also noted by (Bocken et al., 2014).

The water efficiency mechanism which was identified as an area of innovation concerning environmentally sustainable business practices is aligned with the observation of Bonfanti et al. (2022) concerning waste and resource management, that is, to ensure the efficient management of resources such as water.

6.1.1.4 Conclusion of the environmental theme

The research findings confirmed the literature regarding environmentally sustainable business practices as an area of innovation to ensure the longevity of the natural environment. The research findings confirmed the literature concerning the maximisation of energy efficiencies (Bocken et al., 2014; Yip & Bocken, 2018), renewable energy as a substitution (Bocken et al., 2014) and effective waste and resource management (Bonfanti et al., 2022).

6.1.2 Research question 1: Theme 2 – Social

The theme is concerned with the area of innovation dealing with the social aspect of a firm, in other words, the socially sustainable practices of a firm.

6.1.2.1 Recap of findings: Theme 2 – Social

The key research finding identified around the social theme, across the two groups, PE firms and PE consulting firms, was the focus on employees. However, different

perspectives were revealed around the employees, including redesigning of labour policies to ensure firm accountability to employees, as well as employee health and safety as an area of innovation from a social perspective.

Further insights highlighted by the research findings were employee training and development as well as employee diversity transformation within a firm. These were identified as areas of social innovation.

6.1.2.2 Recap of literature: Theme 2 – Social

The social theme in the context of the literature highlighted that focusing on employees contributes to and strengthens the overall SBM framework (Bonfanti et al, 2022). Bonfanti et al. (2022) further emphasised the following under the social area of innovation: corporate welfare, employee health and safety, employee diversity, equity inclusion and corporate academy.

The employee focus was further supported by Freudenreich et al. (2020) who encouraged employee ownership in firms. They also highlighted the emphasis on the mutual exchange and relationship between a firm and its employees (Freudenreich et al., 2020).

6.1.2.3 Comparison: Findings to literature

The research findings are similar to the literature review concerning the social area of innovation relating to socially sustainable business practices. The finding around the social focus of employees was echoed by both (Bonfanti et al., 2022; Freudenreich et al., 2020). The redesign of labour policies and a firm's accountability to its employees aligns with the view of Freudenreich et al. (2020) emphasising the mutual exchange and relationship between a firm and its employees.

The socially sustainable business practices findings including employee health and safety, employee training and development as well as the employee diversity transformation within a firm support the observation of Bonfanti et al. (2022) concerning employee corporate welfare, employee health and safety, and employee diversity.

6.1.2.4. Conclusion of the social theme

The research findings confirmed the literature concerning socially sustainable business practices as an area of innovation. The research findings also confirmed the literature concerning the employee focus by firms (Bonfanti et al., 2022; Freudenreich et al., 2020).

This in particular refers to employee corporate welfare, employee health and safety, and employee diversity (Bonfanti et al., 2022). Also, in light of the mutual exchange and relationship between a firm and its employees (Freudenreich et al., 2020).

6.1.3 Research question 1: Theme 4 – Technical assistance

Theme four involves technical assistance as an innovative practice that can help firms transition to an SBM. This is a potential new theme.

6.1.3.1 Recap of findings: Theme 4 – Technical assistance

The technical assistance theme was identified by the two groups, PE firms, and PE consulting firms. Therefore, technical assistance was observed by the two groups as an innovative practice helping firms with their sustainability initiatives. The finding reflected that the technical assistance is mainly offered by investors, in this instance, specifically by DFIs. In other words, this is technical assistance funding being provided by an investor to assist with driving sustainable business practices.

A further finding presented was that the technical assistance does not necessarily have to be in monetary form. The technical assistance can also be in the form of time, effort, and input. This is not a finding explicitly stated; however, the researcher would like to stress that through innovative practices such as technical assistance, the PE firm BM is ideally positioned to aid the transition to an SBM due to its ability to direct and influence sustainability efforts.

6.1.3.2 Recap of literature: Theme 4 – Technical assistance

No evidence was revealed around the technical assistance theme in the literature review conducted in Chapter 2 at this time. Hence, the three-step process discussed at the beginning of this chapter was followed.

Step one:

No results were yielded through the word search conducted in Chapter 2 on technical assistance. Words used included: “technical assistance” or “technical assistance funding”.

Step two:

The word searches “technical assistance” and “technical assistance funding” were then performed on the following three articles already discussed through the review of the literature in Chapter 2: Bonfanti et al. (2022), Freudenreich et al. (2020), Yip and Bocken

(2018). There were no word matches yielded in the articles Bonfanti et al. (2022) and Freudenreich et al. (2020). However, a word match was identified in the Yip and Bocken (2018) article.

The study of Yip and Bocken (2018) specifically focused on the SBM framework within the banking industry. One of the areas of innovation highlighted by Yip and Bocken (2018) was sustainable financial products. Examples of this included green bonds, sustainable mutual funds, social responsible funds, and sustainable shipment letters of credit (Yip & Bocken, 2018). This entails funding being provided to firms to encourage them to participate in sustainable business practices including participation in the potential growth opportunities in advancing sustainability efforts. Yip and Bocken (2018) highlighted that there was an increasing trend among investors being concerned about sustainability challenges and that these innovative sustainable financial products could be offered as a means to encourage sustainable business practices.

6.1.3.3 Comparison: Findings to literature

When comparing the research findings to the literature, there appears to be a similarity concerning technical assistance as an innovative practice helping firms to transition to an SBM. The technical assistance innovative practice, although named differently, is similar to the innovative sustainable financial products as discussed by (Yip & Bocken, 2018). In other words, using the sustainable financial products as an innovative practice to drive sustainable business practices.

However, compared to the literature, there is a nuance of difference reflected by the findings in that technical assistance does not necessarily have to be monetary. As mentioned and revealed by the research findings, technical assistance does not need to be monetary; however, this was not mentioned in (Yip & Bocken, 2018).

6.1.3.4. Conclusion of the technical assistance theme

Concerning technical assistance as an innovative practice, the research findings confirmed the extant literature. This finding aligns with Yip and Bocken (2018) highlighting the innovative sustainable financial products which are similar to the technical assistance innovative practice. In other words, innovative sustainable financial products entail funding being provided to firms to encourage them to participate in sustainable business practices, including participation in business opportunities to advance sustainability efforts.

However, a nuance of difference was found between the findings and literature, in that technical assistance does not necessarily have to be monetary, potentially highlighting a new sub-theme.

Considering the findings and literature, the researcher notes that the technical assistance theme can be categorised into two further sub-themes, being monetary and non-monetary.

6.2 Research question 2: What are the drivers for firms in transitioning to an SBM?

The research question aimed to understand what the internal and external drivers are for firms in transitioning to an SBM.

6.2.1 Research question 2: Theme 4 – Firm systems and processes

The firm systems and processes theme is a potential new theme. The theme considers a firm's systems and processes as a key internal driver in transitioning towards sustainability.

6.2.1.1 Recap of findings: Theme 4 – Firm systems and processes

The research findings concerning the firm systems and processes theme identified that PE firms have an ESM system or an ESG management system in place, to drive sustainability integration within a firm. The research findings identified further that an ESM system exists at a PE firm level as well as the investment fund level. In addition, the research findings highlighted that PE firms also have an ESG subcommittee structure in place to drive sustainability efforts. Also, the research findings recognised that sustainability is ever evolving space that requires ESG management systems to evolve as well.

6.2.1.2 Recap of literature: Theme 4 – Firm systems and processes

No evidence was revealed around the firm systems and processes theme in the literature review conducted in Chapter 2. Accordingly, the three-step process discussed at the commencement of this chapter was followed.

Step one:

For step one the following word searches were conducted in Chapter 2: “firm systems”, “firm processes”. The following results were yielded from the word searches: van Bommel (2018) specifically emphasised the adoption, incorporation and implementation

of policies and systems that aid in driving the sustainability agenda. Further, van Bommel (2018) highlighted that corporate governance structures and policies should be created in order to support sustainability integration.

Based on the above word matches, the researcher did not proceed to step two.

6.2.1.3 Comparison: Findings to literature

In comparing the research findings to the literature, the researcher notes that a similarity with literature exists concerning the firm's systems and processes theme as an internal driver assisting firms to transition to a SBM. The firm's systems and processes theme refers to PE firms having an ESM system or an ESG management system in place, to drive sustainability integration within in a firm. The research finding is similar to van Bommel (2018) view's that driving the sustainability within a firm, it require firms to adopt, incorporate and implement policies and systems.

The further research finding noting that PE firms also have an ESG subcommittee structure in place to drive sustainability efforts is similar to the observation of van Bommel (2018) that integrating sustainability requires the creation of corporate governance structures and policies. An ESG subcommittee is an example of that.

6.2.1.4. Conclusion of the firm systems and processes theme

The research findings confirmed the extant literature around the firm's systems and processes theme. The research findings aligns with van Bommel (2018) noting that firm policies and systems are required in driving BMs towards sustainability. This is further supported by the creation of governance structures and policies in aiding sustainability integration (van Bommel, 2018). This is similar to the research findings of having an ESM and ESG management systems as well as an ESG subcommittee structure.

The researcher concludes that the firm's systems and processes theme is not a potential new theme as it forms part of the extant literature, through firm policies, systems, and governance structures.

6.2.2 Research question 2: Theme 5 – Stakeholder engagement

The theme considers and discusses stakeholder engagement as an external driver aiding firms to transition to an SBM.

6.2.2.1 Recap of findings: Theme 5 – Stakeholder engagement

The research findings identified that PE firms that have DFIs as investors are required to incorporate sustainability measures into their BM. The other two key stakeholders revealed by the research findings included communities (within which a firm operate) and employees. In the context of communities, it's understanding the community's expectations and incorporating their expectations into a firm's BM. Concerning employees, it's about ensuring compliance with labour practices and providing good quality employment. The research findings further highlighted that PE firms have a stakeholder engagement framework in place as well as incorporating stakeholder sustainability measurements and targets into their BMs.

6.2.2.2 Recap of literature: Theme 5 – Stakeholder engagement

The extant literature highlighted stakeholder engagement as a driver to aid firms to transition to an SBM (Biloslavo et al., 2020; Long et al., 2018; Silvestre et al., 2022). Biloslavo et al. (2020) and Silvestre et al. (2022) emphasised the importance of ensuring various stakeholders' interests are considered and integrated from a sustainability perspective as well engaging stakeholders to align sustainability matters.

Silvestre et al. (2022) further highlighted a firm's responsibility concerning information related to sustainability. In other words, how firms are evaluating, managing, and monitoring sustainability performance and reporting on it.

6.2.2.3 Comparison: Findings to literature

The research findings concerning the stakeholder engagement theme are similar to the extant literature. The research findings showcased that stakeholders' concerns and requirements should be recognised and integrated into the BMs of firms. This is evident from the studies of Biloslavo et al. (2020) and Silvestre et al. (2022) that emphasised the importance of ensuring various stakeholders' interests are considered and integrated from a sustainability perspective. It is further noted by Biloslavo et al. (2020) and Silvestre et al. (2022) that stakeholders should ensure alignment of sustainability matters.

The research finding highlighting the integration of stakeholder sustainability measurements and targets into a firm's BM supports the view of Silvestre et al. (2022) that firms should be evaluating, managing, and monitoring sustainability performance and reporting on it.

6.2.2.4. Conclusion of the stakeholder engagement theme

The research findings confirmed that stakeholder engagement is a driver in helping firms to transition to an SBM. This confirms and supports the extant literature. The research findings align with Biloslavo et al. (2020) and Silvestre et al. (2022) that various stakeholders' interests should be considered and integrated from a sustainability perspective, including the alignment of sustainability matters. Furthermore, the research finding around the integration of stakeholder sustainability measurements and targets confirms the view of Silvestre et al. (2022) that firms should be evaluating, managing, and monitoring sustainability performance.

6.2.3 Research question 2: Theme 8 – Local contextual factors

The local contextual factors theme is a potential new theme. The theme considers the context of SA as an external driver in transitioning a firm towards sustainability.

6.2.3.1 Recap of findings: Theme 8 – Local context factors

The research findings, concerning the local contextual factors theme, found that SA has contextual challenges and that PE firms are ideally positioned to assist in solving some of SA's contextual challenges such as climate change and gender diversity. Furthermore, the research findings noted that impact funds are being established and introduced in the SA market, such as climate funds, to assist in addressing the contextual challenges. Also, through the research findings, it was noted that European markets and investors are driving sustainability efforts within SA.

6.2.3.2 Recap of literature: Theme 8 – Local contextual factors

The literature review in Chapter 2 revealed no evidence about the local contextual factors theme. Accordingly, the three-step process discussed at the beginning of this chapter was followed.

Step one:

For step one, the following word searches were conducted in Chapter 2: "context" and "operating environment". No results were yielded from the word search. The researcher then moved on to step two.

Step two:

The researcher conducted word searches for "context" and "operating environment". The word searches were performed on the following three articles that have already been

discussed in the review of the literature in Chapter 2: Biloslavo et al. (2020), Manninen and Huiskonen (2022) and Silvestre et al. (2022).

A word match was noted in the Manninen and Huiskonen (2022) article. However, there were no word matches regarding the local contextual factors theme in the articles by Biloslavo et al. (2020) and Silvestre et al. (2022).

Manninen and Huiskonen (2022) in their study discussed the concept of market-related conditions in driving sustainability integration. That refers to the operating environment of a firm which can either enable or hinder sustainability integration and implementation. In the Manninen and Huiskonen (2022) study, four market-related conditions were identified that can act as enabler in driving sustainability efforts, namely market demands for sustainable products, the level of sustainability legitimacy in a market or jurisdiction (referring to the level of importance and recognition of sustainability issues), raw material availability and seasonality thereof and unforeseen global catastrophes.

Based on the above, the researcher did not proceed to step three.

6.2.3.3 Comparison: Findings to literature

In comparing the research findings to the literature there appears to be a similarity concerning the local context within which a firm operates, which is that it can act as a driver in aiding a firm to transition to an SBM. In literature, the local contextual factors theme is referred to as market-related conditions (Manninen & Huiskonen, 2022). The finding that SA has contextual challenges such as climate change and gender diversity aligns to the market-related conditions as discussed by Manninen and Huiskonen (2022) specifically around the concept of sustainability legitimacy in a market. In other words, understanding the importance and recognition of sustainability issues. In this case, the research findings have reflected on the SA challenges such as climate change and the launch of impact funds by PE firms in driving the sustainability legitimacy of climate change in the market.

The market-related condition, as discussed in Manninen and Huiskonen (2022) around sustainability legitimacy in a market jurisdiction, is further supported by the finding that European markets and investors are driving sustainability efforts within SA. Also, the climate change challenge in SA aligns with the unforeseen global catastrophe market-related condition, as discussed by (Manninen & Huiskonen, 2022).

6.2.3.4. Conclusion of the local contextual factors theme

In relation to the local context within which a firm operates, in that the local context can act as a driver in helping firms transitioning to an SBM, the research findings confirmed the literature. The research findings around SA's contextual challenges and the European markets driving sustainability efforts in SA align with Manninen and Huiskonen (2022), specifically the two market-related conditions, namely the sustainability legitimacy (in terms of the level of importance and recognition thereof) in a market and the unforeseen global catastrophes condition.

The researcher concludes that the local contextual factors theme is not a potential new theme as it forms part of the extant literature, highlighted through the market-related conditions as studied by (Manninen & Huiskonen, 2022).

6.3 Research question 3: What are the challenges for firms in transitioning towards an SBM?

The research question sought to understand what the challenges are for firms in transitioning to an SBM.

6.3.1 Research question 2: Theme 5 – Resources

The theme considers firm resources as a challenge for firms in transitioning to an SBM.

6.3.1.1 Recap of findings: Theme 5 – Resources

The research findings first identified the human capital challenge – there are limited sustainability skills and expertise in SA. Second, the financial capital resource challenge. This research finding is that sustainability skills are expensive to employ, and that capital outlay is required for implementing systems to support sustainability measures. A further finding that was revealed was the data collection challenge. The data collection requirements vary across investors, requiring further capital outlay in terms of human capital and financial capital.

6.3.1.2 Recap of literature: Theme 5 – Resources

A key and prominent challenge highlighted by Caldera et al. (2019) in the literature is a lack of financial resources because implementing sustainable business practices requires significant capital cost to be incurred. Long et al. (2018) highlighted that a firm's accessibility to capital to drive sustainability is also impacted by an economic crisis, thereby impacting a firm's ability to transition to an SBM. Caldera et al. (2019) further highlighted that there is a lack of knowledge and expertise around sustainability.

6.3.1.3 Comparison: Findings to literature

The research findings concerning the resource challenge are similar to the literature. The research findings show that both human capital and financial capital, from a resource perspective, are challenges to a firm in transitioning to an SBM. In keeping with this, Caldera et al. (2019) stated that a lack of financial resources as well as a lack of knowledge and expertise are key challenges to firms in transitioning to an SBM.

Although the human capital and financial capital challenges are emphasised in literature, a nuance of difference was noted within the PE industry, namely that data collection around sustainability measures is challenging as the data collection requirements vary across investors. This highlights data collection as a potential new sub-theme.

6.3.1.4. Conclusion of the resources theme

The research findings confirmed the extant literature regarding the resources challenge. The research findings concerning the human capital and financial capital resource challenge aligned with Caldera et al. (2019) regarding a firm's lack of financial resources as well as lack of knowledge and expertise around sustainability.

Nonetheless, a nuance of difference was found between the findings and literature, in that the PE industry has a challenge with data collection, particularly when data collection requirements vary across investors, highlighting a potential new sub-theme.

6.3.2 Research question 3: Theme 6 – Reporting

Theme six regarding research question 3, the reporting theme, discussed firms' reporting challenge with sustainability, impacting a firm's efforts in transitioning to an SBM. This is a potential new theme.

6.3.2.1 Recap of findings: Theme 6 – Reporting

The research findings, according to the cross-case analysis between the two groups, PE firms and PE consulting firms, identified that there is a lack of standardisation concerning sustainability reporting. This is further complicated by having multiple investors with different sustainability reporting requirements. Also, no sustainability benchmarks are available to assess a firm's sustainability performance. Furthermore, the research finding from the in-case analysis within the PE consulting firms' group highlighted that sustainability reporting requirements are stringent.

6.3.2.2 Recap of literature: Theme 6 – Reporting

At this stage, a review of the literature (Chapter 2) revealed no evidence of the reporting theme. Hence, the three-step process discussed at the start of this chapter was followed.

Step one:

A word search was conducted in Chapter 2 on the reporting theme. Word included: “reporting”. No results were yielded through the word search. The research then moved onto step two.

Step two:

The word search “reporting” was performed on the following three articles already discussed through the review of the literature in Chapter 2: Evans et al. (2017), Ritala et al. (2018) and Yip and Bocken (2018).

Regarding the Ritala et al. (2018) and Yip and Bocken (2018) articles, no word matches were yielded. However, a word match was identified in the Evans et al. (2017) article.

Evans et al. (2017) stressed the point that there is no consensus on a common sustainability reporting standard. Furthermore, that emerging reporting frameworks are complex (Evans et al., 2017). Also, there is no measurement system in place for measuring sustainability initiatives, complicated by having multiple stakeholders with various expectations (Evans et al., 2017).

In light of the above, the researcher did not proceed to step three.

6.3.2.3 Comparison: Findings to literature

Comparing the research findings to the literature, there appears to be a similarity regarding sustainability reporting as a challenge to firms in transitioning to an SBM. The research findings around the lack of standardisation and having multiple investors with different reporting requirements are similar to the views of Evans et al. (2017) in that there is no consensus on a common sustainability reporting standard and that having multiple stakeholders with various expectations makes sustainability reporting more complicated. Also, the research finding that sustainability reporting requirements are stringent aligns to Evans et al. (2017) in that emerging reporting frameworks are complex.

6.3.3.4. Conclusion of the reporting theme

The research findings confirmed the extant literature around the reporting theme. The research findings align with Evans et al. (2017) that there is no common sustainability reporting standard. Also, having various stakeholders makes the sustainable reporting process more complicated (Evans et al., 2017). Furthermore, that the emerging sustainability reporting requirements are complex (Evans et al., 2017).

The researcher concludes that the reporting theme is not a potential new theme as it forms part of the extant literature as discussed in Evans et al. (2017).

Furthermore, in relation to research question 3, the researcher highlights that two themes, namely short-term focus and lack of customer awareness, that were part of the conceptual framework presented in Section 2.6, were not identified as part of the data analysis process.

6.4 Research question 4: What are the strategies that can be utilised by firms to transition to an SBM?

This research question aimed to understand the strategies that firms can employ in aiding their transition to an SBM.

6.4.1 Research question 4: Theme 1 – Firm sustainability integration

The firm sustainability integration theme contributes to understanding the strategies firms utilise in transitioning to an SBM. In other words, what firms are doing to integrate sustainability from a firm perspective.

6.4.1.1 Recap of findings: Theme 1 – Firm sustainability integration

The research findings concerning the firm sustainability integration theme identified that a PE firm's investment mandate informs its strategy development and execution. The investment mandate allows for sustainability initiatives to be integrated within a firm. Furthermore, intentionality is key to sustainability integration within a firm.

Another research finding was that the appointment of an ESG or sustainability officer aids with sustainability integration within a PE firm. Also, that PE firms have a responsible investment policy that guides and oversees that business activities are conducted in responsible manner, allowing for the adoption of sustainable business practices.

A further research finding revealed that the BMs of PE firms are shaped by the adoption and focus on certain SDGs, thereby increasing focus on sustainability integration within a firm.

6.4.1.2 Recap of literature: Theme 1 – Firm sustainability integration

van Bommel (2018) and Caldera et al. (2019) both emphasised that sustainability should be integrated in a firm's strategic objectives and initiatives. It was particularly highlighted by van Bommel (2018) that alignment is a prerequisite, in other words, that sustainability concerns are aligned to a firm's objectives and initiatives. van Bommel (2018) further argues that issues around sustainability should be aligned to and included in business goals. Another observation made by van Bommel (2018) was about having sustainability expertise employed within the firm to aid sustainability integration.

6.4.1.3 Comparison: Findings to literature

The research findings in connection with the firm sustainability integration theme are similar to the extant literature. The research findings identified that a PE firm's investment mandate informs its strategy development and execution. Also, that the investment mandate allows for sustainability initiatives to be integrated. This aligns with the point made by van Bommel (2018) and Caldera et al. (2019) that sustainability should be integrated in a firm's strategic objectives and initiatives, in this instance, the investment mandate of a PE firm informs the firm's strategic objectives.

The observation of van Bommel (2018) and Caldera et al. (2019) is further supported by the finding that PE firms have a responsible investment policy. This policy guides and oversees that business activities are conducted in a responsible manner, allowing for the adoption of sustainable business practices, and being integrated into a firm's strategic objective.

The research finding noting that the BMs of PE firms are shaped by the adoption and focus on certain SDGs, thereby increasing focus on sustainability integration within a firm, supports the view of van Bommel (2018) that issues concerning sustainability should be aligned to and included in business goals.

The research finding around the appointment of an ESG or sustainability officer that assists with sustainability integration within a PE firm supports the emphasis made by van Bommel (2018) that having sustainability expertise employed helps with sustainability integration within a firm.

6.4.1.4. Conclusion of the firm sustainability integration theme

The research findings confirmed the extant literature concerning the firm sustainability integration theme. The research findings concerning PE firms having an investment mandate that support sustainability integration as well as having a responsible investment policy support the argument made by van Bommel (2018) and Caldera et al. (2019) that sustainability should be integrated in a firm's strategic objectives and initiatives.

Furthermore, the emphasis by van Bommel (2018) that issues concerning sustainability should be aligned to and included in business goals is substantiated by the research finding that the BMs of PE firms are shaped by the adoption and focus on certain SDGs, thereby facilitating sustainability integration. Furthermore, the research findings noted the appointment of an ESG or sustainability officer to assist with sustainability integration, which supports the view of van Bommel (2018) that having sustainability expertise employed helps with sustainability integration within a firm.

6.4.2 Research question 4: Theme 4 – Firm culture

The firm culture theme contributes to understanding the strategies employed by firms in transitioning to an SBM.

6.4.2.1 Recap of findings: Theme 4 – Firm culture

The firm culture theme research findings revealed that a sustainability centred and focused firm culture in transitioning to an SBM is necessary. In other words, the buy-in of employees, especially the leadership team of the firm is required. In this instance, changing employee mindsets about sustainability is necessary. Another research finding yielded was for sustainability to be part of the firm values which is achievable through constantly communicating what sustainability means for a firm – thereby guiding employee values and behaviour.

The research findings also noted that the value-system of a CEO must embrace sustainability to allow for the adoption and integration of sustainability within a firm. In addition, for firms to encourage a culture of knowledge shares concerning sustainability.

6.4.2.2 Recap of literature: Theme 4 – Firm culture

Manninen and Huiskenen (2022) emphasised that firms should have a sustainability anchored culture. Sustainability should be anchored within the culture, strategy, and

values of a firm. Long et al. (2018) and Silvestre et al. (2022) further emphasised that a complementary firm culture and leadership are essential in steering BMs to sustainability.

Further, Manninen and Huiskonen (2022) emphasised the importance of having a longstanding commitment of top management to aid sustainability efforts. In addition, a firm needs to encourage a culture of sharing knowledge, with employees sharing their skills and expertise around sustainability (Manninen & Huiskonen, 2022).

6.4.2.3 Comparison: Findings to literature

The research findings relating to the firm culture theme are similar to the extant literature. The research findings identified that a sustainability centred and focused firm culture is essential. The buy-in of employees, especially the leadership team of the firm is needed, thereby requiring mindsets to change. The research finding supports the argument of Manninen and Huiskonen (2022) that firms should have a sustainability anchored culture – sustainability should be anchored within the culture, strategy, and values of a firm.

A further alignment of research findings to literature was around the value-system of a CEO that must embrace sustainability, to allow for the adoption and integration of sustainability within a firm. This supports the views of Long et al. (2018) and Silvestre et al. (2022) that firm leadership is essential in steering BMs to sustainability. Also, Manninen and Huiskonen (2022) amplified having a longstanding commitment of top management in aiding sustainability efforts.

The research finding about firms needing to encourage a culture of knowledge shares concerning sustainability echoes the view of Manninen and Huiskonen (2022) that a firm should encourage a culture of sharing knowledge, in other words, employees sharing their skills and expertise around sustainability.

6.4.2.4. Conclusion of the firm culture theme

The research findings confirmed the literature regarding the firm culture theme. The research findings highlighted that firms should have a sustainability centered and focused firm culture which align with Manninen and Huiskonen (2022) that firms should have a sustainability anchored culture. Another research finding around the CEO embracing sustainability within a firm supports the views of Long et al. (2018) and Silvestre et al. (2022) that firm leadership is essential in steering BMs to sustainability. Also, the research finding about firms needing to encourage a culture of knowledge

shares supports the emphasis of Manninen and Huiskonen (2022) that a firm should encourage a culture of sharing knowledge.

6.4.3 Research question 4: Theme 5 – Sustainability performance appraisal

The sustainability performance appraisal theme assisted in understanding the strategies employed by firms in transitioning to an SBM.

6.4.3.1 Recap of findings: Theme 5 – Sustainability performance appraisal

The research findings identified that the performance of a firm's team members is linked to sustainability targets, in other words, team members are rewarded for integrating sustainability initiatives into a firm's BM. Also, that the sustainability targets are team driven, and not limited to the ESG or sustainability officer. Furthermore, the sustainability performance targets are driven both at a PE firm and investment company level.

Further research findings highlighted that investors are rewarding PE firms for sustainability integration through higher fees. In addition, incorporating sustainability initiatives at an investment company level assists the PE firm to extract a higher value for investors upon exiting the investment company. Also, the sustainability incorporation at an investment company level makes it more attractive for the next investor, ultimately resulting in PE firms together with investors being rewarded for sustainability integration at an investment company level.

6.4.3.2 Recap of literature: Theme 5 – Sustainability performance appraisal

The study of van Bommel (2018) discussed linking employees' bonus incentivisation structures with achieving sustainability targets. In other words, structuring employees' short-term and long-term bonus incentives around meeting sustainability targets (van Bommel, 2018). It was noted that this will encourage employees to adopt sustainable business practices (van Bommel, 2018). The converse, however, argued by Yip and Bocken (2018), was that employee appraisal and performance incentive systems are not geared toward sustainability. It is difficult to drive employee behaviour toward sustainability.

6.4.3.3 Comparison: Findings to literature

The sustainability performance appraisal theme research findings are similar to the extant literature. The research findings identified that the performance of a firm's team members is linked to sustainability targets, echoing the view of van Bommel (2018) that employees' bonus incentivisation structures are linked to achieving sustainability targets.

Nonetheless, a nuance of difference was found between the findings and literature in that PE firms that instil sustainability integration can extract a higher value for investors upon exiting their shareholding in a firm. Secondly, that sustainability incorporation makes a firm more attractive for the next investor. This leads to PE firms and ultimately investors being rewarded for sustainability integration. This was not discussed by van Bommel (2018) regarding the sustainability performance appraisal theme.

6.4.3.4. Conclusion of the sustainability performance appraisal theme

The research findings of the sustainability performance appraisal theme confirmed the extant literature. The research findings highlighted that employees' performance is linked to a firm's sustainability targets. This echoed the view of van Bommel (2018) which is that employees' bonus incentivisation structures are linked to achieving sustainability targets.

Nonetheless, a nuance of difference was found between the findings and literature, which firstly is that PE firms can extract a higher value for investors upon exiting the investment company by instilling sustainability integration. Secondly, that sustainability incorporation at an investment company level makes it more attractive for the next investor. This leads to PE firms and ultimately investors being rewarded for sustainability integration at an investment company level. This potentially highlights a new sub-theme.

Considering the findings and literature, the researcher notes that the sustainability performance appraisal theme can be further categorised into two sub-themes, being employee and firm.

6.4 Conclusion

This chapter discussed the findings in Chapter 5 in relation to the literature. The research findings were systemically compared with the literature, by research question. For each theme within each research question, a process of comparison was conducted.

For the four potential new themes that were identified and presented as part of the research findings in Chapter 5, an additional three-step process was conducted. This was to confirm if these themes were, in fact, potential new themes. The three-step process was described at the start of this chapter.

Through systemically comparing the research findings to the literature, it was found that the four potential new themes identified together with the remaining themes were

consistent with and similar to the literature. However, three new potential sub-themes were identified. The analysis concerning the comparison between the research findings and the extant literature is summarised in Table 40.

Table 40

Results comparative analysis: Research findings to literature

Research question	Theme	Comparative analysis	Outcome
What are the innovative practices that can help firms to transition to an SBM?	Environmental	Similar to extant literature	Theme maintained
	Social	Similar to extant literature	Theme maintained
	Technical assistance	Similar to extant literature; however, potential sub-theme identified, non-monetary technical assistance	Theme maintained, potential new sub-theme identified, non-monetary technical assistance
What are the drivers for firms in transitioning to an SBM?	Firm systems and processes	Similar to extant literature	Theme maintained
	Stakeholder engagement	Similar to extant literature	Theme maintained
	Local contextual factors	Similar to extant literature; however, theme name to change market-related conditions	Theme maintained; however, theme name to change to market-related conditions
What are the challenges for firms in transitioning towards an SBM?	Resources	Similar to extant literature; however, potential sub-theme identified	Theme maintained, potential new sub-theme identified, data collection
	Reporting	Similar to extant literature	Theme maintained
What are the strategies that can be utilised by firms to transition to an SBM?	Firm sustainability integration	Similar to extant literature	Theme maintained
	Firm culture	Similar to extant literature	Theme maintained
	Sustainability performance appraisals	Similar to extant literature; however, potential sub-theme identified, sustainability performance appraisal - firm	Theme maintained, potential new sub-theme identified, sustainability performance appraisal - firm

Note. Author's own

In summary, the three new potential sub-themes that were identified include:

Regarding research question 1, in understanding the innovative practices helping firms to transition to an SBM, under the theme technical assistance, one new potential sub-theme was identified, namely:

Technical assistance – non-monetary

Technical assistance is seen as an innovative practice. However, the technical assistance does not necessarily have to be monetary. It can also be in the form of time, effort, and input.

Concerning research question 2, in gaining insights in understanding the drivers, externally and internally, that aid firms to transition to an SBM, no new potential sub-themes were identified. However, in terms of the local contextual factors theme, literature refers to it as market-related conditions.

Regarding research question 3, in understanding the challenges that hamper a firm in transitioning to an SBM, in relation the resources theme, one new potential sub-theme was identified, namely:

Data collection

The data collection challenge is as a result of the data collection requirements of various investors concerning sustainability measures, requiring further capital outlay in terms of human capital and financial capital.

Furthermore, the researcher notes that two themes, namely short-term focus and lack of customer awareness, that formed part of the conceptual framework presented in Section 2.6, were not identified as part of the data analysis process in this study.

In connection with research question 4, in understanding the strategies utilised by firms in transitioning to an SBM, under the theme sustainability performance appraisal, one new potential sub-theme was identified, namely:

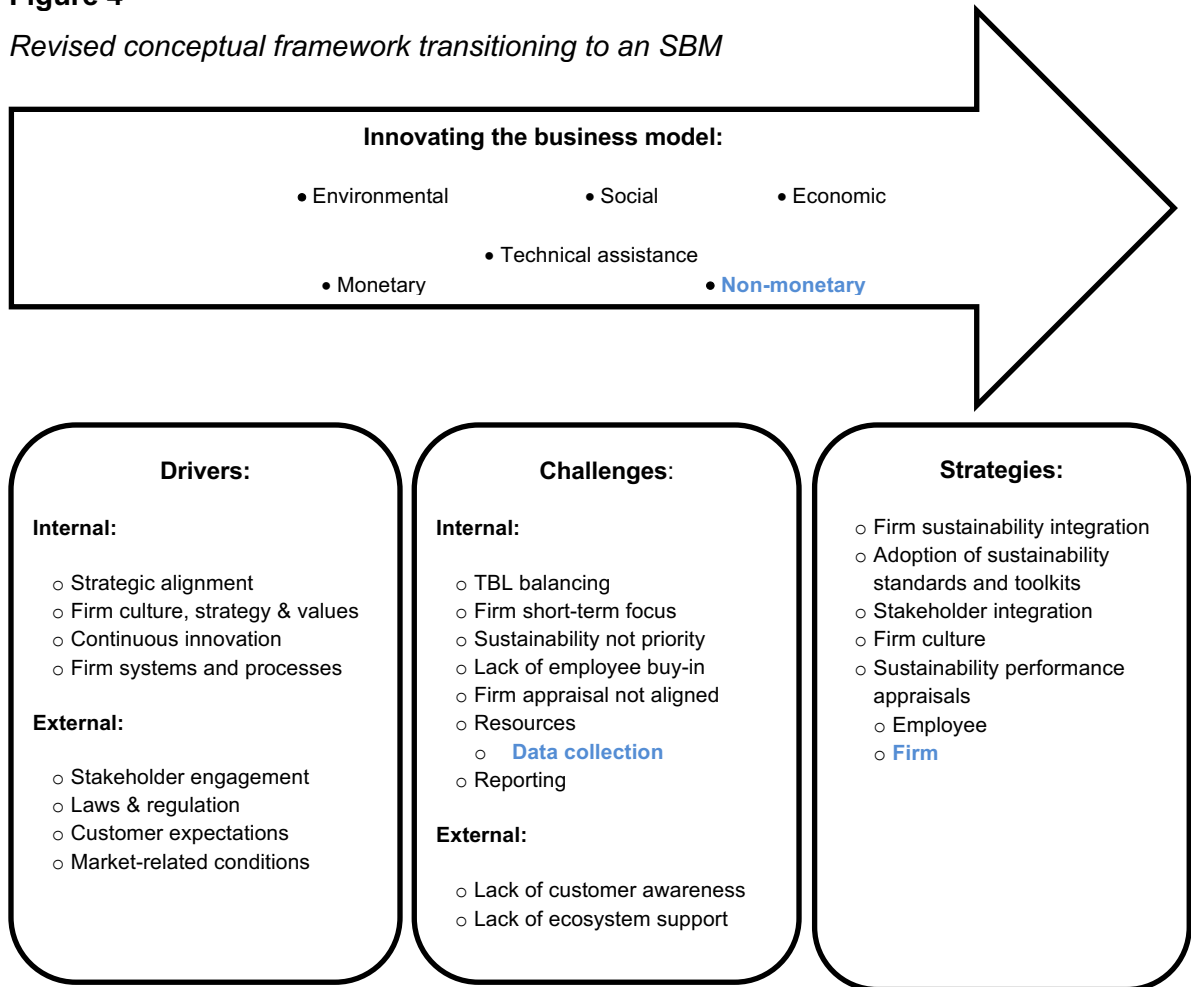
Sustainability performance appraisal – firm

PE firms that instil sustainability integration can extract a higher value for investors upon exiting their shareholding in a firm. Secondly, sustainability incorporation makes the firm more attractive for the next investor. This leads to PE firms and ultimately investors being rewarded for sustainability integration.

Based on the comparative analysis outlined in Table 40, an amended conceptual framework is presented in Figure 4 including the new potential sub-themes. These are highlighted in light blue.

Figure 4

Revised conceptual framework transitioning to an SBM



The next chapter concludes the research paper in context of the research conclusions in relation to the research questions posed.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

The purpose of this chapter is to present the research conclusions derived from the research study in relation to the research questions posed. The chapter outlines the final conceptual framework resulting from the research conclusions in Chapter 6. The aim of the final conceptual framework is to provide new perspectives and understanding of how firms in emerging markets can innovate their BMs toward sustainability.

This chapter highlights the principal theoretical conclusions for each research question. Also, the research contributions are discussed, followed by recommendations for management and other stakeholders. The chapter ends with highlighting the research study's overall limitations and suggests avenues for future research.

7.2 Principal theoretical conclusions

This section discusses the theoretical conclusions of this research study in relation to each research question. The theoretical conclusions were identified by comparing the key research findings to the extant literature; firstly, to identify similarities to the extant literature. Secondly, to identify any nuance of differences that can result in a potential refinement of literature. Thirdly, to identify any differences to the extant literature resulting in potential extensions to the literature.

The researcher identified a number of similarities in relation to the extant literature. Also, a few nuances of differences were identified that could result in the potential refinement of the extant literature. These nuances of differences led to the identification of three potential new sub-themes, which are potential refinements to literature. The three potential new sub-themes are technical assistance – non-monetary, data collection, and sustainability performance appraisal – firm. The researcher identified no potential extensions to the extant literature.

7.2.1 Research question 1: What are the innovative practices that can help firms to transition to an SBM?

Research question 1 aimed to gain perspectives and new understanding concerning what innovative practices can be adopted by firms to assist with their transitioning to an SBM. In Chapter 6, the three main themes discussed were environmental, social, and technical assistance. These themes are concluded on in this chapter. The three themes were all identified in the extant literature and were similar to the extant literature.

Nonetheless, a nuance of difference was identified concerning the technical assistance theme. This was concluded as a potential new sub-theme and was highlighted as a potential refinement to the extant literature. The researcher first discussed the similarities and then concluded with the nuance of difference identified.

Concerning environmentally sustainable business practices as an area of innovation, the research conclusions from Chapter 6 are similar to the extant literature. The research conclusions confirmed the literature concerning the maximisation of energy efficiency as an environmentally sustainable business practice (Bocken et al., 2014; Yip & Bocken, 2018). The conclusions also confirmed the literature concerning renewable energy as a substitution, as discussed by (Bocken et al., 2014) as well as effective waste and resource management such as the effective management of water resources, as discussed by (Bonfanti et al., 2022).

The research conclusion regarding the social area of innovation relating to socially sustainable business practices is similar to the extant literature. The social focus of employees was echoed by both (Bonfanti et al., 2022; Freudenreich et al., 2020). Also, employee health and safety, employee training and development as well as employee diversity transformation within a firm supported the observation of Bonfanti et al. (2022) concerning employee corporate welfare, employee health and safety, and employee diversity.

Technical assistance as an innovative practice, as discussed in Chapter 6, is similar to the extant literature. The technical assistance innovative practice aligns with Yip and Bocken (2018) concerning the offering of innovative sustainable financial products. This is funding solutions which are provided to firms to encourage participation in sustainable business practices.

However, although the main theme, technical assistance, is similar to the extant literature, a nuance of difference was found in that technical assistance does not necessarily have to be monetary, highlighting a potential new sub-theme. This contributes as a potential refinement of the extant literature.

In summary, the themes namely, environmental, social, and technical assistance from this research study were found to be similar to the extant literature. This contributes to the body of literature in understanding the innovative practices that can be adopted by firms in transitioning to a SBM. Nonetheless, a nuance of difference was found, in that

technical assistance does not necessarily have to be monetary. This is concluded as a potential new sub-theme and has been noted as a potential refinement to the extant literature.

Furthermore, the researcher underscores that in addition to the three themes addressed concerning research question 1, an additional theme, namely economic, was identified in conjunction with the deductive mapping process as described in Chapter 4. This additional theme was considered as being similar.

7.2.2 Research question 2: What are the drivers for firms in transitioning to an SBM?

This research question aimed to understand what the internal and external drivers are for firms in transitioning to an SBM, highlighting any new insights and understanding. Three themes were discussed in Chapter 6, namely firm systems and processes, stakeholder engagement, and local contextual factors. The themes are concluded on in this chapter.

The three themes were all identified in the extant literature and were similar to the extant literature. No new potential themes or sub-themes were identified.

Research conclusions for the firm's systems and processes theme (as an internal driver assisting firms to transition to a SBM) are similar to the existing literature. The research conclusions of having an ESM or an ESG management system as well as an ESG subcommittee structure affirm the view of van Bommel (2018) that driving sustainability within a firm requires firms to adopt, incorporate, and implement policies and systems. Also, integrating sustainability requires the creation of corporate governance structures and policies (van Bommel, 2018).

The research conclusions in relation to stakeholder engagement as a means to drive firms to transition to an SBM are similar to the extant literature. The research conclusions showcased that stakeholders' concerns, and their requirements should be recognised and integrated into the BMs of firms. This is supportive of the studies of Biloslavo et al. (2020) and Silvestre et al. (2022) that emphasised the importance of ensuring various stakeholders' interests are considered and integrated from a sustainability perspective, including alignment with sustainability matters. Also, the integration of stakeholder sustainability measurements and targets into a firm's BM aligns with Silvestre et al.

(2022) that firms should be evaluating, managing, and monitoring sustainability performance and reporting on it.

In relation to the local context within which a firm operates, in that the local context can act as a driver in helping firms to transition to an SBM, the research conclusions are similar to the existing literature. SA's contextual challenges such as climate change and the European markets driving sustainability efforts in SA align with Manninen and Huiskonen (2022), specifically around the two market-related conditions, namely the sustainability legitimacy (in terms of the level of importance and recognition thereof) in a market and unforeseen global catastrophes existing within a market. The researcher notes that the local contextual factors theme is referred to as market-related conditions in literature (Manninen & Huiskonen, 2022) and is amended as such.

To sum up, the three themes discussed in this research study, namely firm systems and processes, stakeholder alignment, and local contextual factors were found to be similar to the existing literature. This adds to the body of literature in understanding the drivers for firms in transitioning to an SBM. The local contextual factors theme is amended to market-related conditions.

Also, the researcher notes apart from the three themes discussed in this study, additional themes in connection with research question 2, were identified in conjunction with the deductive mapping process as described in Chapter 4. These themes were considered as being similar. These additional themes included strategic alignment, firm culture, strategy and values, continuous innovation, laws and regulations, and customer expectations.

7.2.3 Research question 3: What are the challenges for firms in transitioning towards an SBM?

This research question sought to gain insights into and understanding of what the challenges are for firms in transitioning toward an SBM. Two themes concerning research question 3, namely resources and reporting, were discussed in Chapter 6. The themes are concluded on in this chapter.

Both themes that were discussed were identified in the extant literature and were similar to the existing literature. However, a nuance of difference was identified concerning the resources theme. This was concluded as a potential new sub-theme and as a result,

highlighted as a potential refinement of the existing literature. Firstly, the similarities were addressed, followed by the nuance of difference identified.

The research outcomes around the resources themes are similar to the extant literature. The human capital and financial capital resource challenge aligns with Caldera et al. (2019) regarding a firm's lack of financial resources as well as lack of knowledge and expertise around sustainability. Nonetheless, a nuance of difference was found, around the data collection challenge, particularly when the data collection requirements vary across investors, highlighting a potential new sub-theme. This was added as a potential refinement to the extant literature.

The reporting challenge is similar to the existing literature. The research outcome around the lack of standardisation and having multiple investors with different reporting requirements is similar to the views of Evans et al. (2017) in that there is no consensus on a common sustainability reporting standard and that having multiple stakeholders with various expectations makes sustainability reporting more complicated. Also, the research conclusion that sustainability reporting requirements are stringent aligns with Evans et al. (2017) in that reporting frameworks that are emerging are complex.

In summary, both themes discussed as a part of this research question were found to be similar to the extant literature. The research conclusions contribute to the body of literature in understanding the challenges that firms have to face in transitioning to an SBM. Nonetheless, for the resources theme, namely data collection, a nuance of difference was identified. This is concluded as a potential new sub-theme and has been recognised as a potential refinement to the extant literature.

Lastly, apart from the two themes discussed in this research study, additional themes were identified as a result of the deductive mapping process as described in Chapter 4 and were considered as being similar. These additional themes included TBL balancing, sustainability not priority, lack of employee buy-in, firm appraisal not aligned, and lack of ecosystem support. Nonetheless, the researcher notes that two themes, short-term focus and lack of customer awareness, that were part of the conceptual framework presented in Section 2.6, were not identified as part of the data analysis process in this research study.

7.2.4 Research question 4: What are the strategies that can be utilised by firms to transition to an SBM?

This research question aimed to gain insights and understanding of what strategies can be employed by firms to transition to an SBM. Concerning research question 4, three themes were discussed in Chapter 6 namely, firm sustainability integration, firm culture, and sustainability performance appraisal. The themes are concluded on in this chapter.

The three themes that were addressed had been identified in the extant literature and were similar to the extant literature. Nevertheless, a nuance of difference was recognised concerning the sustainability performance appraisal theme. This was concluded as a potential new sub-theme. Consequently, the nuance of difference was highlighted as a potential refinement of the extant literature. In terms of the discussion, the similarities were addressed first, followed by the nuance of difference identified.

Concerning the firm sustainability integration theme, the research conclusions from Chapter 6 are similar to the extant literature. Having a firm investment mandate that supports sustainability integration as well as a responsible investment policy supported the argument made by van Bommel (2018) and Caldera et al. (2019) that sustainability should be integrated into a firm's strategic objectives and initiatives. The appointment of an ESG or sustainability officer to assist with sustainability integration aligned with the view of van Bommel (2018) that having sustainability expertise employed helps with sustainability integration within a firm. Firms being shaped by the adoption and focus on certain SDGs, thereby facilitating sustainability integration, sustains the view of van Bommel (2018) that issues concerning sustainability should be aligned to and included in business goals.

The research conclusions of the firm culture theme are similar to the extant literature. The research conclusion relating to firms having a sustainability centred and focused firm culture aligned with Manninen and Huiskonen (2022) that firms should have a sustainability-anchored culture. Also, a CEO embracing sustainability within a firm supports the views of Long et al. (2018) and Silvestre et al. (2022) that firm leadership is essential in steering BMs to sustainability. Also, firms that encourage a culture of knowledge shares support the point made by Manninen and Huiskonen (2022) that a firm should encourage a culture of knowledge sharing.

The sustainability performance appraisal theme as discussed in Chapter 6 is similar to the extant literature. Employees' performance linked to a firm's sustainability targets

echoed the view of van Bommel (2018) that employees' bonus incentivisation structures are linked to achieving sustainability targets. Nonetheless, a nuance of difference was found, namely that firms, firstly, can extract a higher value for investors when selling their shareholding because of instilling sustainability integration. Secondly, that sustainability incorporation makes a firm more attractive for the next investor. This leads to PE firms and ultimately investors being rewarded for sustainability integration. This potentially highlights a new sub-theme. This was added as a potential refinement to the extant literature.

To sum up, the three themes discussed were found to be similar to the extant literature. This adds to the body of literature in understanding the strategies utilised by firms in transitioning to an SBM. Nonetheless, a nuance of difference was identified regarding the sustainability performance appraisal, namely sustainability performance appraisal - firm. This is concluded as a potential new sub-theme and has been recognised as a potential refinement to the extant literature.

Lastly, the researcher notes apart from the three themes discussed in this study, additional themes in relation to research question 4, were identified in conjunction with the deductive mapping process as described in Chapter 4. These themes were considered as being similar. These additional themes included the adoption of sustainability standards and toolkit and stakeholder integration.

7.2.5 Principal theoretical conclusions: Final conceptual framework

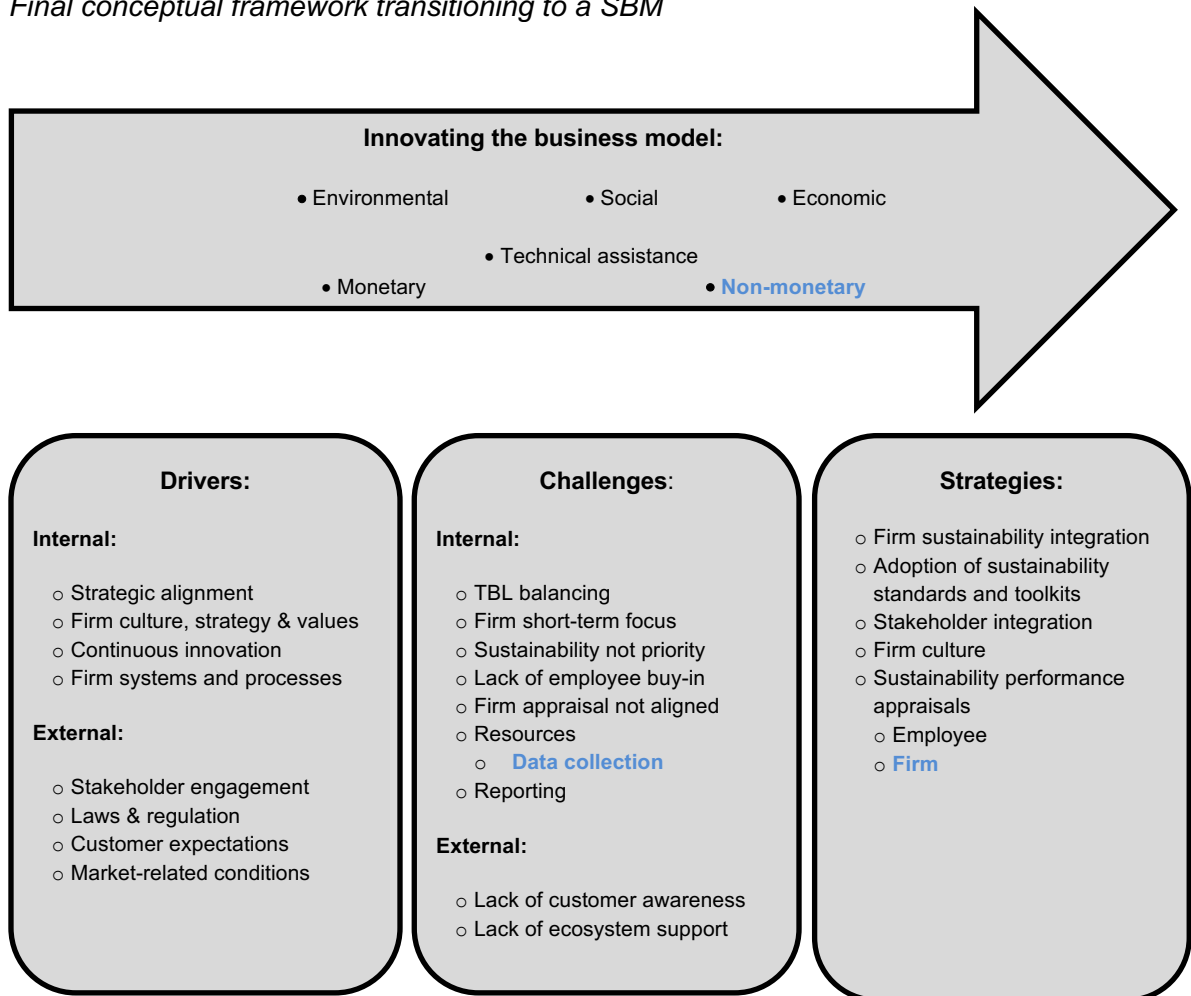
In terms of this research study, the principal theoretical conclusions are outlined in the final conceptual framework in Figure 5. The similarities and differences are showcased in this final conceptual framework. The nuances of differences have been displayed in bold blue and are potential refinements to the existing literature. Also, the researcher notes that the local contextual factors theme, relating to the drivers for firms in transitioning to an SBM, was changed to market-related conditions as referred to in literature and is presented as such in the final conceptual framework.

In addition, the final conceptual framework demonstrates the areas of innovative practices that can be employed by firms in transitioning to an SBM. It also highlights the drivers that aid firms to transition to an SBM as well as the challenges that firms have to overcome in transitioning to an SBM. Furthermore, it shows the strategies that can be employed by firms in transitioning to an SBM. Overall, the final conceptual framework

helps in addressing the main research question of how firms in emerging markets can innovate their BMs toward sustainability.

Figure 5

Final conceptual framework transitioning to a SBM



Note: Author's own adapted from Bhattacharya and Polman (2017), Biloslavo et al. (2020), Bocken et al. (2014), Bonfanti et al. (2022), Caldera et al. (2019), Evans et al. (2017), Freudenreich et al. (2020), Geissdoerfer et al. (2018), Long et al. (2018), Manninen and Huiskonen (2022), Mignon and Bankel (2022), Silvestre et al. (2022), van Bommel (2018), Yip and Bocken (2018)

7.3 Research contribution

This research study aimed to explore and gain understanding of how firms can innovate their BMs toward sustainability. The research conclusions of this study offer a potential contribution to the extant literature concerning SBMs, in how firms can innovate their BMs toward sustainability. The potential contribution of this research study is two-fold. Firstly, identifying the similarities to the extant literature which contributes to the existing

body of literature. Secondly, identifying potential nuance of differences to the extant literature, which can be added as potential refinements to the body of literature.

7.3.1 Similarities with literature: Contributing to the body of knowledge

Many of the themes discussed by the research study were similar to the extant literature. The study's potential contribution in terms of similarities is presented in Table 41 and form part of the final conceptual framework as presented in Figure 5.

Table 41

Similarities: Contribution to the body of knowledge

Theoretical constructs	Theme	Sub-themes
Innovative practices	<ul style="list-style-type: none"> • Environmental • Social • Economic 	
	<ul style="list-style-type: none"> • Technical assistance 	<ul style="list-style-type: none"> • Monetary
Drivers	<ul style="list-style-type: none"> • Strategic alignment • Firm culture, strategy and values • Continuous innovation • Firm systems and processes • Stakeholder engagement • Laws and regulation • Customer expectations • Market-related conditions 	
Challenges	<ul style="list-style-type: none"> • TBL balancing • Sustainability not priority • Lack of employee buy-in • Firm appraisal not aligned • Resources • Reporting • Lack of ecosystem system 	
Strategies	<ul style="list-style-type: none"> • Firm sustainability integration • Adoption of sustainability standards and toolkits • Stakeholder integration • Firm culture 	
	<ul style="list-style-type: none"> • Sustainability performance appraisals 	<ul style="list-style-type: none"> • Employee

Note. Author's own

7.3.2 Nuance of differences with literature: Refinement to the body of knowledge

The study has potential contributions in terms of nuance of differences identified. Three potential nuances of differences to the extant literature were identified, resulting in potential refinements to the existing body of knowledge (Crane et al., 2016). In section 6.4. of Chapter 6, the potential refinements were discussed and also integrated into the final conceptual framework in Figure 5. These potential refinements are as follows:

- *Technical assistance – non-monetary*

Technical assistance – non-monetary is noted as a potential sub-theme and potential refinement to the technical assistance theme. The potential refinement highlights that technical assistance does not necessarily have to be monetary. It can also be in the form of time, effort, and input.

- *Data collection*

The data collection challenge is highlighted as a potential sub-theme and potential refinement to the resource theme. The potential refinement entails the data collection challenge in terms of the data collection requirements of various investors concerning sustainability initiatives. This requires further capital outlay, both in terms of human capital and financial capital.

- *Sustainability performance appraisal – firm*

The sustainability performance appraisal – firm is noted as a potential sub-theme and potential refinement to the sustainability performance appraisal theme. The potential refinement highlights that firms that instil sustainability integration can extract higher value for investors when selling their shareholding. Also, sustainability incorporation makes the firm more attractive for the next investor. This leads to PE firms, and ultimately investors being rewarded for sustainability integration.

7.4 Recommendations for management and other stakeholders

The recommendations for management and other stakeholders aim to provide managers and other stakeholders with insights into how firms can innovate their BMs toward sustainability. The research study has developed a conceptual framework that can be employed by firms in transitioning to an SBM and assist managers and respective stakeholders in the transitioning process to an SBM. The recommendations are structured by construct:

- The innovative practices highlight and give key insights to managers and other stakeholders around the areas of innovation within which a firm can innovate its BM toward sustainability. The areas of innovation are environmental, social, economic, and technical assistance. A number of innovative practices can be adopted by firms in transitioning to an SBM. For example, for the environmental area of innovation, it would entail incorporating sustainable business practices such as maximising energy efficiency mechanisms. For the social area of innovation, it would be around employees, ensuring employee health and safety,

employee training and development, and employee diversity. This is to ensure that these elements are integrated within the firm from a social perspective. Concerning technical assistance, it would be important for managers to seek funders, both equity and debt, that offer technical assistance funding in helping a firm to transition to an SBM. Also, to seek investors that do not necessarily offer technical assistance funding but support in the form of input, time, and effort, in order to integrate sustainable business practices within a firm.

- The firm's drivers for transitioning to an SBM provide managers and other stakeholders with a rich understanding of what drivers can assist firms towards sustainability. One essential driver to highlight for managers is incorporating firm systems and processes around sustainability such as creating an ESM or an ESG management system. Also, to recruit sustainability or ESG officers into a firm. This will help firms to drive sustainability efforts within a firm. Stakeholder engagement is another important element whereby managers can engage with stakeholders to understand their expectations of the firm and integrate their interests into the BM of the firm to ensure the sustainability of the firm BM.

A further insight that managers and other stakeholders are encouraged to consider is the market-related conditions within which the firm operates. For example, the energy crisis in SA. This can help managers and other stakeholders to identify these market-related conditions and put action plans in place to address these conditions, thereby ensuring the sustainability of the firm.

- Gaining insights into and understanding of the challenges that firms can encounter in transitioning to an SBM allows for managers to recognise if similar challenges are experienced by their firms. Also, to create awareness of potential challenges going forward. Knowing and having an awareness of these challenges would allow managers to start working on solutions to overcome these challenges.

The resource challenge is a serious challenge, in terms of human capital and financial capital. Managers need to incorporate measures to address this challenge, through employing sustainability expertise, training, and development of employees, and allocating a portion of the firm's budget to sustainability initiatives. Managers and stakeholders should also consider the sustainability

reporting challenge, and how consistency can be achieved in reporting sustainability initiatives.

- The strategies that firms can employ in transitioning to an SBM comprise rich insight and understanding to managers and other stakeholders. Managers can introduce governance structures such as an ESG committee to help with firm sustainability integration, including integrating sustainability into the strategic objectives of a firm. Another key strategy that managers can focus on is building a firm culture that is sustainability-orientated. In other words, for sustainability to be embedded within the firm culture. This requires that the firm management team buy into sustainability and embrace sustainability values throughout the firm and constantly communicate these values throughout the firm.

Another key insight and recommendation for managers and other stakeholders is to introduce performance appraisal systems that are linked to achieving sustainability targets, and in that way drive employee behaviour and values. Incorporating sustainability should be communicated to the stakeholders such as the investors, to highlight that should a firm integrate sustainability, the investors' value proposition in the firm increases, thereby encouraging investors to pro-actively drive the sustainability integration from a stakeholder perspective.

7.5 Limitations of the research study as a whole

Regarding the overall research study certain limitations were observed.

Firstly, the research study was conducted in SA, an emerging market. Other emerging markets were not covered by the research study.

Secondly, the research study focused on the PE industry. Other financial services sector industries were not considered as part of the research study.

Lastly, the potential new sub-themes, namely technical assistance – non-monetary as an innovative practice, data collection as a resource challenge, and sustainability performance appraisal – firm as a strategy for SBM transition, were not examined in any detail by the research study.

The researcher notes that the limitations of the research methodology followed for this research study are covered in Section 4.12 of Chapter 4.

7.6 Suggestions for future research

Concerning future research avenues, the researcher has identified a few areas.

Firstly, for this research study, the research setting was SA, specifically to understand how firms in emerging markets can innovate their BMs toward sustainability. The researcher suggests that future studies be conducted in other emerging markets.

Secondly, the research study focused on the PE industry. The researcher suggests that further studies be extended to other financial services sector industries.

Lastly, the researcher notes in terms of this research study that the research conclusions identified potential new sub-themes, namely technical assistance – non-monetary as an innovative practice, data collection as a resource challenge, and sustainability performance appraisal – firm as a strategy for SBM transition. These potential new sub-themes were not discussed in detail. The researcher suggests that these potential new sub-themes can be areas for further research.

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APPENDIX 1: INTERVIEW PROTOCOL

Interview Protocol		
Research Questions	Research Focus	Interview Questions
Background	Introduction	1. Please can you tell me about your experience around sustainability within the PE industry?
Main Research Question: How can firms in emerging markets innovate their BMs towards sustainability?	Understanding sustainability integration from a BM perspective	2. In your understanding, what are the expectations of your organisation in terms of transitioning your organisation toward sustainability?
Research sub-question 1 What are the innovative practices that can help firms to transition to an SBM?	Innovative practices in transitioning to an SBM	3. What is your understanding of the innovative practices that have been adopted by your organisation to transition to sustainability?
Research sub-question 2 What are the drivers for firms in transitioning to an SBM?	Drivers in transitioning to an SBM	4. In your understanding, from an external perspective, what are the drivers in transitioning to an SBM? 5. In your understanding, from an internal perspective, what are the drivers in transitioning to an SBM?
Research sub-question 3 What are the challenges for firms in transitioning towards an SBM?	Challenges transitioning to an SBM	6. From your experience, what are the challenges for firms in transitioning to an SBM? 7. In your experience, how does your organisation tackle and overcome these challenges?
Research sub-question 4 What are the strategies that can be utilised by firms to transition to an SBM?	Strategies in transitioning to an SBM	8. In your understanding, what strategies are being applied by your organisation in transitioning to an SBM? 9. In your experience, what has actually been achieved in terms of transitioning your organisation toward sustainability?
End the Interview		10. How do you see sustainability developing in the future in the PE industry?
Interview guideline	Clarifying Questions Probing Questions	Clarifying questions, to help understand concepts and definitions used? Allowing for probing questions to be asked, where further detail is required, including (Bell et al., 2019): <ul style="list-style-type: none"> • Please tell me more about that? • Please can you talk me through that? • Please can you provide me with an example of that?

APPENDIX 2: ETHICAL CLEARANCE APPROVAL

GIBS ETHICAL CLEARANCE APPLICATION FORM 2023/24

G. APPROVALS FOR/OF THIS APPLICATION

When the applicant is a student of GIBS, the applicant must please ensure that the supervisor and co-supervisor (where relevant) has signed the form before submission

STUDENT RESEARCHER/APPLICANT:

29. I affirm that all relevant information has been provided in this form and its attachments and that all statements made are correct.

Student Researcher's Name in capital letters:

████████████████████

Date:

12 Jul 2023

Supervisor Name in capital letters:

JILL BOGIE

Date:

12 Jul 2023

Co-supervisor Name in capital letters:

Date:

12 Jul 2023

Note: GIBS shall do everything in its power to protect the personal information supplied herein, in accordance to its company privacy policies as well the Protection of Personal Information Act, 2013. Access to all of the above provided personal information is restricted, only employees who need the information to perform a specific job are granted access to this information.

Decision:

Approved

REC comments:

Date: 19 Jul 2023

APPENDIX 3: INDIVIDUAL CONSENT FORM

Gordon Institute of Business Science

University of Pretoria

Informed Consent for Interview

I am conducting research on innovating business models toward sustainability: an emerging market perspective. Our interview is expected to last between 45 and 60 minutes, and will help us understand how can firms in emerging markets innovate their business models toward sustainability. Your participation is voluntary and you can withdraw at any time without penalty.

By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: ██████████

Research supervisor name: Dr Jill Bogie

Email: 15407099@mygibs.co.za

Email: BogieJ@gibs.co.za

Phone: 264 81 207 3687

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

APPENDIX 4: CODES

Count	1st Order Codes	1st Order Categories
1	o Africa's development issues and challenges	Africa Context
2	o Africa's voice silenced, driven by European expectations on sustainability	
3	o High cost of doing business in Africa is a serious challenge	
4	o PE manager to be mindful of the region, market conditions and their investors when making investments	
5	o Advancement of Artificial Intelligence in driving ESG reporting	Artificial Intelligence Influence on PE
6	o Latest development is impact management systems	
7	o Globally, devastating events happening including earth quakes, floods and fires	Catastrophic Global Events
8	o Seen destruction of the natural environment	
9	o Challenge of DFIs not rewarding PE firms for sustainability efforts	Firm Appraisal Not Aligned
10	o Challenge of finding suitable investment deals that meets the investment mandate criteria	Lack of Ecosystem Support
11	o Challenge of firms doing green washing or impact washing	
12	o Challenge: South Africa PE firms have to balance competing sustainability interests	
13	o Loss of ESG expertise from a South African market perspective	
14	o South Africa need to new, stronger policies and regulations driving the sustainability agenda	
15	o South African to be aware of the CBAM requirements from a business perspective	Lack of Employee Buy-In
16	o Challenging to change the mindset of the Old Guard to embrace sustainability	
17	o Challenge of data collection and the time it takes	Resources
18	o Challenge: Portfolio company do not have to capacity to report on ESG / impact measures	
19	o Cost of non-compliance is high	
20	o Costly to sign-up to becoming a signatory to the UNPRI	
21	o Early stage companies have not necessarily thought about sustainability	
22	o ESG / Sustainability expertise are expensive	
23	o ESG Head or Sustainability Head seen as an outsider to the private equity deal team	
24	o ESG not coming through in the financial returns	
25	o ESG seen just as cost center and administrative burden	
26	o Lack of education around sustainability concerning portfolio companies	
27	o Lack of ESG capacity at the Portfolio Company Level	
28	o Lack of sustainability skills, expertise and experience challenge	
29	o Misconception that you are giving good returns	
30	o PE firms ESG capacity limited, no massive teams	
31	o Sustainability comes at a cost to the Private Equity Fund Manager	
32	o Verification of ESG data is expensive, one of the biggest issues going forward	
33	o Framework Carbon Border Adjustment Mechanism (CBAM) to be considered by private equity funds	Reporting
34	o Framework such as the IFC Standards and Guidelines	
35	o Initiatives being looked at to drive increased standardisation around sustainability principles and metrics	
36	o Lack of standardisation of LPs reporting requirements	
37	o Limited benchmarking available in measuring and monitoring ESG initiatives	
38	o More standardisation expected in future around reporting frameworks, reporting tools.	
39	o More standardisation of reporting & processes, to help address the integration of sustainability into the firm	
40	o Private equity fund managers to be aware of CBAM and its impact on portfolio companies and strategy	
41	o Sustainability financial disclosures required by investors	
42	o Sustainability Performance Standards	
43	o United Nations Principles for Responsible Investment (UNPRI) as guideline, regulatory and reporting tool	Sustainability Not Priority
44	o Challenge of dealing with multiple issues of complexity, not just carbon emissions	
45	o ESG / Sustainability is way more complex	Sustainability Reporting
46	o Challenge around the proliferation of various sustainability frameworks, standards and regulations	
47	o Challenge of LPs having stringent reporting requirements	
48	o Challenge whether DFIs sustainable requirements are appropriate for the South African market	Triple Bottom Line
49	o Challenge: ESG Compliance can be cumbersome	
50	o Challenge around the perception that ESG is holding-up or delaying investment deals	Climate Crisis
51	o Challenge of getting portfolio company management aligned with sustainability requirements and efforts	
52	o ESG seen as a distraction from the portfolio company operations	Collaborative Approach With PC Around Sustainability
53	o Lack of alignment between PE team members concerning ESG	
54	o Larger focus of DFIs mainly on the climate crisis	Responsible Business
55	o Not dictating ESG onto PCs, collaborative approach around sustainability measures with PC management	
56	o Require a collaborative approach in addressing the sustainability challenge	
57	o Incorporating sustainability is seen as a competitive advantage	Value Addition
58	o Internal driver for sustainability is about being responsible in the way you do business	
59	o Internal driver is the PE firm leadership values and culture in driving sustainability efforts	
60	o PE firm concerned with having a positive environmental and social impact	
61	o PE firms being mindful of the way they do business	
62	o Driver for sustainability is climate change	
63	o ESG also a tool to identify new revenue generating opportunities as well as saving costs	
64	o ESG can act as motivator, driver for portfolio companies to become more profitable	
65	o ESG one of the top priorities for firms	
66	o Internal driver by ensuring PE firm reputation	
67	o Internal driver using sustainability to unlock value at exit of portfolio companies	
68	o Internal drivers where you see employees wanting to work for a company that have a purpose beyond profits	
69	o PE firm motivated to use ESG as a value creating tool	Environmental and Social Benefits
70	o PE firms drive sustainability efforts through tranche investing	
71	o PE firms driven by LPs reporting requirements	ESG Awareness, Training and Development
72	o PE motivated to use ESG as a value creating tool	
73	o Risk management seen as an internal driver for sustainability	
74	o Signatory to the UNPRI	
75	o Not only focusing on financial returns but on societal and environmental impact, including governance	
76	o Transitioning from financial return towards financial returns plus impact and value addition	
77	o Awareness creation, training and development to get deal team to think around sustainability concerns	
78	o Creating and instilling sustainability awareness in portfolio companies	
79	o Education required around ESG and sustainability	
80	o ESG training to create broader awareness of sustainability and ESG	

Note. Author's own

Count	1st Order Codes	1st Order Categories
81	o ESG metrics would differ from portfolio company to portfolio company	ESG Metrics
82	o Evolvement of sustainability rating and scoring tools	
83	o Independent verification of systems (ESMS & IMMS) every two years	
84	o ESG a risk mitigation tool	ESG Risk Mitigation Tool
85	o ESMS seen as risk mitigation	
86	o PE firms helping to pre-empt ESG risks from a portfolio company perspective	
87	o Sustainability particularly ESG seen as a risk mitigation strategy	
88	o Sustainability seen as way of protecting value as well as mitigating risk	ESG Subcommittees
89	o Having ESG subcommittees within the Investment Fund	
90	o Conversion between ES and Impact Investing	ESG Versus Impact Investing
91	o Impact seen as value-addition to enhance the upside	
92	o Meaning of impact investing	
93	o Europe driving the sustainability agenda	European Markets
94	o European authorities driving the sustainability narrative hard	
95	o European DFIs driving and dictating the sustainability agenda	
96	o Future regulations coming out of Europe	
97	o Sustainability driven by European investors as well as the United States	Exclusion Lists
98	o Creation of exclusion lists, used as screening tool for screening investment opportunities	
99	o Impact investing mega theme within the financial services industry	Financial Services Industry
100	o Created and making use of an impact measurement and management system (IMMS)	Firms System and Processes
101	o Creation of ESG Management Systems	
102	o ESMS of a private equity fund, including its strategy, should be build around the Investor guidelines	
103	o Investment Fund's require an environmental and social management system (ESMS)	
104	o Strategic frameworks such as ESMS and IMMS	Global Context
105	o Globally funds available for Impact Investing	
106	o Reason for sustainability efforts, including global huge population with few resources	How sustainability ranks in terms of PE Firm Priorities
107	o Ranking in terms of sustainability from a PE firm perspective	
108	o Incorporating sustainability initiatives have a positive correlation to improvement of financial returns	Improvement of Financial Returns
109	o Construction industry negative impact on environmental globally, carbon emissions and high energy usage	Industry Specific Impact
110	o Ensuring the health and safety of employees	Social
111	o Example: ESG Redesign Labour Policy	
112	o Innovative practice of upskilling, training and development, focusing on sustainability beyond compliance	
113	o Innovative practices such employee safety and diversity transformation	
114	o Impact measurement and management system (IMMS) innovative practice for sustainability	Economic
115	o Innovative practice of developing a bespoke data collection system	
116	o Innovative practice of developing toolkit for sustainability due diligence review	
117	o Innovative practice of internally developing reporting systems	
118	o Innovative practices linked, way things are done, technical expertise leading investments opportunities	
119	o Innovative practices of machine learning highlighting wastage issues on the manufacturing line	
120	o Innovative practices such as PE firms using blockchain to manage and measure impact	
121	o Innovative sustainable financing solutions seen in the market	
122	o Signatory to the UNPRI	Environment
123	o Sustainability as an innovation tool to make businesses more competitive	
124	o Technology innovation around the measurement and reporting of sustainability	
125	o Innovative practice of modular redeployable solar farm	
126	o Innovative practice using organic waster to generate electricity	Investors/DFIs
127	o Innovative practices such as energy and water efficiencies	
128	o Innovative practices such as mobile solar solutions	
129	o Innovative practices such energy saving initiatives, for example light bulbs	
130	o Innovative practices such waste management, who waste is recycled	Just Energy Transition
131	o DFIs are looking and want socio economic impact	
132	o DFIs having very rigid and definitive guidelines, how capital should be invested	
133	o Having Development Financing institutions (DFIs) as an Investor	
134	o Increased pressure from DFIs requiring sustainability efforts from PE firms	
135	o Investor side letters in terms of sustainability and ESG requirements	
136	o Investors should not be driving the sustainability agenda	
137	o PE firm investors providing sustablity training, ESG training support	
138	o Focus on the Just Energy Transition in Africa	Laws and Regulations
139	o Adhering to laws and regulation	
140	o Compliance with country specific legislation requirements	
141	o Overregulation as challenge for adopting sustainability	
142	o Regulation would require you to become more sustainable, integrating sustainability	Local Institutional Investors
143	o Regulations (including future regulations) coming out of Europe, driving sustainability	
144	o Lacking of knowledge and understanding regarding ESG by local institutional investors	Partnerships
145	o Creating partnerships in driving sustainability efforts, for example access to land	PE Firm Involvement Around Sustainability
146	o Involvement in a number of industry/sector sustainability initiatives and associations	
147	o Incorporating sustainability is seen as a competitive advantage	PE Firm Mandate
148	o Investing in Infrastructure, Infrastructure Focus	
149	o PE firm a climate focus firm	
150	o PE firm has a technology focus in terms of portfolio companies	
151	o Private equity firm strategy driven by the respective investment mandates	PE Firm Responsible Investment Policy
152	o PE firm guided by its responsible investment policy	
153	o Responsible investment policy articulates how PE firm being responsible investor, filtering through to PCs	PE Firm to Remain Relevant
154	o As a driver, PE firm want to remain relevant especially from PC perspective, in terms of sustainability	
155	o As a PE manager you do not want to be left behind due to not becoming sustainability focused	
156	o Businesses have to incorporate sustainability otherwise their businesses will close down over time	PE Firms Achievements Around Sustainability
157	o Achievement in repositioning the PE firm within a sustainability and impact context	
158	o Achievement of exiting a PC that is sustainable, for the next investor, thereby generating financial returns	
159	o Achievement of not sacrificing commercial returns when integrating ESG	
160	o Achievement: publishing of sustainability reports	
161	o Achievements in seeing more ESG sustainability and impact professionals	
162	o Achieving effective monitoring, evaluation and sustainability reporting mechanisms	PE Firms Active Investors
163	o Share success stories around sustainability	
164	o PE firm active investor in driving and making change	
165	o PE firm through portfolio companies ability to influene supply in terms of policies and driving behaviour	
166	o PE in a position to influence and drive the sustainability agenda	PE Firm to Remain Relevant
167	o Private equity seen as the easiest place to implement sustainability	

Note. Author's own

Count	1st Order Codes	1st Order Categories
168	o Appointment of Sustainability Officers, ESG Officers in driving PE firms sustainability agenda	PE Firms Sustainability Officers, ESG Officers
169	o Investment professionals upskilling, retraining themselves around sustainability	
170	o Strategy of appointing a sustainability champion or ESG officers to drive sustainability	
171	o Private equity firms strategy for sustainability starts making a materiality assessment	PE Firm Materiality Assessment
172	o PE industry consensus around sustainability is a challenge	PE Industry Consensus Around Sustainability
173	o PE model driving sustainability at two levels, one Fund level and one at portfolio company level	PE Model Driving Sustainability at Two Levels
174	o Driving sustainability performance linking it PE firm impact carry	PE Team Incentivisation Linked to Sustainability Performance
175	o Investment professionals incentivisation linked to impact and sustainability performance	
176	o Setting of impact and sustainability targets alongside financial targets, as part of PE team's incentive structure	
177	o Changing mindsets around sustainability at a portfolio company level	Portfolio Company Buy-In Sustainability
178	o Buy-in of the PC management team around sustainability, from the start of the investment transaction	
179	o In driving ESG efforts with portfolio companies, its about creating and developing relationships	
180	o Contextual challenge of not understanding why we doing it (ESG) especially from PC perspective	Portfolio Company Education on ESG
181	o Setting PC team performance incentives alongside achieving ESG/Sustainability Targets	PC Team Incentives Aligned Towards Sustainability
182	o Civil society expectations around increased transparency	Societal Expectations
183	o External driver, South Africa's operating environment	South Africa Market Context
184	o Growth opportunities for PE industry in South Africa from a sustainability perspective	
185	o PE firms launching impact funds in South Africa	
186	o Three sustainability themes coming to the front, job creation, gender equality and climate	Stakeholder Alignment
187	o Creating stakeholder alignment around sustainability efforts	
188	o Lack of stakeholder alignment regarding sustainability efforts	
189	o Stakeholder alignment around sustainability efforts	Stakeholder Alignment
190	o Stakeholder expectations including investor expectations driving sustainability externally	
191	o Stakeholders becoming less tolerant with firms	
192	o Development of sustainability/ESG tool in guiding firms to the world of responsible investments	Sustainability Implementation
193	o Fund strategy linked and created based on the Investors requirements.	
194	o In driving strategy, having an integrated sustainability strategy	
195	o PE firm strategy influenced by the UNSDG, focus giving to the PE firm's strategy	
196	o PE firm strategy led by an issue based strategy such as an SDG focus strategy	
197	o PE firms strategy driven by the firm's values	
198	o PE firms strategies sometimes driven by the development priorities and sustainability priorities	Strategy Intentionality
199	o As a PE firm to be very intentional around managing portfolio companies around sustainability	
200	o Being focused and specific, and not being all things to everyone, in terms of private equity sustainability focus	
201	o Investment decisions influenced by sustainability factors	
202	o Private equity team intention about impact and sustainability	
203	o Requiring private equity managers to become more intentional around sustainability	Adoption of Sustainability Standards & Toolkits
204	o Sustainable practices start with PE firms being intentional about it	
205	o Monitoring ESG performance of Portfolio Companies	
206	o Setting specific sustainability targets in driving the strategies of the PE firm	
207	o Buy-in challenge from the older investment professionals around sustainability	
208	o Changing mindsets around sustainability within a private equity firm is very important	Firm Culture
209	o Concious capitalism	
210	o ESG Officer working very closely with the deal team on environmental and social aspects of an investment	
211	o ESG strategy communication to investment professionals, the Team	
212	o Firm leadership commitment to sustainability drive and efforts	
213	o Important to get the buy-in of the Team regarding sustainability	
214	o Internal meetings such as knowledge shares,creating awareness of sustainability efforts	
215	o Seeing more of private equity leadership engaging and becoming more open to the sustainability agenda	
216	o Sustainability ethos build into PE team and what the team stands for	
217	o Sustainability ethos to be build into each private equity fund	
218	o Younger employees more drawn to companies that have a purpose and impact beyond profits	
219	o Conducting gap analysis on internal policies, processes and tools and addressing the gaps	Firm Sustainability Integration
220	o Driving sustainability efforts as portfolio company is dependent on the level of control held by the PE Fund	
221	o ESG integration into the overall work streams, activities, processes and procedures of the PE fund manager	
222	o Incorporating sustainability varies across portfolio companies	
223	o Integrating sustainability into the firm is a journey	
224	o More focus on integration of ESG into management systems	
225	o PE firm assists with the recruitment of ESG expertise at a portfolio company level	
226	o PE firm vision and mission, focus around sustainability	
227	o PE firms focus on 2 X Challenge, empowering women	
228	o Private equity firm focus on profit and purpose (impact)	
229	o Providing ESG support to portfolio companies	
230	o Require portfolio companies to have their own ESG management system or ESMS	Sustainability
231	o Sustainability lens of planet, profit and people	
232	o Sustainability standards considered as part of the due diligence of an investment opportunity	Sustainability and Life-Cycle of Business
233	o Financial sustainability a critical component of sustainability	
234	o Understanding of the term sustainability	Sustainability in the Future
235	o Embedding sustainability is easier for a start-up firm compared to transforming a mature business	
236	o Company financial reporting would change in future more towards ESG reporting	
237	o Future, global biodiversity would become important	
238	o In future, expectation that sustainability will be more robust, as part of the process	
239	o Increase investor allocation towards sustainability	
240	o Sustainability becoming the new narrative	Tackling Sustainability Challenges
241	o Sustainability standards considered as part of the due diligence of an investment opportunity	
242	o Sustainability would be a non-negotiable for PE firms in future, would become mainstream	Technical Assistance
243	o Employing ESG consultants to help address the ESG lack of expertise challenge	
244	o DFIs having technical assistance funding available to drive ESG and sustainability initiatives	The Consumer
245	o Technical assistance as a tool to drive sustainability	
246	o Consumer pressure for sustainability efforts	

Note. Author's own

APPENDIX 5: CONSISTENCY MATRIX

TITLE: Innovating business models toward sustainability: An emerging market perspective

RESEARCH QUESTIONS	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
<p>Main Research Question: How can firms in emerging markets innovate their BMs more towards sustainability?</p>	<p>(Bonfanti et al., 2022; Evans et al., 2017; Ritala et al., 2018, Silvestre et al., 2022)</p>	<p>Semi-Structured Interview Interview Protocol: Question 2</p>	<p>Thematic Analysis (Content Analysis and Constant Comparison Analysis) (Assistance of computer-aided qualitative data analysis software such as Atlas.ti.)</p>
<p>Research sub-question 1 What are the innovative practices that can help firms to transition to an SBM?</p>	<p>(Bocken et al., 2014; Bonfanti et al., 2022; Freudenreich et al., 2020; Yip & Bocken, 2018)</p>	<p>Semi-Structured Interview Interview Protocol: Question 3</p>	<p>Thematic Analysis (Content Analysis and Constant Comparison Analysis) (Assistance of computer-aided qualitative data analysis software such as Atlas.ti.)</p>
<p>Research sub-question 2 What are the drivers for firms in transitioning to an SBM?</p>	<p>(Biloslavo et al., 2020; Manninen & Huiskonen 2022; Silvestre et al., 2022)</p>	<p>Semi-Structured Interview Interview Protocol: Questions 4 – 5</p>	<p>Thematic Analysis (Content Analysis and Constant Comparison Analysis) (Assistance of computer-aided qualitative data analysis software such as Atlas.ti.)</p>
<p>Research sub-question 3 What are the challenges for firms in transitioning towards an SBM?</p>	<p>(Caldera et al., 2019; Evans et al., 2017; Ritala et al., 2018; Yip & Bocken, 2018)</p>	<p>Semi-Structured Interview Interview Protocol: Questions 6 – 7</p>	<p>Thematic Analysis (Content Analysis and Constant Comparison Analysis) (Assistance of computer-aided qualitative data analysis software such as Atlas.ti.)</p>
<p>Research sub-question 4 What are the strategies that can be utilised by firms to transition to an SBM?</p>	<p>(Mignon & Bankel, 2022; van Bommel, 2018)</p>	<p>Semi-Structured Interview Interview Protocol: Questions 8 - 9</p>	<p>Thematic Analysis (Content Analysis and Constant Comparison Analysis) (Assistance of computer-aided qualitative data analysis software such as Atlas.ti.)</p>