

**Gordon Institute
of Business Science**
University of Pretoria

Effecting successful shared value creation: The role of organisations in fence-line communities

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11 November 2019

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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 Business Administration.

Abstract

Society's expectations of business are said to be increasing with business expected to play an influential role from a triple bottom line point of view. Shared value creation is a new and emerging theme in the literature on corporate social responsibility. This concept proposes an approach to social responsibility that will enhance the competitive advantage of the firm and is presented as strategic CSR. Numerous literary contributions have criticised the concept for being too vague in its approach and for being built on western world principles. This qualitative research study aimed at gaining insight into how shared value creation could be effected in a developing country. It also provided insights into the reason for the nature of the expectations and the approach to be followed in effecting shared value creation, as well as the benefits that could be realised by employing this business model. The study found that shared value creation can be effected successfully through a partnership between government, business and communities and where there is strong inter-stakeholder accountability in as far as the interventions are concerned. Measurement of outcomes and feedback thereof to the various stakeholders will enable expectation management with stakeholders and continuous improvement of endeavours. Benefits were identified as improved social capital, reduced dependency on business through spillovers and linkages from initiatives and a sustainable business.

Keywords

Shared value, stakeholders, fence-line communities, social capital, communication, partnerships, sustainability

Declaration

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

Hester Catharina Maria Petronella Kotze

Date: 11 November 2019

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Chapter 1: Introduction to the research problem

1. Definition of the problem and purpose

1.1 Introduction to the research problem

Does society believe that business is prospering at the expense of the community? Does society expect business to improve the conditions within the communities at its fence line? Should business regard these communities as important stakeholders? In the words of Sir Thomas Browne (1642): “*Charity begins at home, is the voice of the world: yet is every man his greatest enemy.*” Whilst it has to date been acknowledged that government ultimately plays the key role in delivering services to its citizens (Nleya, 2011), there is a growing expectation by society that business should create value for the communities in which it operates (Porter & Kramer, 2011). Porter and Kramer (2006) link this expectation to the concept of shared value creation, which entails the application of a business model which enables the organisation to establish a competitive advantage whilst addressing the needs of society. Ultimately, the creation of shared value should result in a win-win scenario for both society and shareholders (Porter & Kramer, 2011).

South African organisations are currently facing significant challenges regarding sustainability and growth, not only from growing global competition, but also from a non-conducive local business environment as a result of a skills shortage, poor service delivery, policy uncertainty and inflexible labour laws (Littlewood & Holt, 2018; Reddy, Borhat, Powell, Visser, & Arends, 2016; Rogerson & Nel, 2016; Statistics South Africa, 2016; World Bank, 2019). In fact, the country is facing critical skills shortages and a shrinking manufacturing and industrial footprint (Allais, 2012; Rasool & Botha, 2011; Reddy, Borhat, Powell, Visser, & Arends, 2016). To add to the odds stacked against business, over the past decade the business environment in South Africa has been facing increasing community protests caused by poor service delivery and service delivery interruptions (Alexander, 2010). These protests are mostly related to an inconsistent and inadequate supply of water, sanitation and electricity, but also at times serve as displays of discontent with local authorities or council members (Nleya, 2011). Literature highlights the effect local political and

economic conditions can have in creating an environment that is conducive to protest and, in fact, goes further to state that the presence of critical skills, education, income and organisational membership is required to mobilise the protest actions (Nleya, 2011). These less than desirable economic conditions and associated community architecture have their roots in the political history of the country and have a far-reaching effect on service delivery, the daily rhythm of the labour market and the environment of business as a whole (Littlewood & Holt, 2018; Rogerson & Nel, 2016; Zimbalist, 2017). Government does not have the means to address the gaps in society as a whole and there are a lack of institutions and platforms that enable and call upon business to contribute towards the filling of these gaps (Littlewood & Holt, 2018).

It is acknowledged that business has improved the overall quality of life in societies, but it has also led to significant disparities in terms of wealth and living conditions (Wójcik, 2016). The South African Gini coefficient highlights the width and depth of the abyss between the wealthy and the poverty stricken and inadvertently leads to a large discrepancy between needs of various employees of the same organisation and members across communities. For the purpose of this study these communities at the proverbial fence of the organisation will be referred to as fence-line communities.

The South African economy showed only 1.7 and 0.8% growth in 2017 and 2018 respectively (World Bank, 2019) and has a consumption expenditure Gini coefficient of 0.63: one of the highest in the world (Littlewood & Holt, 2018). Only 27% of citizens surveyed indicated that they are employed full time (Gallup Inc., 2017) and furthermore the communities surrounding organisations are populated with individuals from various cultures and ethnicities and no fewer than 11 official languages across nine provinces (Statistics South Africa, 2017). In fact, when considering the geographical location of industry in South Africa, the desperate search for work in a country with acute unemployment and the community layouts surrounding these industries, it is clear that South African industrial organisations are especially confronted with disparity and inequality within their fence-line communities, which makes their approach to stakeholder management and shared

value creation contextually interesting (Littlewood & Holt, 2018; Rogerson & Nel, 2016; Statistics South Africa, 2016).

How should organisations respond? Existing research on this topic does not address this question sufficiently (Dembek, Singh, & Bhakoo, 2016; Dembek, Sivasubramaniam, & Chmielewski, 2019) and further to this, any approach to shared value creation and judgement of its outcome is context and culture dependent (Dembek et al., 2019; El Akremi, Gond, Swaen, De Roeck, & Igalens, 2018; Rupp et al., 2018). Thus, even though stakeholders are increasingly expecting business to address societal concerns, and whilst this intervention demands resources, there are no clear guidelines on how these needs should be assessed, what approach the organisation should take and how the outcome of the approach can be measured or deemed successful.

An extremely competitive business environment, impacts from the business environment on the functioning of organisations and the growing expectation that business should fulfil needs within society form the basis of this study. The aim is to gain a deeper understanding of employees' and leaders' expectations of their organisations when it comes to conditions in their fence-line communities. Insights gained will be used to propose approaches to stakeholder consideration and shared value creation in an attempt to ultimately strengthen organisations' sustainability and profitability in a competitive, multicultural and multi-need business environment.

1.2 Business need for the study

The community within which an organisation functions and its employees are but two of the many legitimate stakeholders of business (Tantalo & Priem, 2016). They are deemed important and legitimate since the health of the community in which an organisation operates and the engagement and capabilities of its employees inadvertently influence the ability of the organisation to create wealth sustainably (Gallup Inc., 2017; Harter, Schmidt, & Hayes, 2002; Porter & Kramer, 2011). The employees of industrial organisations in South Africa reside in communities at the organisations' fence line with disparate levels of service delivery and infrastructure. In addition, over the past decade there has been a significant increase in

interruptions to service delivery and community protests in these communities (Alexander, 2010; Nleya, 2011). Through improving and uplifting fence-line communities by considering both employees and communities as important stakeholders, the organisation can enhance its chances of obtaining and sustaining a competitive advantage (Sun, Wu, & Yang, 2018). Understanding employees' expectations of the organisation's role in addressing of fence-line community conditions could enhance business's ability to approach this consideration with more success.

Society is increasingly demanding that business grow sustainably in a socially responsible manner (Ackers & Eccles, 2015; Porter & Kramer, 2011; Rao & Tilt, 2016) and efforts around corporate social responsibility (CSR) are considered a legal obligation according to the South African Companies Act No. 71 of 2008. Furthermore, corporate governance frameworks are "driving the institutionalisation of CSR assurance practices" (Ackers & Eccles, 2015, p.515) by prescribing triple bottom line reporting on environmental, economic and sustainability elements (Ackers & Eccles, 2015; Rao & Tilt, 2016). Hence, most companies dedicate significant resources and time to this element of business, and improving their approach to effect such interventions will increase return on resource investment for both the business and the intended beneficiaries.

Strategy development involves scanning the micro and macro environments within which the organisation operates, and ultimately developing strategic responses that consider the conditions and trends in these environments so as to ensure the viability and sustainability of the organisation (Epstein, 2008; Rao & Tilt, 2016). Apart from the growing expectations of society for organisations to respond to societal concerns (Porter & Kramer, 2011; Rao & Tilt, 2016), it is also a strategic and sustainability imperative for organisations to identify the best possible approach to challenges and opportunities within their business environment.

This study wishes to improve the understanding of expectations regarding organisations' impact on society and augment theory on organisations' approach to these societal needs in an attempt to increase the success of the response and, hence, enhance the hoped for competitive advantage through the chosen approach. Overall, the stagnating South African economy, the increasing incidence of protests

against community conditions and the increased expectations of stakeholders for business to clarify and illustrate its contribution to sustainability elements heightens the relevance of this study to business.

1.3 Theoretical need for the study

Social responsibility concepts such as shared value creation speak to the fulfilment of needs in society through organisational action (Porter & Kramer, 2011). Understanding which needs should be addressed and how need satisfaction should be measured are considered significant ingredients for the successful execution of these interventions (Costanza et al., 2007; Dembek et al., 2016). Furthermore, there has to be a shared view of the need and the value of success between the various partners in the ecosystem. According to the literature, however, there is currently no clear means to measure shared value properly and a basis of measurement is required that will guide business decisions regarding sustainability in terms of economic, social and environmental aspects (Maltz, Ringold, & Thompson, 2011).

Research has found that shared value creation or effecting social responsibility is dependent on institutions, consequently, the lack of formal institutions in developing countries has led to the establishment of informal avenues (Jamali & Karam, 2018). Understanding the role of institutions (or lack thereof) in ecosystems and the networks that are established and required within them is considered important in furthering the operationalising of social responsibility concepts such as shared value creation.

Shared value is still regarded as a new concept in the business literature and, whilst having received criticism from various sources, it is considered very relevant considering the societal challenges of business today (Dembek et al., 2016; Tate & Bals, 2018; Voltan, Hervieux, & Mills, 2017). According to Porter and Kramer (2011), there are three ways in which to enact shared value: “reconceiving products and markets; re-defining productivity in the value chain and; building supportive industry clusters at the company’s locations” (p.68). Whilst several measures have been proposed to assist with establishing the value created through shared value

strategies (Dembek et al., 2016), there is also a need to gain an improved understanding of the meaning and measurement of the success of shared value creation to provide organisations with guidance as to how it can be applied (Tate & Bals, 2018; Voltan et al., 2017).

Organisations in South Africa function amid a multicultural society with no less than 11 official languages (Statistics South Africa, 2017). The cultural nuances that affect the way stakeholders perceive and react to organisational interventions and leadership approaches should hence be considered in the organisational strategy (Visser & Kymal, 2015; Voltan et al., 2017). Rupp et al. (2018), for instance, found that individualism and power distance influence the engagement response that employees have regarding their organisations' corporate social responsibility (CSR) initiatives. In addition, elements such as the geographical location, socioeconomic conditions and the size of company will influence whether a company can implement shared value successfully (Luetge & von Liel, 2015). The study is thus deemed relevant as it will create an understanding of stakeholder expectations of organisations and their response to shared value creation within a specific socioeconomic, geographical and industry context.

The South African background of high inequality, multicultural sources of employees, persistent inequality and pressing societal needs enhances the theoretical relevance of understanding how employees perceive the shared value efforts of their organisation and how organisations should approach these efforts as a means to increase their effectiveness.

1.4 Outline of the document

The preceding sections of Chapter 1 aimed to establish the need for improved understanding of how business can approach its responsibility towards society more effectively. This need was discussed in three sections that first provided information regarding the context within which the research would be performed and then provided a basis for the need for the research from both a theoretical and business point of view. Chapter 2 will discuss relevant literature regarding the topic of social responsibility and the role of business in society with specific focus on shared value

creation as a proposed vehicle to effect this responsibility. This will be followed by Chapter 3 through 7 with discussion regarding the approach followed to conduct the research, relaying of results obtained and finally the conclusions that can be drawn from results whilst considering literature to date.

Chapter 2: Literature review

2. Theory and literature review

This chapter aims to present a detailed review of the literature on shared value creation. Various other theoretical concepts that contain an element of simultaneous value creation for both business and society will also be discussed briefly. The literature review of shared value will be discussed in three subsections with the aim to consider the means to create shared value, the outcomes of shared value, and the beneficiaries of the outcomes of shared value. The relevant theoretical concepts referred to were identified by means of a literature survey as follows: stakeholder theory, corporate social responsibility (CSR), and base of pyramid. The concepts were all reviewed to inform the development of research questions for the research to be conducted. Results from the research will be tested against the literature to identify possible augmentation of concepts and needs for further research.

2.1 The relationship between society and business

According to Porter and Kramer (2006), the reason for their development of the concept of shared value creation was as a result of increased expectations that business should contribute to society's wellbeing. In his paper, Safwat (2015) echoed this view, which speaks to the rewriting of rules between business and society, owing to the change from business as a "profit maximising" machine to an entity that needs to consider the impact of its actions and operations on the sustainability of the environment and the society within which it functions (p.86). This connectedness and acting with responsibility and accountability towards the environment in which the organisation finds itself is discussed in a paper by Shrivastava and Kennelly (2013) on the role of the place-based enterprise (PBE) in the drive towards sustainability. Shrivastava and Kennelly (2013) proposed a two-dimensional typology of the PBE which first looks at rootedness, and secondly, at the PBE's sustainability orientation. Organisations that are "rooted" in the environments within which they operate see their own welfare and that of their environment as one

and feel a responsibility towards the area in which they find themselves (Shrivastava & Kennelly, 2013).

For a business to be considered socially responsible it needs to adhere to responsible actions on legal, ethical, economic and discretionary terms (Safwat, 2015). The discretionary terms refers to actions taken by the organisation to ensure and further society's welfare. Fulfilling society's expectations has in some instances been referred to as requirements to acquire a "social license to operate" (Bice, 2017, p.29). In fact, Safwat (2015) posited that business is dependent on both the tangible and intangible assets that society offers and that there is a great interdependence between business and society. The expectation has evolved so that is no longer just an expectation of society but also of shareholders (Bice, 2017). The expectations that society and other stakeholders have of business and its obligation to operate responsibly is supported by work in other domains such as stakeholder theory which holds that managerial decisions should be governed by the influence that decisions would have on its stakeholders (Bice, 2017; Donaldson & Preston, 1995).

There is also the matter of increased focus on ethical behaviour and values-driven leadership which has led to the drive towards increased corporate responsibility, not just due to the expectations of organisational stakeholders but also due to the values-focused leadership within the organisation (Bice, 2017).

Where the state cannot provide for the needs of its society, business is considered the answer to providing the vehicle with which these societies may progress through or out of poverty (Banerjee & Jackson, 2017). In most instances, however, there is a power gap between business and society which ultimately leads to the erosion of the relationship between the parties (Banerjee & Jackson, 2017). The relationship between society and business is one that should be considered with context in mind, as the geopolitical past and present of the environment in which business wishes to operate will influence the expectation and reception of interventions by business (Jamali & Karam, 2018).

Overall, business leaders are finding it more and more difficult to balance the pressures from society and their associated needs with the imperative of business to maximise shareholder value (Mühlbacher & Böbel, 2018).

2.2 Introduction to shared value

Society is reconsidering the ethicality of capitalism (Szmigin & Rutherford, 2013) and the historical and current organisational approach to the creation of wealth is deemed outdated and unsustainable (Porter & Kramer, 2011). Indeed, sentiment is moving towards holding companies to account for their benefitting from the environment in which they operate (Porter & Kramer, 2006). Corporate governance accounts for the expectation around sustainable operation through the move to triple bottom line reporting mechanisms – economic, social and environmental – in which both investment in and impact on society, communities and the environment are considered and measured by stakeholders that include shareholders and investors (Jain & Jamali, 2016). Porter and Kramer (2006) first introduced the concept of ‘shared value’ in 2006 and later defined it as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011, p.67). In the words of Voltan et al. (2017), shared value is “a form of strategic corporate social responsibility (CSR) seen to provide tangible benefits to the firm” (p.352). The shared value concept is thus seen to have bridged the persistent concern with financial justification for CSR initiatives when considering that organisations are ultimately established to create wealth for shareholders (Voltan et al., 2017). In addition, the shared value concept has brought about a shift in thinking and speaking when it comes to sustainability considerations in that the discussion has turned to value creation and no longer focuses only on the compliance and responsibility themes of CSR (Visser & Kymal, 2015).

Organisations have an impact on the community in which they operate through various interactions, ranging from employment opportunities to their impact on the natural environment. Porter and Kramer (2006) dubbed this impact “inside-out linkages” and went further to state that they are dependent on location and changes over time (p.83). External conditions also have an impact on organisations and are referred to as “outside-in linkages” by Porter and Kramer (2006) (p.84). They proposed that companies should consider the linkages and the effects thereof to establish a strategically formulated CSR agenda that will address the needs of society whilst benefiting the organisation. Shared value is thus deemed to differ from

good CSR in that it should be integrated into the strategy of the organisation by considering both the inside-out and outside-in dimensions referred to earlier, simultaneously addressing the demands of shareholders and the needs of society (Porter & Kramer, 2006). These inside-out and outside-in linkages support the view of relationships between stakeholders and the organisation as bi-directional, which will be discussed in more detail in the sections on stakeholder theory later in this document. The linkages are further acknowledged in the concept of integrated value creation where integration throughout the value chain is considered key to unlocking simultaneous value creation for both society and business (Visser & Kymal, 2015). Organisations operate within a greater ecosystem in which societal needs cut across various industries and can influence multiple organisations. This reinforces the need to consider a cooperative approach when deciding on the organisation's approach to value creation (Porter & Kramer, 2006).

It is acknowledged that shared value will come at some cost, since establishing such initiatives requires resources and innovative approaches (Blanchard & Gray, 2019). Porter and Kramer (2006) proposed that shared value should be effected through the implementation of policies and practices which ultimately, according to them, will require the redesigning of products, value chains and building clusters. In approaching the creation of shared value, companies should consider societal needs that can have a significant impact on their competitive advantage. These will be different for different industries and will also be dependent on the context of the culture and location to name but two (Porter & Kramer, 2006; Visser & Kymal, 2015). The work by Luetge and von Liel (2015) proposed that the context of the organisation regarding socioeconomic conditions and geography, as well as the parameters of the size of the company, the degree to which shared value creation is integrated into the company strategy, the implementation and measurement processes employed and the structure of ownership will influence the ability of the organisation to successfully implement a shared value creation approach.

The literature review on shared value by Dembek et al. (2016) proposed that the creation of shared value should be approached by first understanding the means to create shared value, thereafter understanding the benefits or outcomes from shared value, and lastly, the beneficiaries of these outcomes and, hence, also the

measurement of success. The following sections will integrate various concepts that share the space of sustainable and responsible business in an attempt to better frame the three aspects listed by Dembek et al. (2016).

2.3 Means to create shared value

Porter and Kramer (2011) states that shared value can be created in three distinct ways, namely, “by reconceiving products and markets, redefining productivity in the value chain and building supportive industry clusters at the company’s locations” (p.67). Recent work by Matinheikki, Rajala, and Peltokorpi (2017) proposed a framework for the approach to effect shared value creation. The framework proposed three phases (Matinheikki et al., 2017): firstly, “shaping the vision” by ensuring it is institutionalised; secondly, “sharing the vision” through partnering and collaborating with other stakeholders and organisations in the ecosystem; and thirdly, “anchoring the vision” by ensuring solutions are effected (p.583). The institutionalisation of shared value creation is achieved by linking the organisation’s approach to value creation with the values and ethical obligations of the organisation and its members (Matinheikki et al., 2017). Matinheikki et al.’s (2017) work placed a strong emphasis on inter-organisational collaboration as well as the involvement of multiple stakeholders within the business ecosystem. This theme is echoed by various sources in the literature and speaks to co-creation and strong stakeholder relationships within the business ecosystem (Blanchard & Gray, 2019; Hillebrand, Driessen, & Koll, 2015).

2.3.1 The business environment as ecosystem

The business environment has been compared to the ecosystem of a living organism with the analogy finding its appeal in the multitude of interactions between various entities within a bounded environment and the impact that the environment as a whole has on the health of entities within its boundaries (Adner, 2017; Moore, 1996; Sun et al., 2018). This ecosystem generally consists of various organisations, institutions, communities and individuals and these various actors inadvertently affect one another’s success owing to substantial interdependencies (Baldwin, 2014). The shared value ecosystem concept was discussed in the article by Pfitzer

and Kramer (2016), who proposed that the systemic nature and complexity of societal issues will require a collective impact approach whereby the relevant partners in the ecosystems work together towards a shared agenda.

According to Porter and Kramer (2011), shared value creation will require new, innovative approaches to doing business which will involve the redesigning of products, value chains and building clusters. Adner and Kapoor (2010) posited that innovation in an organisation can only be truly successful if the up- and downstream innovation and technology systems (and hence various contributors in the value chain) are in sync with the organisation. The strategy of the organisation should therefore incorporate a view on how these partners within the organisational innovation ecosystem will complement or detract from the success of organisational innovation. Specific attention should be paid to the location of the innovation bottleneck within the ecosystem, since this will change the impact it has on the overall delivery of the value chain (Adner & Kapoor, 2010).

Whilst Adner and Kapoor's (2010) paper spoke to innovation ecosystems and focused on the impact of both the magnitude and location of challenges within the environment external to the technology leader (organisation), it strengthened the view that organisations are either limited by or benefit from the success of partners within their ecosystems. The view of externalities, also referred to as situations where the decisions made by business have an impact on its environment (natural and societal) but the business has no reason to consider or provide for this impact (Sun et al., 2018), therefore needs to change in order for organisations to maintain a healthy ecosystem in which the various partners have certain shared objectives. The choice of boundary regarding influence and identification and the prioritisation of partners or stakeholders becomes a key consideration with regard to whether the organisation will be successful in creating value sustainably (Adner & Kapoor, 2010; Matinheikki et al., 2017; Visser & Kymal, 2015).

This imperative to consider the structure of the interdependence between the actors in the ecosystem was further highlighted by Adner and Kapoor (2010) when they illustrated that bottlenecks are evidence of the unequal distribution of resources and capabilities. Organisational innovation ecosystems are said to consist of components (the inputs required to produce the organisations' product or deliver on

its value proposition) and complements (the inputs that enhance the experience or total value of the organisation's product or value proposition) (Adner & Kapoor, 2010). The community within which an organisation operates is a source of suppliers and employees. The members of community are also those that will attend public participations and elect local government. Lastly, the community consists of the consumers of an organisation's product. Some of these roles are directly required for the organisation to function and others enhance the ease with which it delivers its value and/or product.

This integrated value chain view, with interaction between stakeholders throughout the value creation process, was investigated by Visser and Kymal (2015) and they subsequently proposed their Integrated Value Creation (IVC) model as a means to assess how value creation could be effected when considering the various concepts that speak to mutual benefits for both business and society. IVC is said to "help a company to integrate its response to stakeholder expectations" through critical business processes across value chains and functions (Visser & Kymal, 2015, p.32). Visser and Kymal (2015) proposed a seven-step process which requires (among other steps) consideration of context, prioritisation of stakeholders and understanding their expectations, as well as the evaluation and development of opportunities through innovative approaches. Blanchard and Gray (2019) echoed the notion that innovation and entrepreneurial skills are key to effecting shared value creation. The result of an integrated value creation approach is both internal and external value creation, which implies a win-win scenario for both business and society (Visser & Kymal, 2015).

The identification of partners should consider the capabilities and networks of each partner since these will influence the ease with which the intervention may be effected (Matinheikki et al., 2017). This will entail a strategic approach to the identification of partners and an understanding of their needs, resources and expectations, as well as considering the context of the society within which the organisation functions (Adner, 2017; Mühlbacher & Böbel, 2018; Pfitzer & Kramer, 2016; Visser & Kymal, 2015). Business should furthermore approach its strategy development and review thereof whilst continuously engaging these identified stakeholders or partners (Pfitzer & Kramer, 2016; Wójcik, 2016). Ultimately, the

cooperation with stakeholders within the ecosystem to create shared value will result in an increased competitive advantage, which usually transpires as enhanced reputation, profitability and relationships (Moore, 1996; Pera, Occhiocupo, & Clarke, 2016; Porter & Kramer, 2011; Tate & Bals, 2018).

2.3.2 Conditions that are conducive to shared value creation

The success with which the organisation can apply shared value creation is influenced by both external and internal conditions. External conditions comprise socioeconomic conditions, geographical location and industry conditions (Blanchard & Gray, 2019; Luetge & von Liel, 2015). As an example, developing countries usually have fewer formalised or effective institutions, which hampers the effective and responsible implementation of social responsibility endeavours (Jamali & Karam, 2018).

Internal conditions include the integration of shared value endeavours into the overall organisation strategy, the ownership structure of the organisation, the way in which the organisation monitors and measures success (Luetge & von Liel, 2015) and the ability of organisations to be innovative (Porter & Kramer, 2011). Blanchard and Gray (2019) proposed that innovation should be driven by leadership and that the “entrepreneurial prowess” within a business is key to enabling shared value creation (p.149). This understanding of the conditions internal to the organisation was studied further by Mühlbacher and Böbel (2018) who added the ability to manage effective stakeholder relations, the presence of responsible leadership (Maak & Pless, 2006) and strategic alignment. Leaders need to define and set the strategic vision towards which the organisation will aspire (Blanchard & Gray, 2019). Furthermore, Pera et al. (2016) proposed that the co-creation of stakeholders depends on two conditions that need to be present. First, the correct leadership is required to “facilitate an effective co-creative process” (Pera et al., 2016, p.4037). Secondly, one needs to create sufficient opportunities for interaction and collaboration to occur (Pera et al., 2016). The “system leader” role (p.43) was highlighted in the work by Alberti and Belfanti (2019), who identified a need for the lead organisation to ensure alignment between the partners in the ecosystem and, hence, ensure a “common agenda” (Pfitzer & Kramer, 2016, p.88). In order to create an environment in the ecosystem

where stakeholders or partners work together towards a shared goal and, hence, ultimately shared value for all involved, the environment (or ecosystem) needs to be an environment of trust, openness and inclusiveness (Pera et al., 2016; Pfitzer & Kramer, 2016).

As mentioned previously in this document, the concern with the current CSR or shared value theories is the lack of clear guidelines for business as to how they should be approached and what would be deemed a successful outcome. Szmigin and Rutherford (2013) stated that CSR “has not proved easy either to define or rationalise, with confusion as to its benefits to shareholders, its social objectives and its role in marketing” (p.172). They considered shared value creation to be a plausible response to this dilemma in that it provides a framework for business to deal ethically within their ecosystem and with their stakeholders (Szmigin & Rutherford, 2013). In an attempt to address the lack of guidelines and clarity on the shared value approach, they proposed the use of the Impartial Spectator Test (IST), as developed by Smith (1976), as a possible way through which shared value creation can be embedded in the organisation’s approach to doing business. IST acts as the organisation’s conscience in that it tests whether the approach to business and decision-making is consistently aligned with a shared value creation business strategy. Shared value should underpin decisions and actions even when the business is exposed to challenges and shocks. Wójcik (2016) supported the view that the organisation’s response to shock or challenges is what differentiates shared value creation from CSR. Szmigin and Rutherford (2013) went further to propose that business should enlist not only the leadership of the organisation but also its employees (who also serves as consumers and members of the community) to act as impartial spectators. The IST framework prompts the organisational agent to ask the following questions (Szmigin & Rutherford, 2013, p.179):

1. Can the business state the social (shared) value of what it produces?
2. Can the business identify how it does business and why this underpins it?
3. What process has the business undertaken with its stakeholders to gain acceptance of questions 1 and 2 above?
4. What clear statements can the business make over what it will do and will not do when its business model is subjected to shock?

5. Can the business illustrate that in every aspect of its work it is against harm and for fair play?

The questions posed in the IST framework were considered in compiling the research and interview questions for this study. Both employees and leadership are considered agents and fulfil multiple stakeholder roles within the ecosystem and both parties were thus approached during the research.

2.3.3 Cooperation and competition between partners

It should be noted that the business ecosystem is inherently a space for both cooperation and competition between the various partners or actors (Adner, 2017; Adner & Kapoor, 2010; Baldwin, 2014; Crane, Pallazzo, Spence, & Matten, 2014; Donaldson & Preston, 1995; Tate & Bals, 2018). In this study the focus is on the partnership between the community (and hence the organisation's employees as members of the fence line community) and the organisation. The possible gap or tension in this relationship or partnership arises from expectations that the community has regarding the creation of value by the organisation in its fence-line communities and the aim of business to create value for the organisation's shareholders (Crane et al., 2014). For the purpose of this study, the term 'fence-line communities' will be used to refer to the communities established around an organisation's proverbial fence. The organisation is essentially making use of the resources within the environment (ecosystem) to create value and all partners within the ecosystem have an expectation as to how this value creation should benefit them. This expectation and the tension that it causes between partners speak to the need for further research, as proposed by Adner (2017), to understand how the distribution of value across the broader ecosystem should be treated in terms of strategy. The partnership within the ecosystem is seen as a reciprocal exchange which will result in both tangible and intangible assets if all partners perceive their allotment of the total value creation as meeting their expectations (Tate & Bals, 2018). Intangible assets are usually the ones that are hardest to imitate (Tate & Bals, 2018) and refer to the assets that provide organisations with long-term competitive advantages. A healthy partnership between the organisation and its fence-line community is

deemed an intangible asset which will add to the competitive advantage of the organisation (Arya & Lin, 2007; Tate & Bals, 2018).

Porter and Kramer (2011) posited that shared value creation can be effected through cluster development. This was supported by the qualitative, longitudinal study conducted by Matinheikki et al. (2017), who found that inter-organisational partnerships and collaboration provide yet another means to successfully create shared value. Moreover, multi-party partnerships between society, business and government are deemed a requirement to address the sustainability challenges that face the world (Clarke & MacDonald, 2019). This collaboration requires agreement between the various actors (that might be competitors) on a shared focal value proposition for the ecosystem (Adner, 2017; Hillebrand et al., 2015; Matinheikki et al., 2017; Pfitzer & Kramer, 2016), and establishing and aligning the overall focal value proposition between the multiple partners is deemed a challenge in itself (Clarke & MacDonald, 2019).

Communication should be considered a critical element of strategy in this multi-stakeholder environment where there is inherent competition (Høvring, 2017b; Pera et al., 2016). Pfitzer and Kramer (2016) proposed that the partners in the ecosystem need to engage in “constant communication” to enable an environment of trust and to reinforce alignment. The inherent tension between business and society (Pfitzer & Kramer, 2016; Pinto, 2019; Pirson, 2012) and the different expectations of the various stakeholders that are involved bring about the need to continuously negotiate and clarify intentions, expectations and the meaning of the intervention. In her article, Høvring (2017b) discussed the need for a tripartite communication framework consisting of instrumental, communicative and political-normative views. The instrumental view on its own is lacking in that it aims to pass down information to stakeholders and does not consider the legitimacy of society’s expectations and views and their “stakes” in the company (Høvring, 2017b). The political-normative approach to communication adds an element of dialogue and democracy to engagement (Høvring, 2017b). The communicative approach, on the other hand, is a mode of communication that allows the voices of various stakeholders that enable the tensions and conflicts to help shape the approach to shared value (Høvring, 2017b).

2.3.4 Identifying social needs

Dembek et al. (2016) stated that three considerations are required when evaluating the element of ‘need fulfilment’ in relation to shared value creation. These are: What needs are addressed? How are these needs addressed? and Were the needs satisfied? (p.237). Accordingly, the contextual nature of societal needs and stakeholder expectations should be considered in the needs identification process (Dembek et al., 2016; Visser & Kymal, 2015; Voltan et al., 2017).

The ‘needs’ being addressed by shared value creation approaches are defined by Dembek et al. (2016) as those that advance society and address an unmet basic human need. They include, but are not limited to, the typical ones listed in Table 1 below.

Table 1: Needs from the point of view of the organisation and society (Dembek et al., 2016, p.237)

Organisation	Society
Profits, economic success	Better quality natural environment
Access to resources	Nutrition
Competitive position	Access to water and housing
	Health
	Education
	Economic success – employment, savings, entrepreneurial activities

It is proposed that the identification of needs and the appropriate interventions for this should follow a bottom-up approach and that such an assessment should be done by involving parties both external and internal to the organisation (Hillebrand et al., 2015; Matinheikki et al., 2017; Mühlbacher & Böbel, 2018). In this study, in an attempt to better define the outcomes from shared value creation and how the outcome should be measured or assessed, the employees of the organisation were approached to establish what the community and employees expect and need from the organisation regarding shared value creation.

As mentioned, needs are essentially context dependent. Where institutions are less developed or have failed, the undertaking of social responsibility inadvertently signals to society that business is capable and resourced to intervene (Su, Peng, Tan, & Cheung, 2016). Firm performance (a need of organisations) therefore has a stronger positive relationship to social responsibility endeavours in less developed economies (Su et al., 2016).

2.3.5 Consolidation: means to create shared value

From the literature review in this section on ‘means to create shared value’ it may be concluded that the means for shared value creation will entail elements of understanding the context within which the organisation finds itself, understanding stakeholder expectations and being able to prioritise these according to legitimacy, the position within the chain of value creation and, ultimately, the impact on business sustainability.

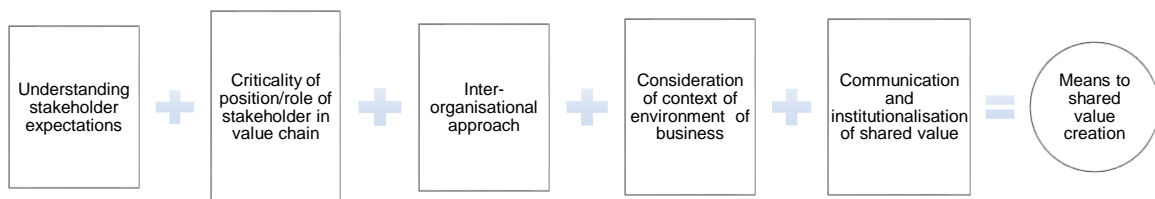


Figure 1: Ecosystem and stakeholder approach as a means for creating shared value

2.4 Outcomes of shared value

The shared value approach posits that the fulfilment of the needs of society or those of the identified stakeholders will result in increased well-being for both the organisation and its stakeholders (Dembek et al., 2016). According to Mühlbacher and Böbe (2018), the question should not be whether there is an increase in profits for the company, but rather whether the total value creation for all stakeholders involved has increased through the approach to value creation. As discussed in the preceding section, the identification of the stakeholders, together with the establishment of needs or expectations from the selected stakeholders, is critical in achieving the ultimate objective of a win-win outcome for both business and society.

2.4.1 Intangible outcomes: social capital and reciprocal stakeholder behaviour

Porter and Kramer (2006) highlighted the development of a symbiotic relationship between business and society through shared value creation, whereby both the organisation and society benefit from the product or service being delivered. In a paper on reciprocal stakeholder behaviour, Hahn (2015) argued that the relationship between stakeholders and organisations is dependent on the perception of fairness of actions by the organisation and that this perception of fairness or lack thereof will trigger reciprocal behaviour in the stakeholders. Reciprocity refers to the willingness of an actor to expend resources in an attempt to reward both fair or unfair perceived behaviour by another actor (Hahn, 2015). It should again be noted that this perception regarding the fairness of an organisation's behaviour is influenced by the different cultural, cognitive and normative backgrounds of stakeholders (Hahn, 2015; Szmigin & Rutherford, 2013). Furthermore, as discussed previously in section 2, a company employee can at the same time be a member of the community and a customer (among other roles) and can thus influence the perception or view of the company's actions through various avenues (Hahn, 2015).

It is generally accepted that organisations will only submit to societal normative demands if and when it will further the organisation's self-interest (which is to ultimately maximise shareholder returns), but Hahn's (2015) theory of reciprocal stakeholder behaviour gives insight into how stakeholders judge the normative interventions of organisations and how they can influence the inducements for organisations to participate in societal interventions.

Whilst it is the expectation of society and communities that organisations create shared value for their ecosystem (Porter & Kramer, 2006), and whilst this is context dependent (Visser & Kymal, 2015; Voltan et al., 2017), there is an enhanced performance and profitability outcome associated with this approach by organisations (Hoi, Wu, & Zhang, 2018). This positive effect on the financial performance of organisations is enhanced in societies where social responsibility endeavours by firms are socially institutionalised (Hoi et al., 2018). The reciprocal stakeholder behaviour framework by Hahn (2015) supports the expectation of enhanced performance and profitability outcomes when and if these interventions are judged to be fair and just by stakeholders. People respond in a reciprocal manner

to situations and actions that they deem to be fair and a consideration of employees' views and expectations will augment the understanding of what they deem to be fair and, hence, aid the organisation in unlocking a competitive advantage through reciprocal relationships (Szmigin & Rutherford, 2013).

In many ways reciprocal stakeholder behaviour resonates with the concept of social capital, which is defined as “the goodwill that arises from the pattern of social relations (multiplex and dense) between the firm and its stakeholders realized through members’ meta-purpose and shared trust that contributes to the common good of both the stakeholder network and the society” (Cots, 2011, p.334). In this definition of social capital reference is made to the common good for both business and society, and trust which can be traced back to the perception of fairness regarding value being shared in the concept of reciprocal stakeholder behaviour. Social capital may be regarded as an intangible asset and refers to the benefit that one gains through specific relationships (Cots, 2011). In the multi-stakeholder approaches to effect social responsibility endeavours or address sustainability concerns, partners gain social capital (Clarke & MacDonald, 2019). Hoi et al. (2018) defined social capital as “the manifestation of the effects of civic norms and social networks arising from the local, small-scaled, geographically bounded community surrounding a firm’s headquarters” (p.647). In the context of this study, it could thus refer to the advantage or disadvantage that an organisation may obtain through its relationships with actors in its ecosystem. Social capital has been proven to “facilitate positive CSR activities that benefit non-shareholder stakeholders”, which implies that it is also an enabler for effecting social responsibility endeavours (Hoi et al., 2018, p.647).

Stakeholder social capital comprises four elements, namely, structural, cognitive, relational and evaluative (Cots, 2011). The structural element refers to connectedness and networks that exist between the organisation and its stakeholders, whilst the relational element considers trust and reciprocity supported by historical interactions and the development of relationships. The cognitive element refers to a shared language and understanding of business objectives and targets between stakeholder and organisation. Finally, the evaluative element refers to the values that form the basis of the relationship between the stakeholders and the organisation. Cots (2011) linked this to the normative element of stakeholder

social capital; simply put, social capital is dependent on what you have done in the past and whether you are trusted to continue doing it, whether all the partners (community and organisation) share common values and objectives, and whether the business is actively maintaining the relationship.

The solidarity dimension derived from social capital is unpacked as a reciprocal relationship in which stakeholders assume shared accountability and respect for actions and activities (Cots, 2011). Social capital thus brings efficiency to the maintenance and management of the stakeholder relationships, as cooperation and actions are based on trust and confidence rather than being purely contractual (Cots, 2011). In managing relationships between stakeholders it is important to consider and appeal to the values of stakeholders in an attempt to build efficient, self-regulating and performance-supporting relationships.

2.4.2 Tangible outcomes of shared value creation

According to Porter and Kramer (2006), organisations will establish an enhanced competitive advantage if they approach their business idea with a shared value-creation objective. Ensuring society's needs is considered in the strategic approach of the business in an attempt to realise enhanced competitiveness, and is also an aspect that differentiates shared value creation from normal corporate social responsibility models.

Social responsibility endeavours have been proven to have a positive relationship with the financial performance of organisations (Su et al., 2016). This relationship between financial performance and social responsibility has furthermore been found to be more positive where the market is less developed (Su et al., 2016). The paper by Su et al. (2016) focused on emerging economies in the Asian market and, considering the context of the current study, the outcomes of fulfilling the shared value expectations of employees of the chosen organisation and country should bear interesting results.

The inability to properly measure the success of outcomes from initiatives is considered one of the main reasons for ongoing debates around the credibility of the topics of shared value creation and CSR (Maltz et al., 2011). In their article, Maltz et

al. (2011) defined value creation as the difference between benefits and costs and went further to posit that leaders should measure value creation of initiatives in terms of net benefit created for all stakeholders concerned. They continued by positing that leaders should measure the value creation of initiatives in terms of the net benefit created for all stakeholders concerned. Additionally, they stated that business is indeed accountable for the externalities and spillovers (good or bad) that it causes, and that it is in the interests of the long-term viability of businesses that are the main contributors to employment in small communities to ensure that the communities remain healthy (Maltz et al., 2011). They concluded their article by proposing a model by which organisations should measure their CSR and shared value creation outcomes: a model that considers the total value created by the initiative for the firm and for the larger society from both positive and negative externalities. As a reminder, externalities refer to the impact that an organisation's undertakings have on the environment outside the organisation. Ultimately, Maltz et al. (2011) proposed that business should incorporate a measure of how it reduces resource dependency and/or use from society; a measure of the business benefits from and costs of the investment; and a measurement of increased business benefits in society where negative externalities have been reduced. These may thus also be seen as possible outcomes of shared value creation.

It should be noted that shared value does not refer to the redistribution of wealth, but to growing a bigger proverbial pie of which both society and business can have a piece (Porter & Kramer, 2011; Wieland, 2017).

2.4.3 Context dependency of outcomes

The outcome of shared value interventions is context dependent. Voltan et al. (2017) unpacked the influence of non-western markets on the beneficial outcomes for organisations when applying shared value creation. When shared value is perceived as an instrumental approach only (one that aims to further the benefits of the firm) it may attract a negative connotation. Whilst it is ultimately the purpose of business to create wealth for shareholders, this possible negative outcome highlights the importance of partnerships and focused communication with stakeholders to ensure

that the firm captures the competitive advantage it was aiming for through the shared value creation approach (Mazutis & Slawinski, 2015; Voltan et al., 2017). In fact, excellence in stakeholder relations, together with strategic shared value creation are deemed strategic assets for firms that aim to remain competitive in the global market (Strand, Freeman, & Hockerts, 2015; Voltan et al., 2017) and it is imperative to consider context when deciding on the shared value creation approach.

Hoi et al. (2018) stated that it is important to understand the social context of the business operating environment, as it provides policy makers with insight and guidance and may therefore assist in influencing business to take up certain endeavours, as well as providing a means to justify embarking on social responsibility endeavours.

In investigating the impact of institutional logic in her case study of Danish firms and their success with CSR, Høvring (2017a) highlighted the influence of context on the perceived outcome and the communication of shared value and corporate social responsibility efforts in an organisation. Institutional logic is defined as the way in which individuals in an organisation (or other social construct) organise their activities and time by applying or subscribing to certain rules, beliefs, assumptions and values, which have been embedded through historical patterns and within the specific social construct (Høvring, 2017a). Different levels within an organisation thus perceive and translate CSR and shared value creation efforts differently, which speaks to the need to consider context when implementing a shared value creation strategy (Høvring, 2017a; Jamali & Karam, 2018). The actions taken by business should therefore consider the social institutions within the areas in which they are located and operate (Hoi et al., 2018).

A consolidation of outcomes from shared value creation approaches to business, according to the literature, is as shown in Table 2 below. Take note that outcomes as proposed by Dembek et al. (2016) were listed and the table was augmented with concepts identified by the literature review in this document.

Table 2: Expected outcomes of shared value creation according to literature review (building on elements from Dembek et al., 2016)

Competitiveness	Porter & Kramer, 2011; Safwat, 2015*
Social and economic conditions	Porter & Kramer, 2011
Value and economic value	Brown & Knudsen, 2012; Fearne, Garcia, & Dent, 2012; Shrivastava & Kennelly, 2013
Environmental value	Shrivastava & Kennelly, 2013
Financial value	Pirson, 2012**; Hoi et al. 2018*
Social value and enhanced reputation	Pirson, 2012**; Shrivastava & Kennelly, 2013; Mühlbacher & Böbel, 2018; Hoi et al., 2018*; Clarke & MacDonald, 2019*
Firm value	Maltz, Ringold, & Thompson, 2011
Benefit	M. E. Porter & Kramer, 2006
Employee commitment and engagement*	Shen & Benson, 2016; Safwat, 2015; Hoi et al., 2018
Stakeholder social capital*	Cots, 2011; Hoi et al., 2018; Clarke & MacDonald, 2019
Enhancement of brand*	Hoi et al., 2018
Reduced resource dependency by business and society*	Maltz et al., 2011
Reciprocal stakeholder behaviour*	Hahn, 2015
Financial performance of firm*	Su et al., 2016; Hoi et al. 2018
Intangible outcomes such as increased morality and ethical behaviours*	Høvring, 2017b

**Indicates augmentation of the table by Dembek et al. (2016) with concepts from the literature review of Chapter 2 by the author.*

***It should be noted that upon review of the article by Pirson (2012), it was found that Pirson (2012) ultimately concludes that business endeavours either have a focus on financial gain for the firm or a focus on societal betterment.*

The study tested for outcomes from shared value during the interviews in an attempt to gain a greater understanding of the outcomes as mentioned in the literature and shown in Table 2.

2.5 Beneficiaries of the outcomes of shared value

It is important to consider who benefits from a system perspective when formulating an organisation's shared value approach. The focus of the value creation endeavour should not be limited to primary stakeholders alone and the emergent properties of the business ecosystem should be considered at the outset and during the shared value journey (Høvring, 2017b). The literature review of the business ecosystem and stakeholder theory discussed elsewhere in this document warns of the possible negative outcomes resulting from the omission of important needs of actors further away from the organisation (Dembek et al., 2016; Mühlbacher & Böbel, 2018).

Scanning of the environment to assess the organisation's impact and identify potential opportunities should, hence, become an integral part of the business tactics and the measurement of outcomes should be based on the impact to the triple bottom line across the value chain, as well as on all stakeholders (Luetge & von Liel, 2015; Mühlbacher & Böbel, 2018). Organisational structure should include a corporate affairs leg that not only aims to manage relationships between stakeholders and the company in times of distressed relationships, but also acts as a means of creating value through constant scrutiny of new needs developing at the fence line (Mühlbacher & Böbel, 2018; Porter & Kramer, 2011; Voltan et al., 2017). Shared value creation entails a win-win scenario of value creation for both business and society (Porter & Kramer, 2011). In formulating this approach, business has to both identify the relevant stakeholders and manage effective communication in an attempt to ensure the correct focus is prioritised (Crane et al., 2014; Høvring, 2017b; Porter & Kramer, 2011; Voltan et al., 2017). In fact, this interaction will involve multiple stakeholders with possible conflicting needs and views – an inherent characteristic of the ecosystem. Synergies between the various stakeholder needs and resources could allow for increased value creation across the ecosystem (Tantalo & Priem, 2016). Accordingly, the consideration of multiple stakeholders across the total ecosystem in working towards a focal objective will enhance the benefits to all involved, including the organisation (Pera et al., 2016).

Stakeholders are present in the environmental, social and economic aspects of the ecosystem and all stakeholders will have some view of what they deem a fair

allotment of value creation to be. In order to ensure that key beneficiaries (stakeholders) are in fact content, business needs to ensure that the value creation is continuously communicated and translated into a message that appeals to each of them (Høvring, 2017b; Tate & Bals, 2018). The measurement of shared value creation has been identified as a gap in theory (Dembek et al., 2016) and the measurement and communication thereof is deemed to be interrelated and context dependent and will require simultaneous consideration in order to define and establish the proposed approaches (Dembek et al., 2016; El Akremi et al., 2018).

This study aims to gain an understanding of society's expectation of organisations to effect shared value creation and will, hence, assist in improving the understanding of how the benefits can be measured, who should benefit from the value created, and how communication of shared value creation and the partnership with employees and community should be approached in order to unlock an enhanced competitive advantage.

2.6 Criticism of shared value creation

The shared value creation concept has multiple critics that, among other things, have articulated their concern that shared value might lead to the effecting of 'easy' attainable societal or environmental gains whilst not truly addressing that which is at the heart of society's need. The critics are especially vocal about the tensions between business and society and that these tensions, whilst being acknowledged, are not addressed within the shared value creation framework (Crane et al., 2014; Wieland, 2017). As discussed in the previous sections of this report, these tensions are considered an inherent characteristic of the business ecosystem and the relationship between the various partners.

Further criticism includes the fact that shared value creation is currently positioned from a business point of view and speaks to increased competitive advantage for the business (Crane et al., 2014; Wieland, 2017). In a previous section of this report, the need identification element of shared value creation was discussed and listed; among other needs, there is a need for economic success for both the business and society. Pavlovich and Corner (2014) warned that this need usually results in

prioritising profits above the needs of society and the community. There is thus a view that the needs of all partners in this shared value partnership should be better represented and considered in the concept (Hastings, 2012).

Maltz et al. (2011) commented that business leaders make inferior decisions when initiatives and investments involve social responsibility because the initiatives utilise excessive amounts of resources that are not skilled or armed with the necessary business processes to perform duties other than those that are core to the business.

In creating value, businesses employ integrated value chains. The more integrated a value chain the more complex the approach to ensuring the creation of shared value as organisational policy, since multiple actors in multiple locations need to be aligned (Acquier, Valiorgue, & Daudigeos, 2017). Since not all businesses in the value chain are necessarily legally bound or share similar contexts or values, the alignment and management of the various parties comes at a cost and, hence, the erosion of value efficiencies (Acquier et al., 2017).

Lastly, the shared value creation concept is deemed to be born from westernised business thinking and that the framework cannot be transferred and applied in developing economies (Voltan et al., 2017). Even the term, 'shared value', is in itself context and culture dependent since it requires an understanding of that which is deemed moral or socially just and leads critics to question whether the concept is applicable globally (Wieland, 2017).

2.7 Other social responsibility concepts from the literature

Over the past 20 years or more, the academic world has delivered numerous concepts that aim to define the role of business within society when considering matters of sustainability and responsibility (Visser & Kymal, 2015). In the following section, some of these concepts are reviewed to augment understanding of the shared value creation concept and inform the development of research questions which will follow in Chapter 3 of this report.

2.7.1 Stakeholder theory

Stakeholder theory describes the corporation as “a constellation of co-operative and competitive interests possessing intrinsic value” (Donaldson & Preston, 1995, p.66). Furthermore, stakeholders are defined as parties that have a legitimate interest in the organisation and its output and impact (Donaldson & Preston, 1995; Freeman, 1984; Pinto, 2019). These ecosystem stakeholders are deemed legitimate by the organisational ecosystem based both on ethical and moral considerations as well as business profitability and productivity considerations (Donaldson & Preston, 1995; Hillebrand et al., 2015). Tantalo and Priem (2016) mentioned that managers usually determine the validity of a stakeholder group by considering their power to affect the organisation, the legitimacy of the group’s claim to have influence or be influenced by the company and how critical the claims are that have been made by the specific stakeholder. They proposed that, whilst this is a possible approach to stakeholder management, it might imply missing out on the synergies that might occur between stakeholder groups if it were approached differently. They also, however, highlighted the role of leadership in an organisation in order for this synergistic value creation for multiple stakeholders to be realised (Tantalo & Priem, 2016).

The bi-directional nature of the interest and impact of the relationship between the organisation and its typical stakeholders is depicted in Figure 2.

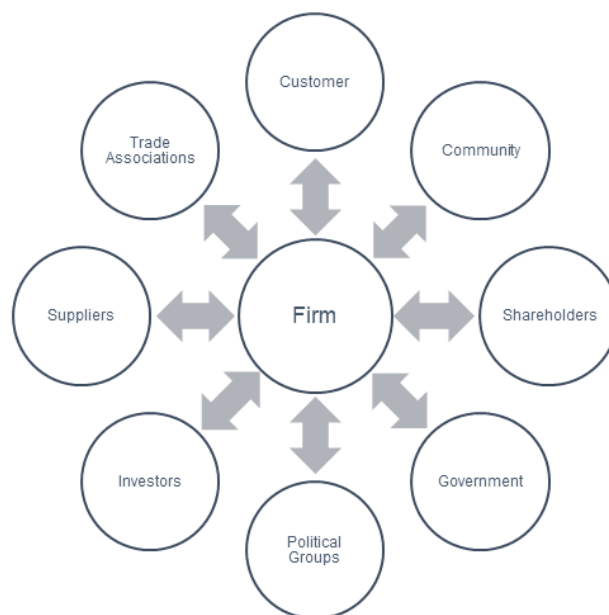


Figure 2: Typical stakeholders of the organisation (Donaldson & Preston, 1995)

The different aspects of stakeholder theory

In their paper on the stakeholder theory of the corporation, Donaldson and Preston (1995) posited that stakeholder theory has three distinct aspects, namely, descriptive, instrumental and normative.

The descriptive aspect refers to the application of the theory to describe how a firm works or how its managers should conduct business. This aspect of stakeholder theory has influenced developments in corporate governance guidelines across the globe through which the interests of all stakeholders are legitimised and supported (Jain & Jamali, 2016).

The instrumental aspect refers to the outcomes that can be achieved by applying the stakeholder approach to business. Since Freeman (1984) published his stakeholder theory, several quantitative and qualitative studies have shown that organisations that apply this approach to the management of relationships and activities achieve performance above that of their competitors (Donaldson & Preston, 1995), which speaks to the instrumental aspect.

Lastly, the normative approach addresses the defining of the moral and philosophical guidelines by which an organisation should function. According to Cots (2011), “how a particular stakeholder group relates to the organization, whether and how a stakeholder attempts to impact the organization, depends on the surrounding context and structure of relationships” (p.329). This speaks to the contextual influence on expectations of legitimate stakeholders regarding an organisation’s approach to stakeholder management.

The benefits of stakeholder theory are an overall increase in competitive advantage owing to increased commitment to and trust in the company (Tantalo & Priem, 2016). In addition, research has found a positive relationship between a company’s financial performance and how well the company treats its stakeholders (Tantalo & Priem, 2016). As discussed in the previous section, Hahn (2015) proposed that a company can increase value creation through good stakeholder relations resulting from the reciprocal nature of their relationship.

Critics of stakeholder theory argues that, whilst the relationship is bi-directional and whilst the theory posits that stakeholders should benefit from the relationship, the

organisation is still the one to identify and prioritise the stakeholders and this inadvertently results in a tension between the normative and instrumental elements (Szmigin & Rutherford, 2013).

In this study, the researcher sought to improve understanding of society's expectations of business to address societal needs in fence-line communities. The employees and the fence-line communities are considered legitimate stakeholders based on moral and ethical obligations as well as the performance and productivity impact that these stakeholders can have on the organisation (Donaldson & Preston, 1995). The economic, historical and cultural context of South Africa reinforces the need to establish an understanding of the expectations of these legitimate stakeholders in an attempt to develop proposals or organisations to assess needs and measure the success of their shared value creation responses.

Limitations to the stakeholder theory approach

The literature also highlights limitations to the view regarding the need for a stakeholder approach to business, namely, that stakeholders and shareholders always have opposing objectives (Pinto, 2019) and, secondly, that stakeholder theory does not support shareholder value maximisation (Tantalo & Priem, 2016).

It has, however, been shown that the health of relationships with these stakeholders (partners) within the ecosystem, alignment of these partners and management of this social capital have an influence on the overall health of the ecosystem and, ultimately, the success of the organisation (Adner, 2017; Harrison & Freeman, 1999; Pinto, 2019; Sun et al., 2018). This impact has to be acknowledged and partnerships maintained in an attempt for organisations to remain sustainable (Tantalo & Priem, 2016).

2.7.2 Corporate social responsibility (CSR)

Corporate social responsibility (CSR) first appeared on the scene of the business world in the 1960s and has since morphed into a worldwide approach used by

organisations to enact their responsibility for societal needs (Wang, Tong, Takeuchi, & George, 2016; Wójcik, 2016).

Business has, however, struggled to integrate CSR into its strategy owing to the inability to marry the cost of CSR with the overall business imperative of growing shareholder worth (Wójcik, 2016). Several studies have been conducted in an attempt to address this issue, but results have, in the main, been deemed inconclusive when seeking to correlate financial business performance and investments in CSR initiatives (Bice, 2017; Wójcik, 2016). Other studies, however, show evidence of improved financial performance among firms that employ positive social responsibility endeavours (Hoi et al., 2018). Corporate 'green washing' has led to the poor reception of CSR by all stakeholders and there is a definite need to address societal needs and externalities from a systemic and long-term point of view (Wójcik, 2016). Strand et al. (2015) proposed that stakeholder management is an integral part of delivering successful CSR interventions.

How corporate social responsibility is perceived

CSR has formed the topic of numerous studies which have shown that employee engagement is influenced positively when CSR interventions are perceived to be positive. The degree to which employees perceive CSR positively is influenced by aspects of culture and individualism and it was found that companies can strengthen their workforce engagement by ensuring they communicate CSR initiatives and interventions in a cultural-considerate manner (El Akremi et al., 2018; Rupp et al., 2018).

El Akremi et al. (2018) developed and validated a measure for the perceptions of employees regarding CSR initiatives using their corporate stakeholder responsibility scale. This measurement instrument was developed as a stakeholder-based approach to measure employee perceptions of CSR initiatives. El Akremi et al. (2018) further supported their stakeholder approach to measurement of CSR perceptions by stating that the most recent definitions of CSR refer to the consideration of stakeholders and stakeholder relations; stakeholder theory supports the notions that leaders should approach their role and decisions in a stakeholder sensitive/considerate manner; the benefits from CSR have been found to be

moderated by stakeholders' perceptions of CSR initiatives and, lastly, it complements the responsibility and justice-based views of CSR. Adding to this, Bice (2017) proposed that CSR may be considered an institution and provided arguments for this by illustrating how the social mechanisms of discourse, mimesis, normative learning and coercion have played their part in institutionalising CSR among multinational mining companies. This institutionalisation of the social responsibility concept is again discussed by Strand et al. (2015), who posited that success is dependent on context regarding institutionalisation and culture where CSR is applied. This stance on CSR as an institution aims to explain why it is a widely adopted mechanism even though its business case is not necessarily clear (Bice, 2017; Strand et al., 2015).

Shared value creation versus corporate social responsibility

Shared value creation differs from CSR in that it is a strategic approach to a win-win situation for both organisation and society rather than one that is resourced on the side. For the majority of the cases, it exists as a means for compliance to corporate governance (Porter & Kramer, 2006). Whereas the traditional approach to the concept of externalities has been the instituting of policies and taxes in an attempt to 'recover' that which companies have 'taken' from the local environment, the approach of shared value creation speaks to companies embarking on this approach with the intention of enhancing their competitive advantage (Porter & Kramer, 2011). Companies are seen to create wealth at the expense of the environment in which they operate, and local communities that reside at the fence line do not share in the profits extracted from the people and the environment (Bice, 2017; Porter & Kramer, 2011).

Creating shared value (CSV) is hence juxtaposed against the traditional approach of corporate social responsibility (CSR) in that it is a deliberate strategic approach to enhance the organisation's competitive advantage through simultaneous value creation for both organisation and society (Voltan et al., 2017). Several authors have highlighted the tensions that will inadvertently exist between business and society. The management of these tensions requires attention in order to realise the win-win

outcome as ‘sold’ by the shared value concept (Dembek et al., 2016; Høvring, 2017b).

2.7.3 Base of pyramid

Various academic concepts have been developed that address the simultaneous creation of value for both business and society, of which the bottom of pyramid and shared value creation share various overlaps (Dembek et al., 2016; Wieland, 2017). In fact, several academics have criticised the strong overlap between the concepts of shared value creation and base of pyramid (Crane et al., 2014).

The base of the pyramid approach to business was first introduced in the literature in 2002 by Prahalad and Hart (2002). They defined it as “selling to the poor and helping them improve their lives by producing and distributing products and services in a culturally sensitive, environmentally sustainable, and economically profitable way” (Prahalad & Hart, 2002, p.3). The concept thus entails the introduction of a business model through which multinational companies can grow profitability and alleviate poverty by delivering products and services to the poor (Dembek et al., 2019). Since its inception, the approach has undergone significant metamorphosis from the above-mentioned initial stance to the current model which addresses the development of innovation ecosystems and “cross-sector partnership networks” to enhance well-being in society (Mason, Chakrabarti, & Singh, 2017, p.267). Whilst many studies have focused on the business side of the base of the pyramid approach, there is less clarity on the social elements that is inadvertently embedded in its definition. These social elements include but are not limited to an understanding of the social benefits that are realised through the approach and the measurement of their success (Dembek et al., 2019). There is, hence, a need to create a better understanding of the mutual value creation as promised by the base of the pyramid approach.

2.8 Consolidation of literature review and way forward

From the literature review it has been established that organisations operate within a business environment that may be compared to the ecosystem of a living organism.

This ecosystem analogy has emerged as a result of the multitude of cause-and-effect relationships that exist between the various partners within the ecosystem. In order to maintain a healthy ecosystem, organisations need to ensure an understanding of the expected value distribution between the partners across the entire ecosystem. This value distribution speaks to the concept of a shared value creation strategy through which organisations can enhance their competitive advantage by ensuring that the needs and expectations of the partners within their ecosystem are aligned and met. It is furthermore acknowledged that tension between the partners within the ecosystem is an inherent characteristic of the ecosystem and management of these tensions will require attention to organisational design and the approaches followed to identify, measure and communicate shared value undertakings.

Consolidation of the key elements from the various concepts in the literature review are shown in table 3 below.

Table 3: Consolidation of social responsibility concepts from the literature review

Concept from literature	Stakeholder relationship	Benefits from approach	Constructs within theory	Limitations to theory
Stakeholder theory	<ul style="list-style-type: none"> • Legitimate stake (Pinto, 2019) • Bi-directional (Donaldson & Preston, 1995) • Reciprocal, different roles within ecosystem (Hahn, 2015) 	<ul style="list-style-type: none"> • Sustainability • Performance above that of competitors (Donaldson & Preston, 1995; Freeman, 1984) • Moral and ethical obligations (Cots, 2011; Donaldson & Preston, 1995) • Social capital (Cots, 2011) • Efficiency of relationships (Cots, 2011) • Stakeholder commitment, increased firm legitimacy, competitive advantage, improved relationships between stakeholders (Tantalo & Priem, 2016) 	<ul style="list-style-type: none"> • Normative (Cots, 2011) • Instrumental (Donaldson & Preston, 1995) • Descriptive – corporate governance (Jain & Jamali, 2016) • Fairness (Hahn, 2015) • Success of business depends on how well stakeholders cooperate and support business (Pinto, 2019) • Sustainability (Pinto, 2019) 	<ul style="list-style-type: none"> • Opposing interests of stakeholders and shareholders (Dembek et al., 2016; Høvring, 2017a; Pinto, 2019; Tantalo & Priem, 2016)
Shared value	<ul style="list-style-type: none"> • Win-win relationship with stakeholders 	<ul style="list-style-type: none"> • Tangible benefits (Voltan et al., 2017) 	<ul style="list-style-type: none"> • Policies and operating practices (Porter & Kramer, 2006, 2011) 	<ul style="list-style-type: none"> • From point of view of organisation

	<p>(Porter & Kramer, 2011; Wójcik, 2016)</p> <ul style="list-style-type: none"> • Shock and challenge proof (Szmigin & Rutherford, 2013; Wójcik, 2016) • Ecosystem of shared value (Alberti & Belfanti, 2019; Pfitzer & Kramer, 2016) 	<ul style="list-style-type: none"> • Financial performance (Su et al., 2016) • Competitive advantage, sustainability (Porter & Kramer, 2006, 2011) • Tangible and intangible assets (Arya & Lin, 2007; Tate & Bals, 2018) • Social capital and reciprocal stakeholder relationships (Cots, 2011; Hahn, 2015; Hoi et al., 2018) 	<ul style="list-style-type: none"> • Strategic CSR (Voltan et al., 2017) • Structure and organisation design needs to support strategy (Voltan et al., 2017) • Context dependent (Dembek et al., 2016; El Akremi et al., 2018; Voltan et al., 2017) • Language of 'value' (Visser & Kymal, 2015) • New form of innovation (Porter & Kramer, 2006) • Win-win situation for organisation and society (Porter & Kramer, 2006) • Integration of stakeholder resources and interests (Wieland, 2017) 	<p>(Hastings, 2012)</p> <ul style="list-style-type: none"> • How to address tensions (Crane et al., 2014) • Built for westernised businesses (Voltan et al., 2017) • How to measure success? (Dembek et al., 2016; El Akremi et al., 2018)
Corporate social responsibility	<ul style="list-style-type: none"> • Legitimate benefactor since organisation has a duty (Wang et al., 2016) 	<ul style="list-style-type: none"> • Responsibility to society (Wang et al., 2016) • Compliance driven (Porter & Kramer, 2006) • Financial performance (Su et al., 2016) 	<ul style="list-style-type: none"> • Compliance driven (Porter & Kramer, 2006) • View of responsibility as opposed to 'value' (Visser & Kymal, 2015) Visser • Stakeholder relations are at the heart of CSR (Strand et al., 2015) • Context dependent (Jamali & Karam, 2018) • Institutionalisation of social responsibility (Bice, 2017; Strand et al., 2015) 	<ul style="list-style-type: none"> • Tension between business with shareholder wealth maximisation and charitable activities (Wójcik, 2016) • Difficult to justify social responsibility (Wójcik, 2016)
Base of Pyramid	<ul style="list-style-type: none"> • Partners and co-creators (Dembek et al., 2019) • Collaboration (Dembek et al., 2019) 	<ul style="list-style-type: none"> • Profits and enacting responsibility to society (Prahalad & Hart, 2002) • Mutual benefits to both society and business (Dembek et al., 2019) 	<ul style="list-style-type: none"> • Alleviate societal poverty whilst increasing profit (Prahalad & Hart, 2002) • Cross-sector and ecosystem partnerships (Mason et al., 2017) 	<ul style="list-style-type: none"> • Displace local manufacturers (Dembek et al., 2019) • Based on western business perspective (Dembek et al., 2019) • Inherent conflict between turning profit and alleviating poverty (Dembek et al., 2019)

Chapter 2 provided an in depth view of the concept of shared value creation according to ways in which shared value can be created; the benefits that can be expected from shared value creation and; who will benefit from effecting shared value creation. Other related social responsibility concepts were also discussed briefly and the consolidation of the main themes from literature are depicted in Table 3 above. The literature review will be considered in compiling of research questions that will be discussed in Chapter 3 and will also be referred to during the discussion of results obtained from the research.

Chapter 3: Research questions

In this chapter, the precise purpose of the research is defined. Research questions are used where a topic is new and/or under-researched and the literature does not provide likely solutions to the research objectives. The research questions were thus formulated on the basis of the literature survey conducted in Chapter 2.

The research questions for this study are as follows:

3. Research questions

Research question 1: Does society expect organisations to contribute to improving conditions within their fence-line communities and why?

This question aimed to determine whether society expects organisations to intervene and improve conditions in their fence-line communities. The literature refers to society's increasing expectation that business will address societal needs through shared value creation. However, the literature also highlights that the expectation is dependent on context. Understanding what this expectation is and why society has this expectation will bring contextual clarity to the matter. The question also aimed to establish how a business should go about establishing what the expectation is, who has the expectation and which factors influence the expectation. Lastly, the question hoped to gain an understanding of whether employees expect fence-line communities to be regarded as important stakeholders within the ecosystem of the organisation and why they have this view. Understanding what the expectation is and why it exists will provide much-needed insights to assist organisations to formulate a successful response.

Research question 2: How does society perceive its organisations' contribution to their fence-line communities and why?

This question aimed to provide insight on the perceived intent and outcome of the organisation's approach and reasons for the perception. Was the chosen approach to shared value creation by the organisation regarded positively or not? Literature

has highlighted gaps in the alignment of needs and the perception of value creation between the different partners or actors within an ecosystem. Understanding how actors in the ecosystem measure success or evaluate efforts will assist organisations to improve their approach. The question aimed to identify an approach to need identification and, again, to provide contextual understanding of the way in which employees perceive efforts by their organisation. It furthermore aimed to augment current understanding of possible outcomes from a shared value creation approach. It was hoped that the question would also provide insights on barriers to success of shared value creation endeavours as this information would again provide much-needed insights on the appropriate approach by an organisation.

Research question 3: How should organisations respond to the expectation?

Building on questions 1 and 2, question 3 sought to suggest approaches to need identification and the implementation of shared value creation within the context of the chosen organisation. The role of leadership, expected benefits for the organisation and society, as well as communication strategies regarding shared value creation were also investigated.

Chapter 4: Research methodology

4. Proposed research methodology and design

This study aimed to gain an understanding of the employees' expectations of their organisation in terms of shared value creation to enable an improved understanding of how shared value creation should be approached by organisations in order to unlock an enhanced competitive advantage. The contextual nature of the topic of shared value creation made for a qualitative, exploratory research approach which will be discussed in more detail in the following sections.

4.1 Choice of methodology

Nunamaker, Chen, and Purdin (1991) propose that the characteristics of the problem, the domains from which it will draw information for the literature review and the type of research that has been conducted to date will influence the type of methodology to be applied by the researcher. The research methodology applied should aim to augment academic literature by considering methodologies not applied frequently to date, as well as the nature of the problem (Ellis & Levy, 2008). Tracy (2013) states that "qualitative methodology is better than quantitative methodology for richly describing a scene, or for understanding the stories people use to narrate their lives" (p.25). A qualitative inquiry into a chosen topic comes from observation of a real-world problem, experience by the researcher and a growing scholarly interest into the topic (Marshall & Rossman, 2006). Given that the intent of this research was to establish employee expectations and leadership views regarding the role of an organisation in its fence-line communities and the approach of business towards a shared value creation model in a specific context within a specific organisation at a specific time, a qualitative approach was deemed most suitable.

In fact, from the literature review in the preceding sections it was clear that perceptions of shared value creation are highly dependent on context (Mazutis & Slawinski, 2015; Voltan et al., 2017). Whilst quantitative research decontextualises situations, qualitative research aims to contextualise the scenario to the setting and

the intent of the study in question. Papers by both Cooke (2017) and Vaismoradi, Jones, Turunen, and Snelgrove (2016) also supported a qualitative approach to research to ensure that relevant, contextual solutions are provided for workplace and social phenomena.

Denzin and Lincoln (2005) describe the result of qualitative research as “a pieced-together set of representations that is fitted to the specifics of a complex situation” (p.4). The systemic nature of problems facing business in South Africa was described in Chapter 1 of this document where the complex and multifaceted challenges that business is faced with were highlighted. Johns (2006) defines context as “situational opportunities and constraints that affect the occurrence and meaning of organizational behaviour as well as functional relationships between variables” (p.386). There is a need for qualitative research that could contextualise the generic frameworks within specific organisational settings to enable deeper insights into the circumstantial aspects of shared value creation (Bailey, Madden, Alfes, & Fletcher, 2017). The type of study that was undertaken was therefore qualitative and exploratory in nature and drew from the domains of management and business ethics.

Semi-structured interviews were held with leadership and employees (first-line supervisors and their teams) of the organisation. Semi-structured interviews with focus groups are deemed a suitable strategy for exploratory research designs where the interviewer aims to gain an understanding from individuals about a subject in a specific contextual setting (Saunders & Lewis, 2018; Stewart & Shamdasani, 2014). Accordingly, focus groups can provide in-depth explanations and understanding of matters or issues observed at the surface (Stewart & Shamdasani, 2014).

A cross-sectional time horizon was applied. Data were collected for only one period in time. Although multiple studies have identified a significant gap in research for longitudinal research, the researcher did not have the luxury of time within the period provided to conduct longitudinal research (Alberti & Belfanti, 2019).

The researcher approached the coding and thematic analysis of results inductively and referred to existing theories and frameworks gathered from the Chapter 2 literature review as interpretive devices (also referred to as “sensitising concepts”) in order to evaluate the research problem (Tracy, 2013, p.25).

4.2 Population

The study was conducted in one South African born organisation with a global presence. The structure of the chosen company is depicted in Figure 3 below:

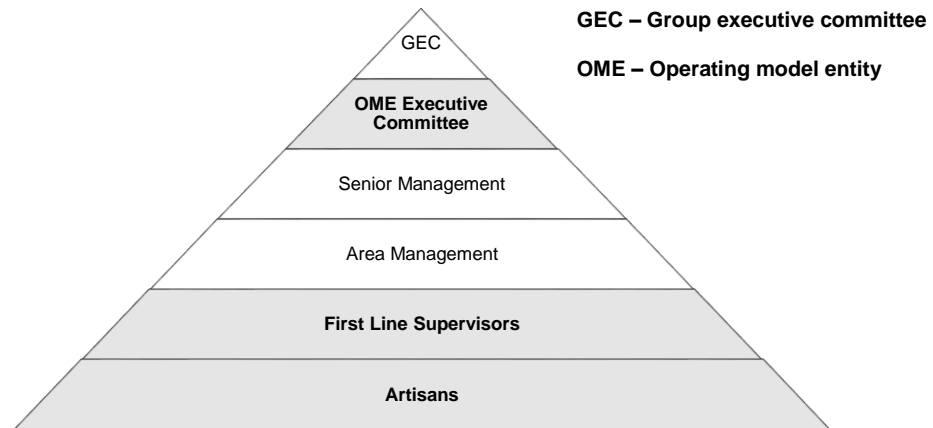


Figure 3: Structure of chosen organisation

The population targeted for this study included first-line supervisors and artisans (as employees) and leadership (executive committee members) within the operating model entity (OM). The artisan and first-line supervisor population was chosen for the focus group interviews since they are the group of employees with the most diverse residential locations in the communities at the organisation's fence line, and represent the largest employee group in the total employee base of the organisation and, hence, community. This population therefore informed the testing of the expectations of employees and the community of the organisation, as well as their perceptions of actions taken to date. The artisan population is the least mobile population and, traditionally, an artisan will start and end his/her career in the same business unit of the company. The leadership interviews, on the other hand, were meant to inform the way leadership views the role of the organisation, its perceived impact to date and the approaches that should be considered to effect shared value creation. Conducting interviews with both employees and leadership furthermore provided an amount of triangulation regarding the validity and reliability of the results.

The chosen organisation was deemed representative of most industrial towns thin South Africa when considering its location and the disparity between conditions in

fence-line communities. These communities have furthermore experienced several protests and significant service delivery interruptions over the past four years while the company has a strong dependency on these fence line communities for resources.

4.3 Unit of analysis

The unit of analysis was the information obtained from each semi-structured group interview and leadership interview regarding the perceived impact of social responsibility initiatives, expected responses by business and possible approaches to effect shared value creation. Each focus group and each leadership interview was analysed and evaluated.

4.4 Sampling method and size

The population size of first-line supervisors in the organisation is known to be 508 and each first-line supervisor has on average a team of five members. First-line supervisors and artisans have years of experience within the company, ranging between one and 40 years with average years of experience in the total first-line supervisor population of 20. The company employs approximately 4000 artisans of various disciplines. In order to for the research to be successful, Marshall and Rossman (2006) proposed that ten groups (consisting of a first-line supervisor and his/her team) should be approached for the semi-structured interviews. Several studies have been conducted to determine the number of interviews at which saturation is most likely to be reached and have found that “code saturation” occurs between interview 7 and 12 (Hennink, Kaiser, & Marconi, 2017). The study by Hennink et al. (2017) further found that code saturation in itself does not imply saturation in terms of understanding the matter being investigated and that the researcher should establish “meaning saturation”. Meaning saturation is measured by capturing the meaning of codes and not just the prevalence of codes. This implies that codes with less prevalence might have an equal influence in creating understanding of a situation for the development of theory. In this study, saturation

was achieved after seven focus group interviews and six leadership interviews. The researcher conducted eight focus groups interviews and seven leadership interviews in total.

The sampling method applied was random probability sampling. Business managers were asked to arrange for supervisors and their teams to be available on the dates in question and no influence was exerted over who would be interviewed with the focus groups. The researcher aimed to keep the size of the groups to less than eight which is proposed by the literature as the ideal focus group size (Stewart & Shamdasani, 2014). However, it was found that smaller groups of four to five inspired more frank and open discussions as well as encouraging increased participation.

For the leadership interviews non-probability purposive sampling was applied. This sampling technique ensured that the sample of executive committee members comprised of all demographics (race, gender, age) and leadership who fulfilled roles within the CSR, site services, supply chain, operations and safety structures of the organisation.

4.5 Measurement instrument or discussion guide

With quantitative research, the researcher and measurement instrument are two different things. With qualitative research, the researcher is the instrument (Tracy, 2013). During qualitative research, the researcher observes the situation, the interviewee(s) and answers given. “Observations are registered *through* the researcher's mind and body. In such circumstances, self-reflexivity about one's goals, interests, proclivities, and biases is especially important” (Tracy, 2013, p.25).

4.5.1 Focus groups: first-line supervisors and artisans

The extent to which participants in the focus group interviews feel comfortable and psychologically safe will influence the validity and authenticity of answers during the interview (Stewart & Shamdasani, 2014). Significant effort was therefore made to ensure all participants were comfortable with the venue, the language, the topic, the signing of the consent form and the fact that they would be recorded. The questions

were kept narrow and the number was limited to enable in-depth probing and to prevent the focus group interview from becoming a group-conducted survey (Stewart & Shamdasani, 2014). When the group did not understand, the researcher took time to clarify and explain what was being asked.

The measurement instrument comprised two parts. The first part was to gather general information regarding age, gender and race and the community within which they reside from each of the group members. This section asked the participant to briefly describe the current conditions within the community in which they reside. It also contained space for participants to provide ideas regarding interventions that their organisation could consider to improve conditions in its fence-line communities.

The second part of the instrument covered the research questions as discussed in Chapter 3 of this document and listed in the table below. The focus group consent form is shown in the Appendix 1 and the questions posed are shown in Table 4 below. The literature review in Chapter 2 inspired the generation of the questions as well as the sub-questions that were used to probe further when answers were considered interesting or without depth.

Table 4: Research questions and questions that were asked in focus groups

Research question	Focus group questions
1. Does society expect organisations to contribute to improving conditions within their fence-line communities and why?	1. Do you expect your organisation or any other organisation in the area to contribute to its fence-line communities and why? 2. Would you consider the organisation to be doing its duty if it improves conditions within its fence-line communities? 3. Do you believe the community expects this or only the company employees? 4. Do you think the community expects this from the municipality or from your organisation? 5. Do you also expect companies in other areas to do the same? 6. Do you believe that there exists a win-win scenario for both business and its fence-line communities? 7. Do you believe that the community and business see each other as partners? 8. Has the expectation shifted?

<p>9. How does society perceive its organisations' contribution to their fence-line communities?</p>	<ol style="list-style-type: none"> 1. Has the conditions in your community impacted you up to now? How? 2. Do you believe your organisation currently improves conditions in its fence-line communities? 3. Do you believe your organisation has a choice in intervening in conditions in fence-line communities? Why? 4. Do you believe your organisation's intervention can be deemed as shared value? Why? 5. What benefit is there for your organisation to improve conditions in its fence-line communities? 6. How would you go about measuring the success of your organisation's interventions? 7. Do you believe that the organisation should focus mainly on the conditions in its fence-line communities or should it intervene beyond this?
<p>8. How should organisations respond to this expectation?</p>	<ol style="list-style-type: none"> 1. How do you think your organisation should identify its most important partners? 2. Have you ever been asked to voice your expectation regarding your organisation's work in fence-line communities? 3. How should the organisation go about establishing the needs to be addressed? 4. What is currently going wrong with interventions? How should a business measure the outcome of their interventions? 5. How should the organisation approach its intended interventions?

4.5.2 Leadership interviews

The leadership interviews were conducted in an attempt to gain an understanding of leaderships' view of the expectations of society and the response they believe will be appropriate to address the expectation. The interviews of both employees and leadership were used to assess the alignment between leadership and employees and to compile recommendations for the response to the expectation. Questions that were posed to leadership are shown in Table 5. The leadership consent form and associated questionnaire that was used during interviews are included in Appendix 2. Leadership demographics were collected with the consent form.

Table 5: Research questions and the questions posed to leadership

Research question	Focus group questions
<p>1. Does society expect organisations to contribute to improving conditions within their fence-line communities and why?</p>	<ol style="list-style-type: none"> 1. Do you expect your organisation or any other organisation in the area to contribute to their fence-line communities and why? 2. Would you consider the organisation to be doing its duty if it were to improve conditions within its fence-line communities? 3. Do you believe the community expects this or only the company employees? 4. Do you think the community expects this from the municipality or from your organisation? 5. Do you also expect companies in other areas to do the same? 6. Do you believe that there exists a win-win scenario for both business and its fence-line communities? 7. Do you believe that the community and business see each other as partners? 8. Has the expectation shifted?
<p>2. How does society perceive its organisations' contribution to their fence-line communities?</p>	<ol style="list-style-type: none"> 1. Do the conditions in the fence-line communities have an impact on your employees? 2. Do you believe your organisation currently improves conditions in its fence-line communities? 3. Do you believe the company's interventions make it more competitive? 4. When would you consider an organisation's intervention to be deemed as shared value? Why? 5. What benefit is there for your organisation to improve conditions in its fence-line communities? 6. How would you go about measuring the success of your organisation's interventions? 7. Do you believe that the organisation should focus mainly on conditions in its fence-line communities or should it intervene beyond this?
<p>3. How should organisations respond to this expectation?</p>	<ol style="list-style-type: none"> 1. How do you think your organisation should identify its most important partners? 2. How should the organisation go about establishing the needs to be addressed? 3. What is currently going wrong with interventions? How should a business measure the outcome of its interventions? 4. How should the organisation approach its intended interventions?

	5. Do you believe that improving conditions in fence-line communities provides the organisation with a competitive advantage? How?
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4.6 Data gathering process

Data was collected by the interviewer through focus group interviews with first-line managers and their teams, as well as individual interviews with leadership (executive committee members). The researcher aimed to observe not only verbal answers to the questions posed, but also the non-verbal reactions from participants in the groups, since focus groups generate both verbal and observational data (Stewart & Shamdasani, 2014). It was initially intended to apply a nominal group during the process of eliciting proposals from group members on how their organisation should respond to the challenges in society and, more specifically, their fence-line communities. This technique is a very structured, face-to-face technique but is well suited when one wants prioritise ideas. It involves the four steps of silent generation, round robin, clarification and ranking, as shown in Figure 4 (McMillan, King, & Tully, 2016).

The facilitator (researcher) provides a brief introduction to the study and the questions that will have to be answered. She also provides the group with the instructions for the process to be followed.			
Silent generation Team members are given a question and have 20 minutes to reflect on possible answers. No discussion is allowed during this time.	Round robin Team members are given an opportunity to state their idea to the group one at a time. The rest of the team members may think of further ideas during this time. Ideas should be recorded verbatim on a flipchart.	Clarification Ideas are grouped or altered when team members feel it necessary. All ideas are discussed to ensure understanding and equal consideration.	Ranking Ideas are ranked on a sheet by each of the team members by allocating a ranking to them.

Figure 4: Steps in the nominal group technique (McMillan et al., 2014, 2016)

It was initially foreseen that this technique would ensure that all members of the focus group would have an equal opportunity to voice their opinion regarding the approach to be followed by the organisation (McMillan et al., 2016). McMillan et al. (2016) warn, however, that cultural or language barriers could require adaptation to some of the steps.

The steps and successful execution thereof were tested during the pilot focus group sittings. These two pilot focus group interviews was attended by an independent observer. It was found that participants were uneasy and in most instances unwilling to voice or discuss proposals openly in the group. It was furthermore found that the nominal group technique created expectations among the focus group participants that their organisation would react to the collected information, which is something the researcher was cautioned on by the organisation. These difficulties experienced during the pilot interviews called for the abandoning of the nominal group technique and instead proposals were collected in written format on the consent forms that were handed out to participants.

4.7 Analysis approach

Information from notes taken, as well as the recordings of the focus group and leadership interviews and discussions, was analysed using a thematic approach. All focus group and leadership interviews were transcribed to enable the allocation of codes, codes to categories and ultimately categories to themes by applying a four-stage process involving initialisation, construction, rectification and finalisation, as described by Vaismoradi et al. (2016). This process is referred to as thematic analysis and is a technique frequently applied to analyse qualitative data (Vaismoradi et al., 2016). The Atlas TI software package was used to assign codes to phrases and comments in the transcriptions.

4.7.1 Data editing

Upon review of the consent forms submitted by focus group members, several omissions of information were observed. The omissions were suspected to be due to concerns regarding anonymity. These were not unexpected, however, when considering that the researcher had to spend a significant amount of time at the start of each focus group interview explaining the nature of the research, the fact that responses would not be divulged to the organisation or leadership, and that participation was voluntary and anonymous. This sense of unease among the majority of the focus group participants eventually led to abandoning the original intention to elicit proposals for the organisation's response through the use of the nominal group technique. Hence, this third part of the focus group questions was changed to a request to participants to write down proposals regarding the organisation's response and ensuring that this would not be discussed openly in the group. Furthermore, the request to provide names and surnames was also removed from the focus groups and participants were asked only to provide a signature on the consent forms handed out.

As would be expected, leadership interviews revealed far fewer concerns regarding anonymity and no omissions in the completion of forms was noticed.

Some difficulty was experienced with the recording of the interviews. In some instances the researcher experienced technical difficulties with the recordings and in others significant discussions were required with participants to make them comfortable with the idea that their participation would be recorded. The two interviews where complete recordings were not obtained occurred during the pilot interviews and the researcher thus had to refer to her own notes taken during the interview as well as notes taken by the second independent observer.

There were also instances in some of the interviews where the recordings were unclear and it was difficult to capture a comment made by a participant. The smaller focus groups resolved this concern in that all participants could sit closer to the recorder.

4.7.2 Data coding

Two sources of data were analysed during the thematic analysis and coding exercise. First all interviews were recorded and transcribed. Secondly, the researcher noted non-verbal and other attitudinal observations during the focus groups and leadership interviews, as proposed by Stewart and Shamdasani (2014). This was intended to ensure that this would be considered when consolidating the information gathered from the process. Researcher notes were logged after every interview and codes listed electronically to evaluate whether saturation had been reached. As and when transcriptions became available, these were also coded and themes extracted to enable an evaluation of the level of saturation reached.

The proposals listed by participants regarding a response by the organisation were included in the data coding and thematic analysis. The intention was to consider whether the proposals shed any light on the possible approach of business to shared value creation.

4.7.3 Saturation

Focus groups were held until such a point that saturation was reached. Saturation is said to be reached when “there is enough information to replicate the study; when the ability to obtain additional new information has been attained and; when further coding is no longer feasible” (Fusch & Ness, 2015, p.1408). Saturation is not dependent on the number of interviews held but rather on the richness of information obtained through the interview process (Fusch & Ness, 2015). The measuring of saturation was determined by continuously evaluating the information and new codes that were gleaned from each of the interviews held. The literature proposes several methods to measure this. One method proposed is the use of a “saturation grid”. The grid lists themes from interviews on a vertical grid with the interviews held listed on the horizontal grid. By applying this grid, one can clearly identify when new themes are no longer forthcoming (Fusch & Ness, 2015). The researcher aimed to apply interview questions consistently to avoid a so-called “moving target” regarding the assessment of whether saturation had been reached. There was, however, an

element of probing during the interviews through which the researcher attempted to deepen the discussion on certain topics.

4.8 Data validity and reliability

Interviews with leadership and the focus groups were scheduled for a duration of 60 minutes and were conducted over a period of four weeks. Access to leadership was the main reason for the longer time taken to conclude the interviews. The interviews with the focus groups were conducted over weekends to ensure that shift personnel in the focus groups were not distracted by activities at their place of work, since maintenance and hence support from the shift personnel mainly takes place during the week. Conference rooms were selected that were close enough to the place of work of the focus groups to enable reaction to changing conditions on site, but also quiet enough and removed from open areas where interruptions from passers-by and other personnel could detract from the discussion at hand.

In an attempt to validate and test the researcher for consistency, a second independent observer was asked to perform the theme allocation to one of the pilot interviews held. This validation is proposed by and frequently applied in the literature (McMillan et al., 2014).

4.9 Reliability and validity

In order to ensure that the researcher was capable and the research questions could be covered in the planned duration of the focus group, two pilot interviews were held. The researcher is an employee of the company and, as stated by Marshall and Rossman (2006), the challenge of a qualitative researcher is to ensure that his/her personal knowledge and convictions do not influence the research and the findings of the study (Marshall & Rossman, 2006). In an attempt to test for this conflict of interest, an observer shadowed the researcher during the first two pilot focus groups to ensure that the notes and themes picked up by the researcher were also picked up by the observer. This observer also gave the researcher feedback on the posing of questions and the probing performed during the pilot interview.

As discussed in the preceding section, the validity and reliability of thematic analysis was confirmed by making use of the independent observer to review theme allocation by the researcher during the pilot focus group sessions.

The researcher conducted each of the focus group and leadership interviews herself, which allowed for continuity and consistency and furthermore ensured that sufficient probing of participants' answers was done to reach the required depth in creating understanding around the research (Stewart & Shamdasani, 2014).

Stewart, Gapp, and Harwood (2017) accentuate the need to constantly develop a chain of evidence as the qualitative researcher ventures from literature review to the actual research. They further highlight the importance of reflecting on outcomes, findings and notes as the researcher progresses to ensure that the researcher takes stock of themes as they evolve. This reflection should furthermore entail the continuous revisiting of research questions before and after research interactions (Stewart et al., 2017). The evaluation did not lead to any significant changes in the questions asked as the interviews progressed, although the researcher did refer to discussions with previous focus groups as the interviews progressed to enable a deeper understanding of the themes voiced.

In order to ensure the trustworthiness of the research, the methods for data collection and evaluation were described clearly in the preceding sections and these approaches were applied in every encounter with participants (Hammarberg, Kirkman, & De Lacey, 2016). To ensure credibility, triangulation was applied with research questions being through interviews, observations and documentary analysis (Hammarberg et al., 2016). The conducting of interviews with both leadership and first-line supervisors and teams also assisted in delivering on this intention of triangulation.

Consideration was given to shared value or social responsibility initiatives employed by the organisation prior to or during the study. These interventions will be briefly mentioned in Chapter 6 to ensure that their possible influence on the outcome of the study is recognised and/or acknowledged.

4.10 Limitations

The following are deemed possible limitations to the methodology employed and the study conducted.

- The population is limited to a single company in South Africa. The context is very specific and cannot necessarily be seen as replicable for all organisations in all contexts.
- The researcher is an employee of the company and, as stated by Marshall and Rossman (2006), the challenge of a qualitative researcher is to ensure that his/her personal knowledge and convictions do not influence the research and the findings of the study (Marshall & Rossman, 2006).
- The study was cross-sectional in nature and the limitations of cross-sectional studies are multiple. The outcomes of the study could have been influenced by previous interventions or other factors in the period leading up to the study. A cross-sectional study infers that outcomes during the enquiry are due to current situations/conditions. It thus fails to consider other influences from previous situations (Alberti & Belfanti, 2019).
- Participants in focus group interviews were selected randomly based on conditions in the place of work on the day of the interview. In addition, the line managers of the individual units where interviews were conducted had an influence on which shifts and teams should be interviewed. This influence by line managers in selecting shifts and/or teams may have had an impact on the outcome of the interviews conducted.

Chapter 5: Results

5.1 Introduction

This chapter aims to present findings on the research questions as gained from the research conducted which was discussed in Chapter 4. The research questions were presented in Chapter 3 as follows:

Research question 1: Does society expect organisations to contribute to improving conditions within its fence-line communities and why?

Research question 2: How does society perceive its organisations' contribution to their fence-line communities and why?

Research question 3: How should organisations respond to this expectation?

The questions posed during focus group and individual leadership semi-structured interviews were derived from the literature and constructed in such a way as to enable the research questions to be answered. The researcher conducted each of the focus group and leadership interviews herself, which allowed for continuity and consistency and furthermore ensured that sufficient probing of participants' answers was done to reach the required depth in creating an understanding around the research (Stewart & Shamdasani, 2014). The following sections will describe the sample of participants that was interviewed as well as the process followed and results obtained.

5.2 Reliability and validity of data

In order to ensure reliability of the data and their analysis and representation the researcher facilitated all of the focus group and leadership interviews. The researcher also analysed all of the interview outcomes personally. Reliability of data is seen to be met when results would be similar if the research were to be conducted by other researchers and if the data and findings are presented in an understandable and clear way (Saunders & Lewis, 2018).

In order to further facilitate the assurance of consistency and the reliability of data collection, two pilot interviews were conducted with the focus groups. These pilot interviews were used to gauge whether the proposed approach, the selected venues and facilitation by the researcher would be successful. In order to provide an objective view of the above elements, an observer accompanied the researcher. The observer did not actively participate in the focus groups, but made notes regarding emerging themes from the discussions, non-verbal observations and the proposals made by participants regarding possible improvements to the process going forward.

During the first two pilot interviews several obstacles were encountered. At first participants did not feel comfortable with being recorded and the researcher had to spend a significant amount of time trying to establish an environment of trust and psychological safety by discussing the research being conducted and her experience as a researcher. The discussions also covered the reasons for choosing qualitative research as opposed to quantitative research. The latter discussions regarding reasons for conducting qualitative research were especially helpful for the remainder of the time spent with the focus groups and became a standard agenda item with each of the focus groups. Where participants were busy with studies themselves, it was an especially appealing discussion.

The pilot interviews furthermore allowed the researcher to better understand the optimal size of the group to be interviewed and allowed technical issues to be resolved such as the location of the recorder and where to sit during the discussion. Establishing a relaxed and informal atmosphere was key to eliciting open discussion from the participants. The pilot interviews also allowed the researcher to gauge whether language would be a barrier and it was subsequently found that participants were comfortable with English and could express themselves in the language.

Lastly, the researcher recognised that the interviews and the topic chosen created an expectation among participants regarding a response by their organisation. The intended nominal group technique portion of the focus groups caused most of this expectation in that participants believed their organisation would respond to the proposals they would be listing. The researcher had to ensure that all the following focus groups understood that the research was being conducted for personal studies

and that the organisation would not see the results or act on them. In order to allow for less disruptive focus group interviews and to remove the possible implications for the organisation by creating expectations, the nominal group technique portion of the interviews was redesigned.

After each pilot interview the observer provided feedback and the researcher and observer exchanged notes and discussed themes that surfaced from the discussion. The intent was to test the observations of the researcher and gauge whether themes were influenced by the researcher's personal bias and would be representative of the discussions held going forward. Whilst there were some differences in observations from observer and researcher, the outcome of the exchange after the pilot interviews was that the researcher could continue with the approach established during the pilot interviews.

5.3 Sample description

Eight face-to-face focus group interviews and seven leadership interviews were held in a manufacturing company located in Mpumalanga, South Africa. Three different operating units within the business were selected within which to conduct the interviews. These were selected based on the willingness of leaders to allow participation in the research, as well as operational constraints when considering possible high volume activity in certain units and, thus, being unable to dedicate time for teams to participate in the focus groups. In order to try and mitigate availability of participants and the possible demands from business, interviews with focus groups were held within the facilities and over weekends. In total, 48 participants were reached through the focus groups. Size of groups ranged from four participants to 12. Group size started off larger, but the researcher asked for smaller groups in the later focus groups since smaller groups resulted in more frank and lively discussions on the topic. One-on-one discussions were held for the leadership interviews and these were conducted in the relevant leaders' offices. Not all participants contributed equally during focus group discussions even though the researcher tried to elicit responses from all present by using probing questions directed at the quiet participants. The interviews were stopped when saturation of themes was considered to have been reached.

A sample description will be done for both focus groups and leadership interviews. The descriptive statistics are provided to better describe the population interviewed since the outcome of the research is considered context dependent and will provide for contextual consideration when evaluating results for repeatability and applicability.

5.3.1 Descriptive statistics for focus groups

Figure 5 below presents the descriptive statistics for the age, gender and ethnicity of the focus groups. The focus groups had primarily male participants. This is representative of the profile of employees in the company for the operations environment within which the interviews were held. Five of the focus group participants did not indicate their age. The distribution in terms of ethnicity was found to be representative of the distribution in this role category for the larger company.

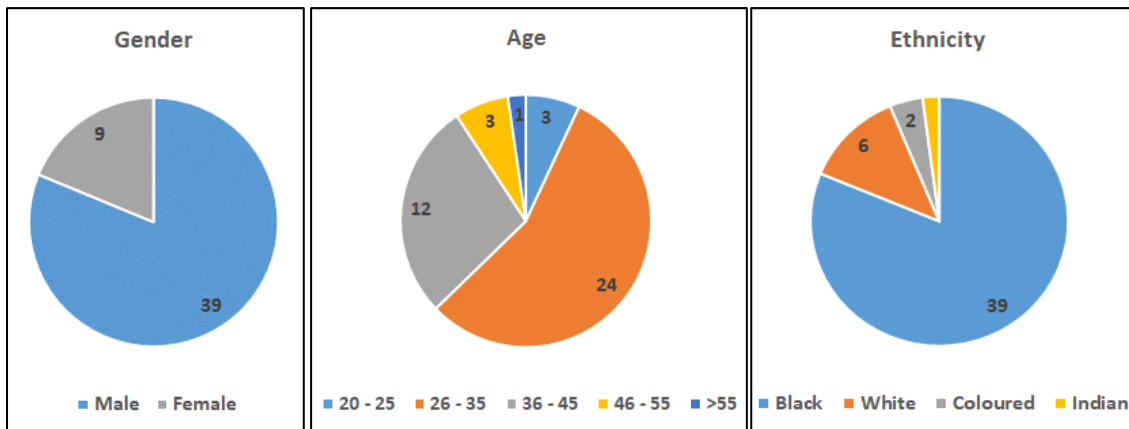


Figure 5: Gender, age and ethnicity distribution of focus group participants

Figure 6 depicts education and residential area of the participants. Three of the participants did not indicate their level of education. The sample description regarding education is shown in the figure below.

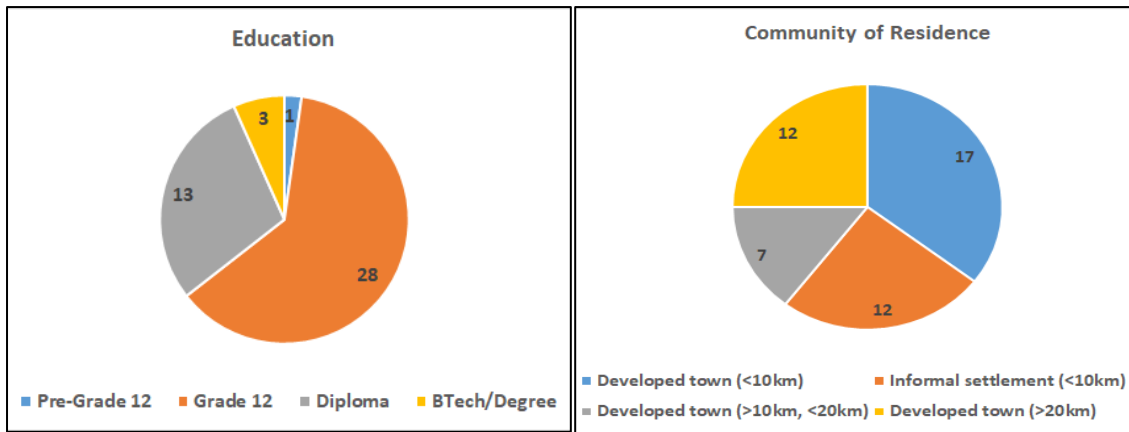


Figure 6: Level of education and community of residence of focus group participants

From Figure 7 it is clear that 25% of the participants reside in an informal settlement on the company’s proverbial fence and 34% of the participants live in the town at the company’s fence.

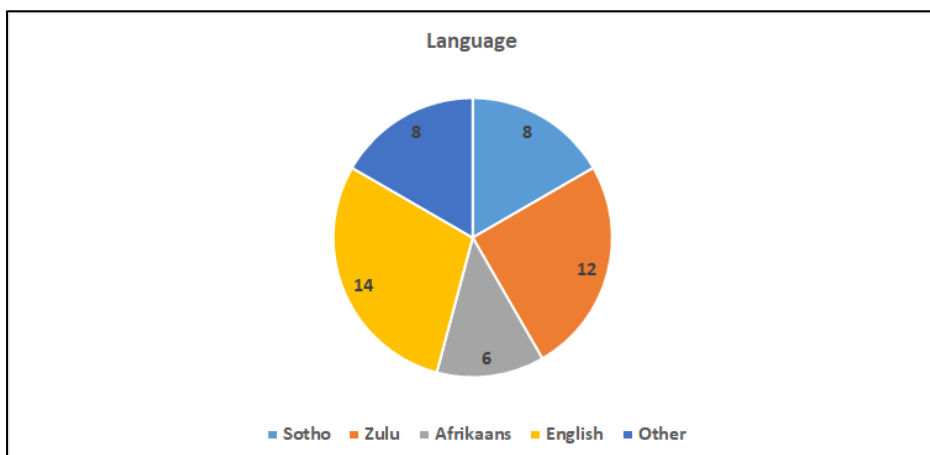


Figure 7: Language of focus group participants

Figure 7 depicts the home language of participants. Language was found to be representative of the languages within the company and the province. Moreover, it was not found to be a barrier in the focus group discussions. All participants were comfortable with conducting the interviews in English and there was no need for interpretation or translation.

5.3.2 Descriptive statistics for leadership interviews

In total of seven interviews were held with the leadership of the company. The leadership sample comprised of two African males, two African females, two white males and one white female. Three of the individuals were above the age of 50 and four between 40 and 50. All the participants have been in the company’s service for more than 15 years, with two of the participants having spent more than 30 years with the company. All of the participants filled executive committee member positions in the company and all the leadership participants reside in the developed town on the company’s proverbial fence (within 10 km from the company).

5.4 General results for living conditions of focus group participants

The consent forms for focus group participants contained a question on the conditions within the participant’s community. The information was scrutinised and manually grouped by the facilitator to form a thematic view of the current living conditions of the various employees that participated. This is depicted in Figure 8 below.

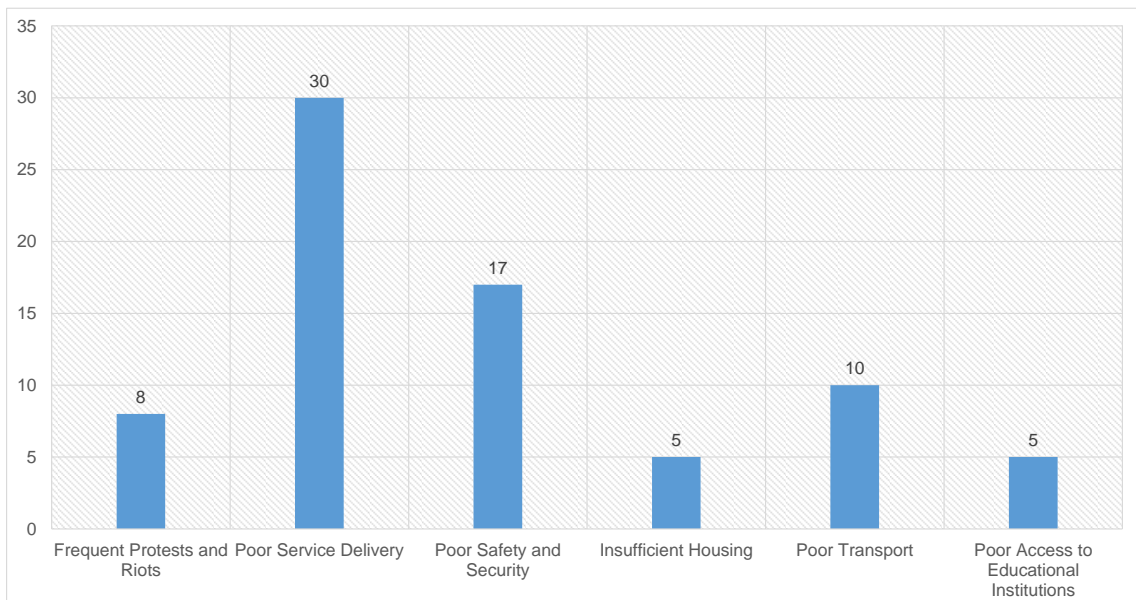


Figure 8: Concerns voiced by focus group participants regarding conditions in their communities

Not all participants completed this portion, with 81.2% of the participants providing a view of this overall. The majority of participants complained about service delivery. Under service delivery, the poor state of roads, interruptions to the water and electricity supply, as well as a lack of waste removal and sanitation services were included. Lack of transport between communities and the participants' place of work, schools and shopping centres were also highlighted. Rising crime rates and overall lack of policing were also highlighted by numerous participants. Overall, the majority of the participants indicated that they are affected by unsatisfactory conditions in their communities.

5.5 Code creation and saturation

In total, 638 codes were developed in Atlas TI upon the first review of transcriptions and researcher notes. Figure 9 shows the development of codes per interview throughout the research period of July and August. Except for the shift 2 interview of 13 July, where the researcher experienced some technical difficulties with the recorder, all interviews were recorded and transcribed by an independent service provider. The researcher listened to all recordings whilst reading through the transcriptions for the first time to ensure the quality of the transcription services.

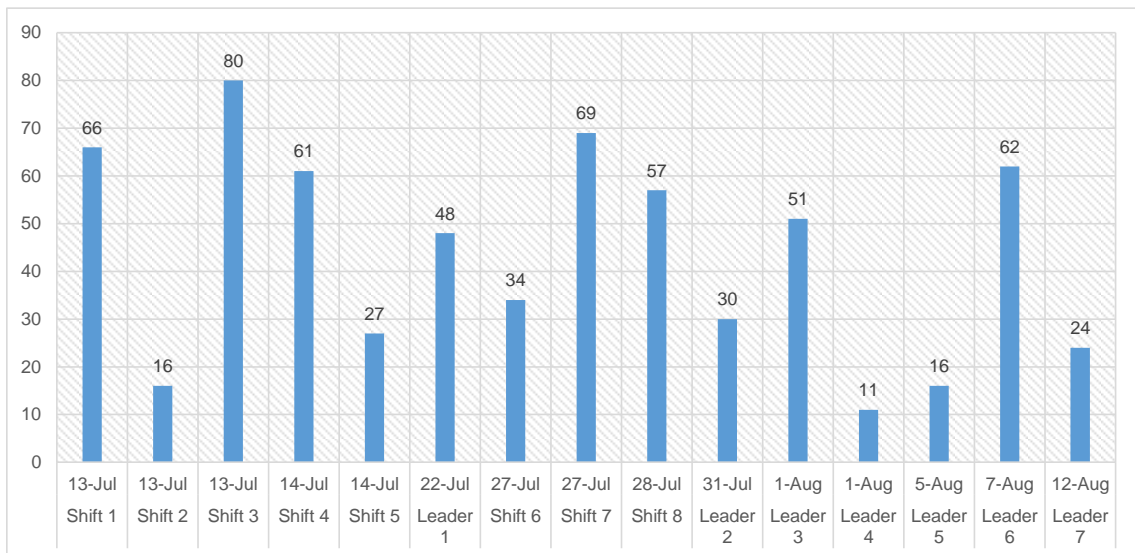


Figure 9: Number of codes developed per interview

The focus groups were on average 49 minutes and 24 seconds in duration, while the leadership interviews lasted an average of 36 minutes and 2 seconds. Overall, the

average length of all interviews was 43 minutes and 10 seconds. Saturation was determined by considering the number of new codes created per interview. The outcome of the saturation grid is depicted in Figure 10 below. It was found that saturation occurred after the 7 August leadership interview.

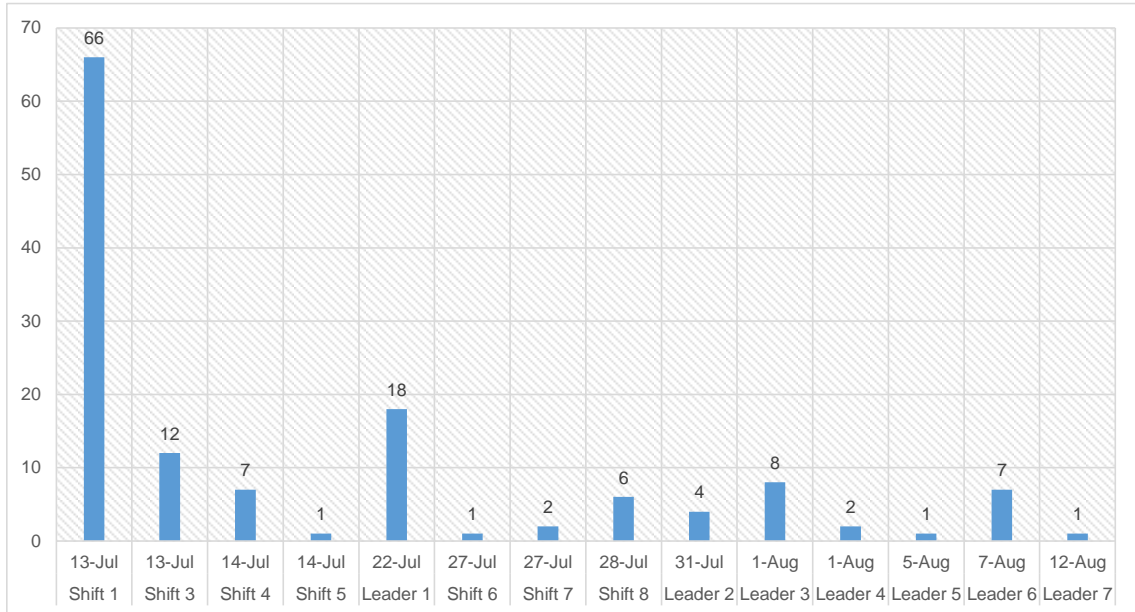


Figure 10: Number of new code groups developed per interview

5.6 Thematic analysis process

Inductive coding was applied. This implies that no code book was developed before the coding process and all transcriptions were analysed and codes allocated to phrases, words and contemplations that had meaning in the researcher’s opinion. Vaismoradi et al. (2016) define a theme as “a thread of underlying meaning implicitly discovered at the interpretative level and elements of subjective understandings of participants” (p.101). The thematic analysis process, as described by Vaismoradi et al. (2016), was applied and the process together with the associated outcome will be described in more detail below.

Phase 1: Initialisation

The thematic analysis process commenced with the initialisation phase and comprised reading the interview transcriptions, highlighting meaning, reflecting on notes taken and observations made during the focus group and leadership interviews

and allocating codes to the data collected in the various interviews. This code allocation was approached inductively and care had to be taken not to refer to personal views or opinions formed from the literature review. Overall, the intent was to reduce raw data to higher levels of abstraction which were used in the theme development process going forward.

Phase 2: Construction

This phase consisted of grouping the codes into clusters of similar meaning and in relation to the research questions. Although the frequency with which codes appeared in the data was considered, the researcher also took cognisance of meaning. This part of the process was applied in an iterative manner (Vaismoradi et al., 2016) and the researcher thus returned to data already coded and grouped on several occasions during the analysis process to review and reconsider codes and allocate them to groups.

Phase 3: Rectification

This phase included both immersion and distancing, as prescribed by Vaismoradi et al. (2016), in that the researcher immersed herself in reading and rereading the transcriptions and considering the codes and code groups for a period of two weeks after the concluding the interviews. This was followed by a period of one week during which the researcher distanced herself altogether from the research.

Phase 4: Finalisation

The distancing period was followed by re-immersion in the data and research and, ultimately, concluding the thematic analysis process by linking the themes to the literature and developing the storyline (Vaismoradi et al., 2016). This was followed by a process of linking code groups and themes to the literature review in Chapter 2 of this research paper. This is typical of an inductive approach to exploratory research (Saunders & Lewis, 2018) and the results of this part of the process will be discussed in Chapter 6 of this report.

Vaismoradi et al. (2016) proposed that attention be given to saturation, the context within which the data was collected and an additional description of the process followed during data analysis. Saturation has been addressed earlier in this chapter and some of the context has been described in the sample descriptions earlier in this chapter. More contextualisation will follow in Chapter 6.

5.7 Results for research question 1

Research question 1: Does society expect organisations to contribute to improving conditions within its fence-line communities and why?

This question was meant to determine whether there is an expectation of business to intervene and improve conditions in its fence-line communities and why this expectation exists. The literature review indicated that society has increasing expectations of business to address societal needs through social responsibility interventions. However, the literature review also found that the expectation is dependent on context. Questions posed in relation to this research question were thus aimed at determining the expectation that society has in the context of the study and why participants had this expectation.

At the start of each focus group and leadership interview, the researcher first explained the concept of shared value creation. This initial discussion ensured that all participants had an equal understanding of the concept and they were subsequently requested to consider this concept when answering the questions that were asked throughout the engagement. Research question 1 had nine sub-questions for the focus groups and eight sub-questions for leadership. The answers to the questions were analysed and codes allocated to the data as is shown in Table 12 in Appendix 6 for the focus groups and leadership interviews respectively.

Overall, the results for research question one can be summarised as follows:

- Both groups, employees and leadership, in the organisation expect the organisation to intervene in conditions within communities at its fence line. Whilst some respondents added a qualifying statement of reasonableness, all

respondents agreed that the organisation was expected to contribute to improving conditions within the environment in which it operates.

- The expectation is based on the fact that the organisation makes use of and impacts on the resources (natural environment, human) within the environment in which it operates.
- According to respondents the expectation has always been present, but has grown in prevalence as a result of the availability of information and because the situation relating to failed local government and hopeless community members.
- The expectation is linked to the perceived impact of the organisation on the community, perceived availability of specialised skills within the organisation and the perceived profitability of the organisation. Where an organisation is deemed to be the most profitable or most influential in its environment, it is expected to take the lead in interventions in the environment on which it has an impact.
- The organisation should live its values outside of its proverbial fence. Where organisations subscribe to the value of caring for employees, this should also be visible where employees reside or in the community surrounding the organisation.
- The respondents all felt that it was the duty of the organisation to contribute to improving conditions. Focus groups referred to social responsibility and the impact of the organisation on the environment referred to previously in this summary, whilst leadership referred to it as being part of the responsible operator role of the organisation.
- The expectation of the organisation is very much dependent on the context within which the country, the community and the organisation finds itself.
- There is a general belief among participants (both focus groups and leadership) that there can be a win-win business model through which both business and society can benefit.
- The community and organisation do not always consider each other as partners. The barriers to a mutually beneficial partnership were linked to unbalanced levels of education and the organisation having more power in the partnership owing to its financial resources. Several references were made to tension or competition between the community and business and the lack of the required leadership and

structures in both business and society to address the tension and the partnership dilemma.

- Business is seen to have knowledge and skills in as far as managing outcomes and initiatives/projects and, hence, the business is expected to take the lead in terms of required interventions in the community.
- This expectation is a result of a mindset that has been formed by the context of the country, the company and the town.

The results will be discussed in more detail in in the remainder of this section.

Figure 11 below shows the main constructs that were identified in the results for research question 1. Refer to the focus group and leadership questionnaires in the appendix for the questions asked to gain insight into the research question.

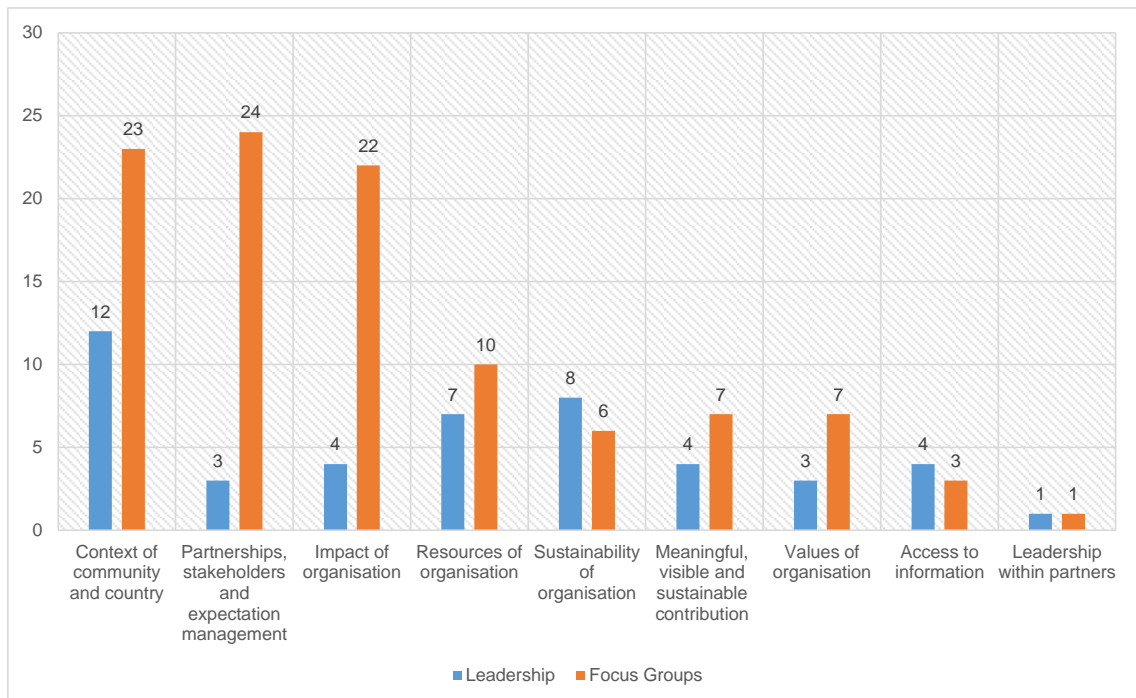


Figure 11: Constructs developed from interviews for research question 1

Each of the questions asked as part of research question 1 will be discussed individually in the following sections. This approach will differ from that used in research questions 2 and 3, but was deemed suitable since research question 1 contextualises the remainder of the study to be conducted in research questions 2 and 3. The constructs as shown in Figure 11 were formed by grouping the codes

that surfaced from the responses to the various questions in relation to research question 1.

Do you expect your organisation or any other organisation in the area to contribute to its fence-line communities and why?

Upon asking focus groups and leadership whether they expect their organisation, or any other organisation in an area, to contribute to their fence-line communities, the answer was unanimously positive. Participants responded with phrases like “*most definitely yes*” (Shift 1), “*definitely there is*” (Leader 3), “*I definitely think they do*” (Leader 7), “*I think it has been long overdue*” (Shift 7) and “*I firmly believe so*” (Leader 6).

This expectation is deemed to be relevant for all businesses in all environments, as supported by a comment by Shift 6: “*almost every business entity should actually do the same to people in the respective communities wherever they operate. That empowers, that helps the people.*”

The reason for the expectation to exist ranged from the company not having a choice in the matter or it being part of a give-and-take relationship whereby the company uses the natural environment or resources within the community to profit and hence should contribute in turn to the wellbeing of the community, as is shown in the excerpts below:

Shift 6: “*If a company does business in our area and neglects the community, what is going to happen is the community will feel disenfranchised.*”

Shift 8: “*We work here, so it’s like a give-and-take type of thing between the business and the community.*”

Shift 6: “*Wherever a business comes in and establishes a project there of course the members of the community expect something out of that project, they expect to benefit from that project.*”

There was an element of morality that was also linked to the reason for the expectation and a number of participants mentioned this, as is shown in responses below.

Leader 2: *“I think it is a moral question for me in terms of how does a business see itself prosper when the fence-line communities cannot say the same about their conditions.”*

Shift 8: *“How do you operate in an area with people around you and not better their lives?”*

A link was made to the expectation being based on the ethical responsibility of the organisation to intervene in the conditions within the communities around its fence. Leader 1 stated this as follows: *“We all know it is the right thing to do.”*

Other responses spoke to the expectation being linked to being a responsible operator in the environment within which business establishes itself.

Leader 2: *“I think as a responsible company we must admit we have an impact on the environment around our factory.”*

Leader 7: *“Firstly we interact with the environment in not a positive way and people see that and therefore they say, well you are messing up my quality of air therefore you must at least pay up for that.”*

There were views that the communities are without hope of improved circumstances and do not believe that the local government can make a difference. This is clear from the comments below:

Leader 2: *“They believe that company X is the one who will be able to make a plan.”*

Shift 6 further commented that: *“One day poor people will have nothing to eat but the rich.”* And went on to comment later in the same interview that the expectation is borne out of *“a situation of desperation”*.

There was a further reference to the existence of a mindset of entitlement within the communities at the organisation fence line and that the expectation is borne out of dependency of the community on the organisation.

Leader 1: *“... that you are a profit making organisation, why don't you share your profits and that leads to in my view, entitlement and dependency.”*

Some of the comments indicated that the expectation was dependent on the size, profitability and overall presence of the company within a community.

Shift 3: *“If you see a company so big and they are always talking about the huge amounts, naturally one should think we must have a piece of that, they must help out to uplift the community.”*

There were also references to the availability of information that leads to the expectation within the community.

Leader 6: *“Information allows other people to see what other businesses are doing then that pressure is placed on businesses which are not seen to be creating value where they are.”*

Lastly, there was the sentiment that businesses are the true leaders of society and for that reason need to ensure that they uplift the community in which they operate.

Leader 2: *“I think business is the leaders in society.”*

Leadership featured again in the answers to this question where it was indicated that business leaders should consider their moral compass and duty to society when leading their organisation.

Leader 2: *“For me really it’s a moral question that as a business leader for me to go to sleep well and peacefully at night is to know that as much as I’m expecting this community around me, because it starts with the community around me, supporting my business, whether it’s by buying my product or selling its labour to me or whatever that it chooses to do to support the business then that results in business to prosper.”*

Several of the focus groups also highlighted the fact that the various parties within an ecosystem should look after one another. Hence, this culture of ‘we care for one another’ was part of the reason why the expectation existed, as is clear from the comment below from an employee.

Shift 6: *“Let’s say it’s me on this side and my neighbour on that side and he doesn’t have food and I have enough food. For me to stay here with my children I must also try to help so I can sleep nice and help them as well ... to be successful I must also check that my neighbour on the other side of the fence must also ... I must take care of them.”*

Overall, the constructs that emerged from this question as to why the expectation is present are shown in Figure 12 below.

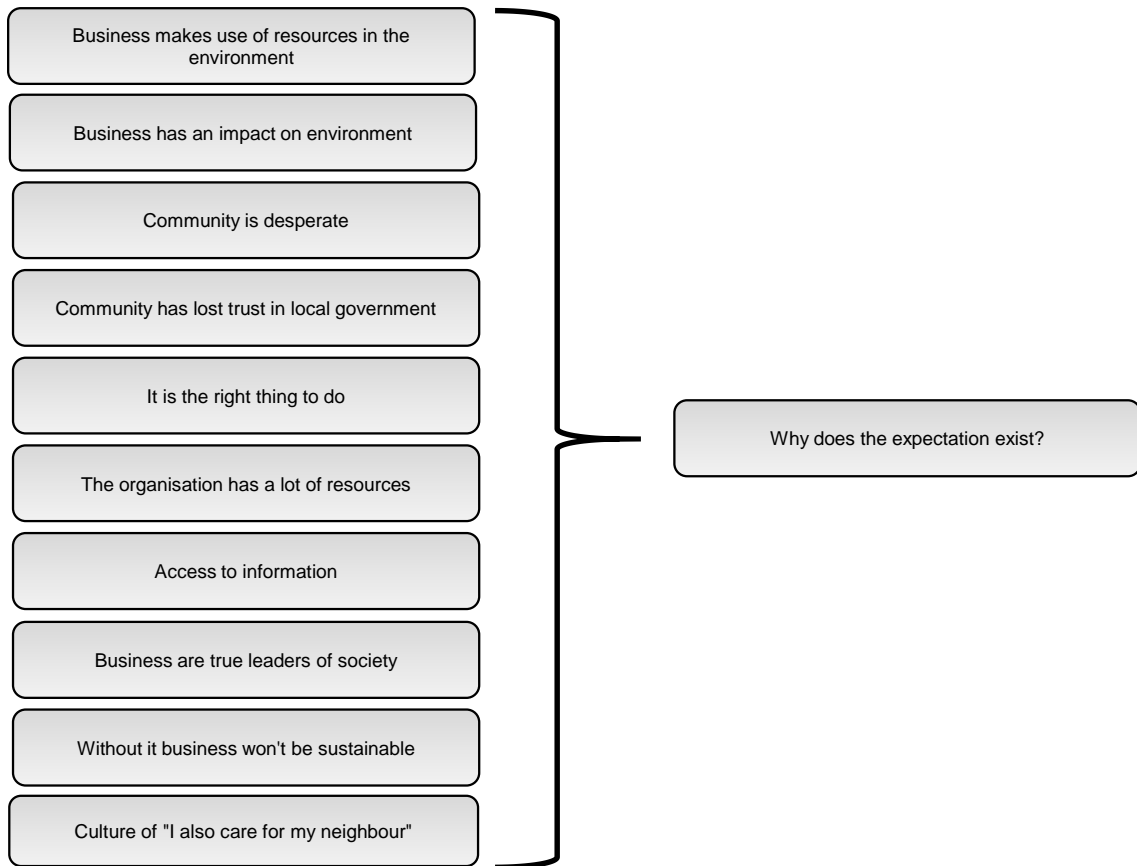


Figure 12: Constructs developed for the question of why the expectation exists

For the following questions the main constructs developed from answers by the participants (as shown in Figure 11) will be highlighted within the discussion on the question.

Would you consider the organisation to be doing its duty if it improves conditions within its fence-line communities?

This question aimed to establish whether the expectation was linked to the duty of the organisation or whether it was deemed discretionary. The answers indicated that it was considered a duty of care and that it should be part of business's intentions whether it is a legal expectation or not.

Leader 4: *"The company cannot excel and make a lot of profit without the whole community getting some advantage out of it."*

Shift 6 commented: *“Basically it shouldn’t be just about having to comply with a particular legislation, it actually is supposed to be from the good heart of the company.”*

Leader 2: *“I think it’s a duty of care and for me it’s about responsibility and caring.”*

Shift 3: *“I think we do have a social responsibility towards the nearby locations and towns.”*

The comments and discussion above relate to the constructs of values of organisation and meaningful, visible and sustainable impact.

One of the leaders highlighted that it was not necessarily the duty of the organisation but that it was part of the cost of doing business in South Africa.

Leader 5: *“It is a form of tax that is collected from the businesses to be able to do business in South Africa.”*

Leader 5: *“Government failed because they did not use the taxes paid by the company. As a company you should be responsible for operating within your licence and thereafter you should be free from having to give.”*

The comments and discussion above relate to the construct of context of the community.

Furthermore, another leader noted that the society is one of entitlement and believes that business owes the community a share in the value that they create. This was linked to the construct of partnerships, stakeholders and expectation management.

Leader 1: *“This society, something will have to change to a point where they can see business as an enabler but not business as a provider. Almost like business owes us.”*

There was an acknowledgement from numerous participants that business cannot be expected to resolve all concerns within the community and that the main objective of business is ultimately aimed at being profitable. Even here though, there was reference to a duty incumbent on business to contribute to the communities in which it operates.

Leader 6: “I don’t think it’s the duty, I still think the primary function of a business is to make profit. That is how we establish it, so it’s not the duty to give back but for sustainability you have to give back. I suppose the goal is not about making money today but the goal of any business is making money today and into the future and that is what the shareholders will expect.”

Shift 6 commented: “We know that they are running a business of course, it comes back also that the issue, the business also needs to look at the situation of its people or the people in certain communities and say how can we help.”

These comments were linked to the construct of sustainability of the organisation.

Do you believe the community expects this or only the company employees?

This question brought about discussions that indicated that the expectation emanates from people other than company employees; in other words, by all who are affected by the company and its operations.

Shift 4: “Because for example I am working here and my family and kids are not working here but they are also affected by the environment that is around.”

There was furthermore an acknowledgement that employees play various roles within the community and, hence, represent the community. This was linked to the constructs of impact of the organisation and context of community and country.

Do you think the community expects this from the municipality or from your organisation?

There was an acknowledgement that the municipality has a definite role to play in providing certain services and conditions within the community. The sentiment was, however, clear that the company had resources above and beyond those of local government and was, thus, in a better position to bring about improvements in the community.

Shift 3: *“It is the municipality’s role but since the company that is close has in terms of finance a bigger pocket and has people with big experiences.”*

Leader 2: *“You can see that in many areas the communities are really now saying instead of marching to the municipal offices we will march to the company X offices or to the company Y offices, because they see where the real action can actually start taking place.”*

Shift 1: *“The community is not expecting anything from them [referring to government] anymore. They are hoping that maybe from the other companies to help financially and to do something about it.”*

Leadership remarked that the municipality had a role to play and that this role could not be fulfilled by business. Nevertheless, it would appear that government was unable to meet the needs of communities satisfactorily.

Leader 7: *“One is let’s say the municipality, government, they have a serious role to play because ... a company cannot now take over and do what government should be doing.”*

Leader 2: *“It has been how many years since people were hearing all the stories from government and promises and being aware now people are being very aware that government will never be able to deliver without business.”*

These comments were linked to the constructs of context of community and country, resources of organisation and partnerships, stakeholders and expectation management.

Do you also expect companies in other areas to do the same?

The answers to this question indicated that, whilst the expectation was that all businesses in all areas should improve the environment in which they operate, this expectation was very much context dependent.

Shift 7: *“If Company X was in Town Z (a town that has a very healthy municipality) we wouldn’t care, we would be talking about the topic but the answers would be totally different.”*

Shift 7: *“So the socioeconomic part of it is what distinguishes it from this area and Sandton.”*

Shift 7: *“That where they operate they will make a meaningful contribution or rather looking at the development and challenges in that area.”*

Shift 8: *“I think it also depends on the area first. The state of the economy in the area because people in Sandton, we have the idea that they have a lot of money so they would not expect the business to give back.”*

Three leadership interviews specifically referred to Maslow’s hierarchy when they discussed expectations and their dependency on context of the environment in which one operates. They referred to the fact that prosperous societies would for instance expect business to contribute to society by conducting business in an ethical manner, whilst expectations in the local context were for business to satisfy basic needs.

Leader 7: *“The expectation is that do your business above board. In the hierarchy of needs they are much higher up than here.”*

Leader 6: *“I would say in the Third World countries the expectation is ... maybe higher than just your basic needs that we have in our country. So there they expect business to be ethical in that matter and that is also shared value creation, because it sets the tone of the country in terms of do we create a country that is corruption free and all that. It’s a shared value that business helps to create.”*

These comments were linked with the construct of context of community and country.

The theme of sustainability also surfaced in these responses. Sustainability in the specific context would require business to intervene/contribute to improved conditions in the community.

Shift 1: *“In South Africa, to be sustainable, you must do that. If you are not visible in the community you will collapse. You need to tell your story.”*

It was furthermore clear that the expectation was not only dependent on geography, but also on the size of the company.

Shift 8: *“You have an expectation of maybe one day getting a job but your expectation of a small business is not the same as a big business.”*

The concept of an “anchor business” in the area or ecosystem surfaced here. Participants felt that certain businesses had to acknowledge their role as anchor business in a specific environment and that there was an expectation of them to take the lead in the creation of value for the community.

Leader 1: *“There should be a specific drive and maybe your larger company again will start to put their resources into that, and then to pull in some of the smaller companies because they not necessarily may have the resources to initiate something like that.”*

Leader 6: *“I think we have to open the dialogue in the environment, the community and the governments where we operate. It has to be that multi-stakeholder engagement and I think what businesses need to do, the anchor businesses must be willing and be prepared to take leadership to create that dialogue so that there is an agreement.”*

The discussion above was linked with the constructs of impact of the organisation, resources of the organisation and partnerships, stakeholders and expectation management.

Do you believe that a win-win scenario exists for both business and its fence-line communities?

The participants were not all convinced that a mutually beneficial relationship could exist between business and society, as is indicated by the following comment.

Shift 7: *“Certain measures before which have been employed never worked for us in order to be able to have mutual relationship with the businesses.”*

Other participants indicated that it could exist, but that certain changes would have to take place for such a scenario to be realised. Specific reference was made to the interventions needed regarding the relationship and status of partnerships between business and the community and government.

Shift 7: *“No, that would be on different terms. It depends on the type of relationship or partnership we have with the business.”*

Shift 4: *“Yes they can if they can come across and make a coalition with the government.”*

Leader 7: *“Yes I think so. It can. It is going to take quite a number of things though, but it can happen. Firstly, there are a number of stakeholders that have got big roles to play. One is let’s say the municipality, government, and they have a serious role to play.”*

The comments above were linked with the construct of partnerships, stakeholders and expectation management.

One leader commented that the model was feasible in her point of view, but that it is one that would require sustained effort and patience from both the community and investors.

Leader 1: *“My view is not this is a model that will give you quick benefits, it will take time because you depend on people’s view in a way of the company*

and that is why I also say it can't be a once-off thing, we keep on doing this and in the end you will see the benefit."

The comment above was linked with the construct of meaningful, visible and sustainable contribution.

Do you believe that the community and business see each other as partners?

When asked to comment on whether business and community regarded one another as partners the answers were as follows:

Leader 1: *"At the moment we are still in the 'doing it for you' space, not 'doing it with you' space."*

Leader 5: *"Then it is probably not a partnership. It is more a mafia type of setup, which I do not believe is a true partnership. Yes, sometimes one intervenes in the environment to stay in operation, but then it is conceptually different from the shared value you explained. Shared value creation stipulates that both should be advantaged."*

Shift 7: *"... forums formed by members of the community against some of the businesses including Company X."*

Leader 2: *"There is a partnership there; there is an understanding that to make the business work we all have to work with all our stakeholders. It's just that in terms of the roles each one plays in the partnership because it's not something that is formalised. It is difficult although I might think there is a partnership; I think nowadays the community might actually start feeling that we don't really treat them as partners as such."*

Leader 3: *"There is still an 'us and them' and as long as community and business are seeing an 'us and them' and there isn't that unity. Our expectations and our interests are not moving closer to each other but instead moving parallel and we are taking long to point of conversion."*

Shift 7: *“We started showing that we need to be together and in a relationship that is mutual with you but in the end of the day that is not materialising.”*

There were some opinions amongst the interviewees that a partnership does exist between business and community.

Leader 2: *“There is a partnership there; there is an understanding that to make the business work we all have to work with all our stakeholders.”*

An interesting comment was made by one of the shifts, that is, that business needs to build the partnership with the community through its employees.

Shift 4: *“In order for the company to feel partnered with the community it needs to be through their workers.”*

Leaders felt that there was a lack of maturity in the relationship between business and the community and government which detracted from the intent to partner.

Leader 3: *“To get to shared value first you must be trusted and to get to that level where you are a trusted partner and your credibility is up there (indicating with her hands that it was at a level high in the air). For me, like I said, it’s a level of maturity. Maturity in the sense that you will be operating here [showing with her hands that it was at a low level]. Shared value stage is really up there [showing again with her hands at a high level].”*

The discussion above was linked with the construct of partnerships, stakeholders and expectation management as well as the construct of context of community and country.

Has the expectation shifted?

The answers to this question indicated that the expectation was not new and indeed something that has always been present. It was, however, deemed to be more prominent owing to the increased availability of information and media.

Leader 2: *“I think there was always an expectation, but I believe due to media and social media these days people are much more aware of what companies are doing and their impacts.”*

Leader 7: *“I think it is probably not all new. I would say though it is more pronounced now. People are better informed now.”*

These comments were linked to the construct of access to information.

Consolidated view of codes and constructs for research question 1

The constructs developed and their frequency as emanated from the focus group and leadership interviews on research question 1 are shown in Figure 13 below. The grouping of the codes under the constructs is shown in Table 12 of appendix 6.

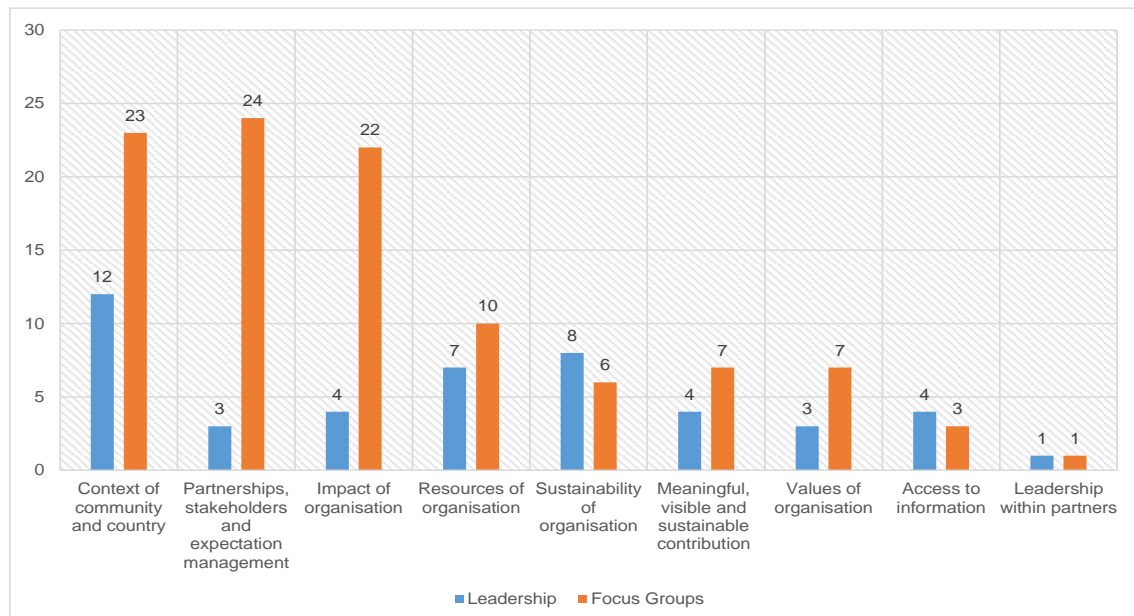


Figure 13: Constructs developed for research question 1 from the focus group and leadership interviews

5.8 Results for research question 2

Research question 2: How does society perceive its organisations' contribution to their fence-line communities and why?

This question aims to provide insight into the way employees and leadership measure the success of interventions by their organisation. The questions asked here further tried to understand the perceived advantages to business and society if their organisation were to approach business with a shared value creation intent. Whether the chosen approach to shared value creation by the organisation is regarded as positive or negative should provide insight regarding the question regarding the benefits to be created through shared value creation and the means through which such a business model could be approached. This part of the interviews aimed to create a better understanding of the finding of the literature review highlighting gaps in the alignment of needs and the perception of value creation between different partners or actors within an ecosystem. Understanding how needs should be identified and which stakeholders are deemed important in constructing an approach to shared value creation is an important consideration when embarking on the implementation of such a business model.

The results of the data analysis of research question 2 may be summarised as follows:

- Interventions from companies are considered successful when
 - outcomes from interventions are sustainable
 - interventions meet the needs of the intended beneficiaries
 - interventions are scoped whilst considering the impact of the organisation in the community
 - interventions and expectations are clearly communicated to all stakeholders
 - all partners in the ecosystem assume accountability for the interventions and for sustaining them
 - outcomes from interventions have a net positive impact on the entire ecosystem.

- The benefits for business from intervening to improve the communities in which they operate are
 - enhanced reputation
 - increased profitability
 - increased employee engagement
 - improved partnerships with the community
 - improved relationships with authorities
 - sustainable business
 - becoming ambassadors for business in the community and amongst employees.
- Criticism regarding the required and intended interventions of companies were
 - disparate interventions for different communities
 - poor management of expectations by business
 - business cannot address all society's needs
 - expectation from society is another level of taxation for business to operate in the environment
 - whilst it is accepted that expectations exists and that the business model should be adopted to ensure sustainable operation, it is not deemed to be the most profitable business model.

Codes that were developed for the answers to questions that related to research question 2 are shown in Table 13 in Appendix 6. Themes from the discussion and responses to research question 2 are shown in Table 6 below for the two sample groups that were interviewed.

Table 6: Main constructs from data gathered on research question 2 in the leadership and focus group interviews

Theme	Construct	Leaders	Employees
Means to ensure and measure success	Accurate understanding of needs	3	24
	Partnerships between business and community	9	10
	Sustainable interventions	4	14
	Establish and maintain platform for communication	2	11
	Contribution linked to impact	1	9
	Stakeholder and expectation management	4	6
	Incubation and growth of local business	9	0
	Intervention should be context conscious	2	4
	Skills development	2	0
	Discretionary interventions	0	2
	Ecosystem wide impact	2	0
	Leadership of all partners	0	2
	Employee employer trust relationship	0	1
Intervention should be linked to profit	0	1	
Benefits of intervention	Improved employee engagement	5	21
	Sustainable business	10	14
	Ambassadors of business	2	10
	Improved reputation	3	8
	Increased profitability	9	2
	Partnership with community	3	0
	Improved relationship with authorities	1	0
Criticism	Cost of doing business in environment	3	0
	Additional taxation	1	0
	Not most profitable business model	1	0

The results for research question 2 will be structured according to the main constructs that emerged from the data.

5.8.1 Conditions in community and their impact on employees

It was clear from the interviews that most employees had been affected by the conditions in their community. The discussions and the sentiments expressed were further supported by information provided by the participants on their consent forms. The conditions described by participants were grouped into the main themes, as shown in Figure 14 below.

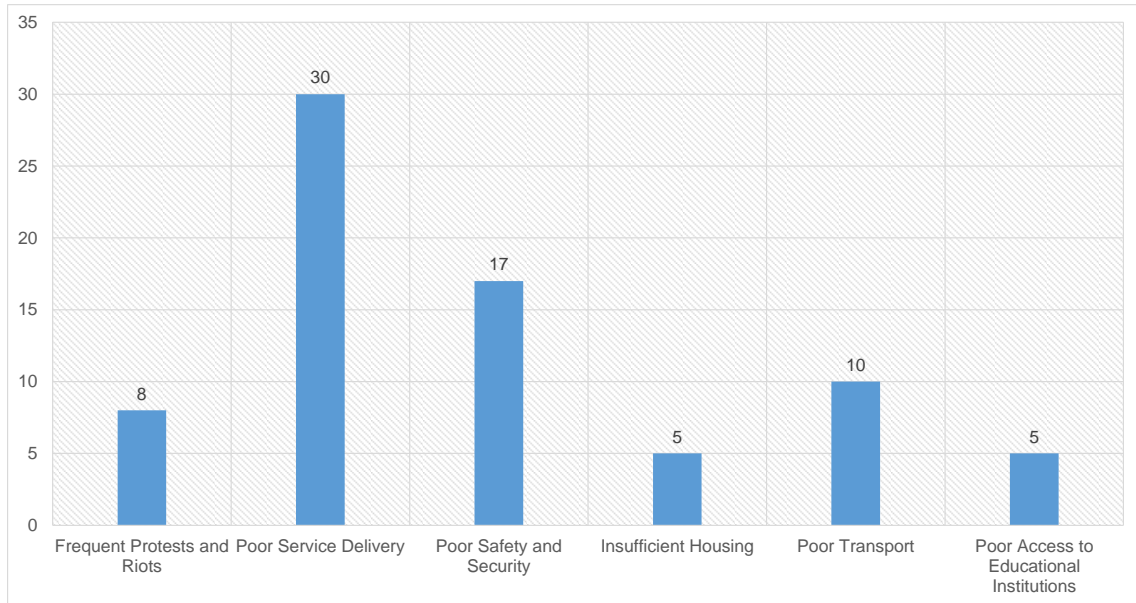


Figure 14: Concerns noted regarding conditions within the communities in which employees reside

Both employees and leaders acknowledged that conditions were not conducive to a healthy community and that these conditions affected employees who worked in businesses in the area. This finding is illustrated by some of the excerpts from the interviews presented below.

Shift 7: “There are aspects of the community, issues that affect us a lot because we are from the community itself. There are service interruptions for example and people are struggling to come to work because there is a power supply issue in town. There are transport issues for someone else, company x, which is a transport service provider, is delivering poor service.”

Shift 7: “... we have to deal with a lot so there are protests, you can’t risk coming to work, if you get out of the house they are protesting in your area then you say get in your PPE and come to work, normally those protests when they are carrying the situation is ugly, the situation is unsafe, we are all aware of that.”

Shift 7: “The issue of housing is a very serious challenge especially in this area.”

Shift 6: “I didn’t want to come to work today because my cable burnt. So I haven’t had electricity for two days now. I’m sitting here at work and I realise my food is getting spoiled in the fridge and I just bought it.”

It was furthermore clear that the impact was especially pronounced since working hours in the environment followed rhythms that differ from the traditional 8 a.m. to 4 p.m. conditions in most environments.

5.8.2 Characteristics of and measures to ensure successful interventions by business in communities

The main constructs that emerged under this theme are depicted in Table 7 below.

Table 7: Constructs that emerged regarding the characteristics of and measures to ensure success

Construct
Accurate understanding of needs
Partnerships between business and community
Establish and maintain platform for communication
Discretionary interventions
Intervention should be context conscious
Contribution linked to impact
Stakeholder and expectation management
Incubation and growth of local business
Skills development
Sustainable interventions
Ecosystem wide impact
Intervention should be linked to profit
Employer employee relationship
Leadership of all partners

The first construct that emerged from the data was the ability to ensure an accurate assessment of needs that one wishes to address if one wants to be successful. The data indicated that this could be established through consultation with the community

and through cooperation between government and business. Lastly, needs were acknowledged to be contextual in nature and, hence, have to be established in each new situation or geographical area.

It was clear from the interviews that the prioritisation and planning of interventions is currently conducted in isolation.

Leader 3: *“Business sets its priorities on what they think. It’s almost like what I think you need or I think I should do for you. Whereas at that moment, yes I need that and this, but it’s not on top of my list of needs.”*

The fact that participants linked the expected interventions by business to the impact of business on the community and environment, as well as to the profitability of the organisation, again points to the influence of context on the expectations that society harbours.

The need to establish partnerships between the community, business and local government was another construct that emerged from the interviews.

Leader 3: *“Government ... is supposed to provide and cater for my needs if I’m a community member ... doesn’t plan properly, doesn’t prioritise properly. So they also do just like business. They do for me what they think I need and they wonder why I am still not satisfied ... between business and government, which are both enablers of the community, we never sit together to plan.”*

The importance of communication between the various partners was a prevailing construct in most of the interviews with both leaders and employees. Communication here referred to various elements, namely, communication of intentions, communication of progress, communication of needs and communication of dissatisfaction or concerns, as is clear from the interview quotes below. In addition, such communication has to be conducted on a level that is understandable by all the parties involved in the conversation.

Shift 8: *“Because the company won’t know what the relationship with the community is if they don’t talk to them and involve them.”*

Shift 3 regarding an initiative that was recently launched by their organisation: *“There was never an opportunity to where the company expected the feedback from us in detail and now they are looking into the second phase. It looks like they already made assumptions that they have learned which is wrong. They must get feedback back from people, because the process on its own was really frustrating.”*

Shift 4: *“They can arrange a community meeting and the business should ask the community what the guys are short of or what the problem is.”*

Some of the focus groups exclaimed frustration with the lack of channels and platforms to communicate with business.

Shift 4: *“In order to voice out we must toyi-toyi to government then company X will intervene.”*

There was a strong view that interventions would only be deemed successful if their impact were sustainable. This was illustrated by the comments below from one of the focus groups and a leader.

Shift 6: *“It doesn’t help to build a stadium and leave it there and walk away ... If there is going to be activities there, if there is a swimming pool, there needs to be people who teach kids how to swim. Build it and maintain it.”*

Leader 1: *“It can’t be a once-off thing, we keep on doing this and in the end you will see the benefit.”*

Shift 7: *“They can start something and build it and then it’s complete but then at the end of the day it’s just effort down the drain because management and maintenance of that is not in place.”*

One leader stated that *“success isn’t static”* (Leader 3), which speaks to the need to continuously revisit interventions, targets and approaches to ensure success stays relevant.

Leader 3: *“Success is not static for me. It’s successful now and I must just make sure that it is still successful in the next five years.”*

It was furthermore clear that all parties in the ecosystem had to accept their responsibility for the endeavours to be successful. Focus group participants mentioned that there should be agreement on and acknowledgement of roles and responsibilities in so far as sustaining the intervention was concerned, as is clear from the comments below.

Shift 8: “We also carry a responsibility especially there is one school that was built in Tembisa, we also as a community or society have a responsibility to that. Yes, thank you for someone funding something so big but we cannot expect that person to be there also all the time to maintain and make sure that is taken care of. We also carry a responsibility for things like that. I think it’s just knowing where they end and when we start.”

Shift 8: “You don’t get it as a gift and the rest is up to you. You do research in who you give it to, who is your partners. There are plenty people out there.”

Shift 8: “I think people tend not to care about things because they are not involved in the conception of it. Why do I then take care of it, it was just built? I think people lack that involvement so it’s difficult then to take responsibility, you feel if it was built by Sasol let them take care of it, they never involved us. I think just having a conversation.”

The construct of leadership in partners was developed from participants mentioning that the business leaders should be aware of the conditions within the community (Shift 1) and that the mindset of the leaders of the various partners can act as an enabler or a barrier to effecting shared value (Shift 6).

The constructs of the incubation and the growth of local business and skills development featured in both research questions 2 and 3 and will be discussed in detail in the discussion on research question 3. The list of constructs and their associated codes, which was developed for research question 2 regarding the means to ensure and measure success, is shown in Table 14 of Appendix 6.

5.8.3 Benefits that accrue to organisations by improving conditions in fence-line communities

The main constructs relating to the expected benefits that may accrue to business from improving conditions in the community in which it operates, as well as their frequency, are depicted in Figure 15 below for both the leadership and focus group interviews.

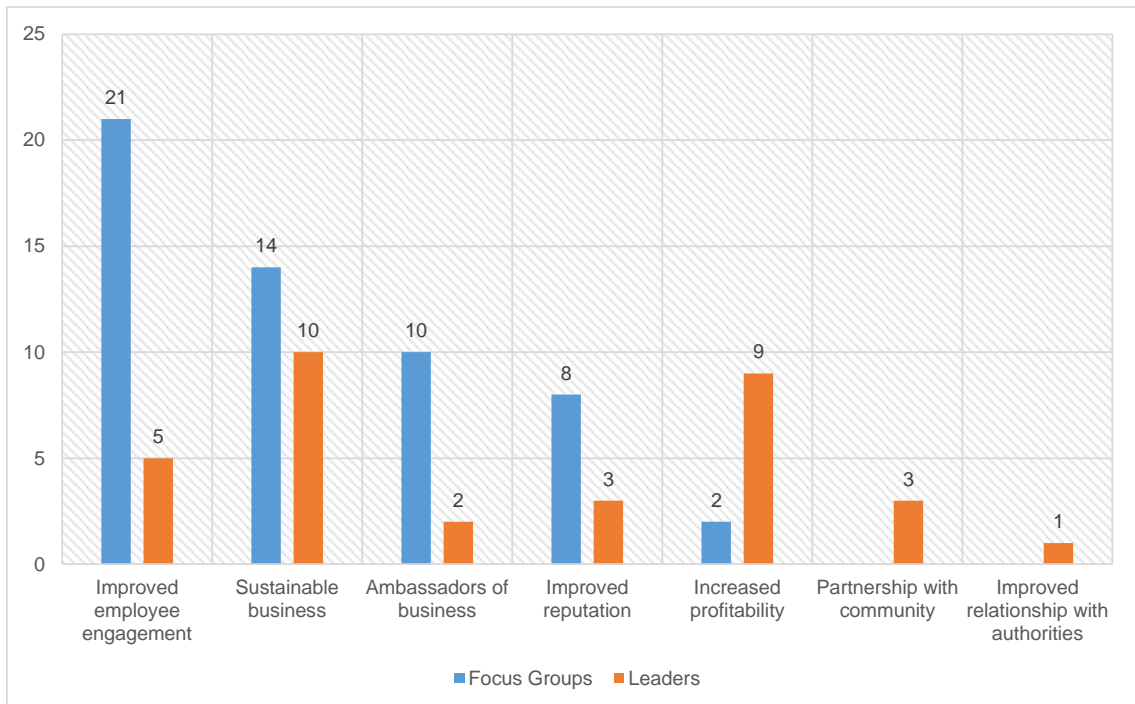


Figure 15: Frequency of constructs from leadership and focus group interviews – benefits accruing to business from community improvement interventions

The sustainable business construct (as shown in Table 13 in Appendix 6) contains elements relating to the availability of suppliers and buyers, licence to operate, a stable society and the retention of talent. Under the construct, attraction of talent, the attraction of talent in a growing economy was specifically mentioned. The interviewee felt strongly about the fact that talent attraction is more difficult in a competitive environment and that business should ensure it can attract true talent when there is a high demand for skills.

Leader 6: *“I think for us starting with attraction of the correct talent that we need. Usually when you especially sitting in a moderately growing economy*

you don't realise how much you need talent, but once we all firing on all cylinders and there is global or even economic growth in our country or region, then you actually very quickly realise that there is a whole more talent than you will benefit by that."

The construct of sustainable business furthermore contained the element of being able to focus on core business matters instead of spending resources on maintaining stability in the community and around the business.

Leader 3: *"You spend more time operating your business than spending more time extinguishing the little fires out there."*

One of the focus groups indicated that destabilisation actions will take place if parties within the community felt disregarded.

Shift 7: *"In that sense they will feel left out. It is where you see these sporadic disruptions, protests, community protesting that the company is not doing this or that and on the flipside of the same coin is when you empower the community."*

The construct of creating ambassadors for the company featured frequently with most participants. In the context of this study, 'ambassador' was seen as the ability to create advocates for the company within the community and amongst employees.

Leader 6: *"Part of that is when you even have most of those guys being ambassadors for the company ... where other companies, background where you operate is like almost a back rock for activism that is against you which makes it difficult for you to, I suppose, peacefully operate in terms of sustainability operate your operations. So creating this shared value mindset you can have most of the people being with you, you can get access to talent and you can have a thriving community around where you are. You can have this guys as well almost advocate for your products as well."*

Some of the participants referred to the community as "protectors" of the company and its property.

Shift 7: *“The willingness of the community to serve and protect that certain organisation it might also boil down to the success of both the parties.”*

It was furthermore noted that one of the benefits of a successful intervention by business is that it reinforces the partnership and enhances credibility and trust amongst partners. The partnership referred to here is between business and the community.

Leader 3: *“To get to shared value first you must be trusted and to get to that level where you are a trusted partner and your credibility is up there [using her hands to indicate a level high above ground].”*

This partnership was said to emerge from the establishment of structures that would enable the sharing of value between the partners. The current structures in the environment were deemed insufficient by some participants and it was found that all parties in the partnership did not benefit from them.

Shift 7: *“... because certain structures that we consider formal structures, through which the community could benefit, they don’t seem to be working for the community.”*

One of the leaders referred to this establishment of formal structures for cooperation and partnership as the establishment of a *“social compact”* (Leader 6), which is essentially a partnership and a mutual understanding between business, the community and government.

Leader 6: *“The social compact will be, what we are trying to do is to make sure that business, the local government or the government and the community, all of us agree that this is what this company is doing, this is how we can all participate, this is how we all create value and this is how we all benefit.”*

The construct of ‘improved employee engagement’ contained various elements as shown in Figure 16 below.

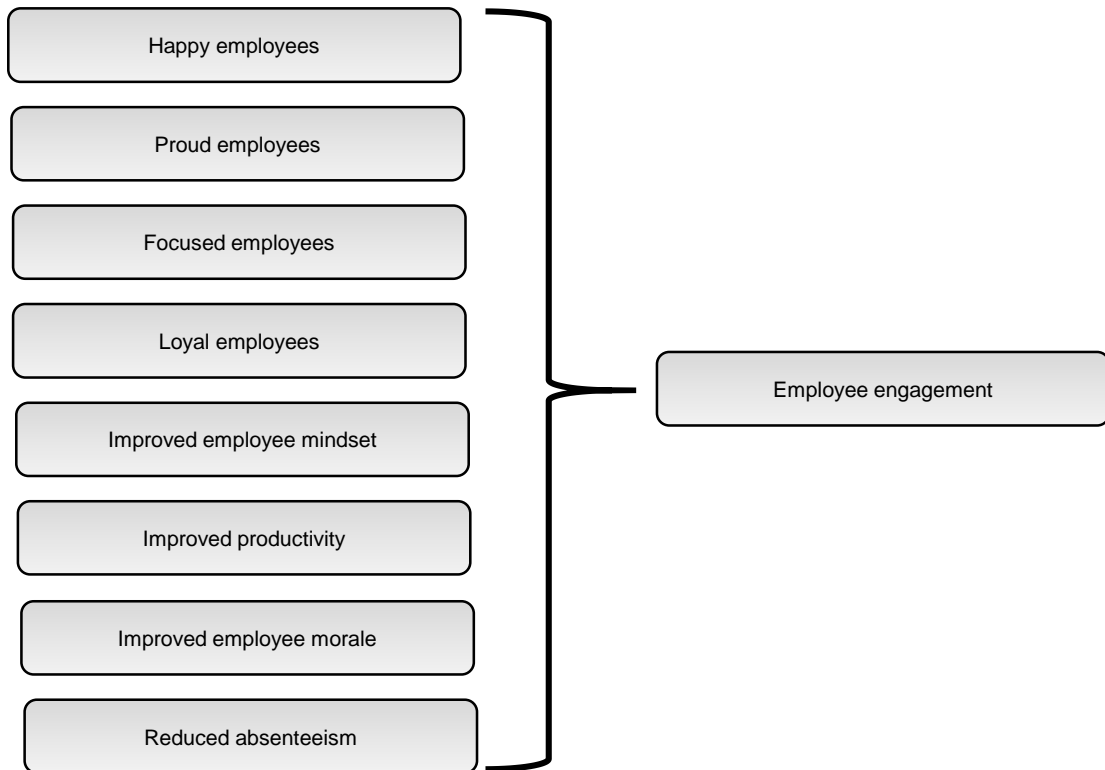


Figure 16: Elements grouped under the construct of employee engagement

The element of employee loyalty was mentioned by participants in relation to circumstances where the company provide the possibility of a future for the next generation.

Shift 8: “Now you know company X is looking out for me and company X will look out for my child one day and then I won’t do something to lose my job because I know my child will have an option one day. I think it’s a win-win.”

Pride and increased engagement were specifically highlighted by participants on numerous occasions, of which the comment below by one of the leaders is but one example:

Leader 1: “I think it will definitely start with more engaged and loyal employees then also in the communities itself, people not working for Sasol or your company to have a positive view of your company it then may impact your markets, may even impact your employees if they are going home or to friends

and engage with people that is positive about your company. It will definitely create a feeling of proudness.”

The elements contained in the construct of increased profitability as a benefit to business for intervening in conditions at the fence line was voiced predominantly by leaders. The elements within that construct are shown in Figure 17 below.

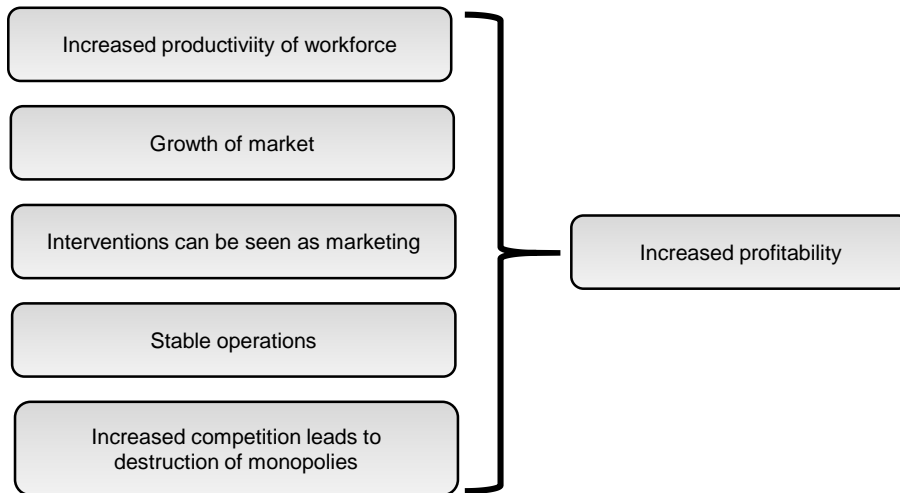


Figure 17: Elements contained in construct of increased profitability as a benefit of business interventions

One of the leaders referred to some examples from other countries where, in his opinion, shared value creation is a way of doing business. He commented that these countries have strategic foresight since it has arrived at the conclusion that one needs to invest in one's community to grow one's market, and hence one's profits, sustainably.

Leader 6: "They are thinking about the future, growing the future employees, growing the customers for the products. You have to do all of those things otherwise you might end up without a market."

5.8.4 Criticism

Whilst criticism of the model was only mentioned very infrequently, it was deemed relevant to the discussion. The construct of criticism was supported by three codes as shown in Figure 18 below.

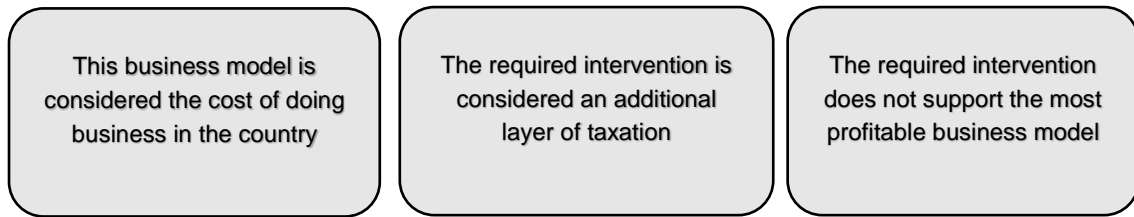


Figure 18: Codes developed for criticism of the shared value creation model

In one interview the leader indicated that he would embark on this business path (i.e. business model of shared value creation) if he had already invested in an environment. In his opinion, however, this was not necessarily the option that would be selected above other business models.

5.9 Results for research question 3

Research question 3: How should organisations respond to this expectation?

The intention of research question 3 was to provide business and leadership with a proposal on the way in which the expectation should be approached. The responses to the questions under research question 3 were coded and thereafter grouped into constructs. The codes and associated constructs are depicted in Tables 15 and 16 in Appendix 6. The constructs and frequency thereof are shown in Figure 19 below.

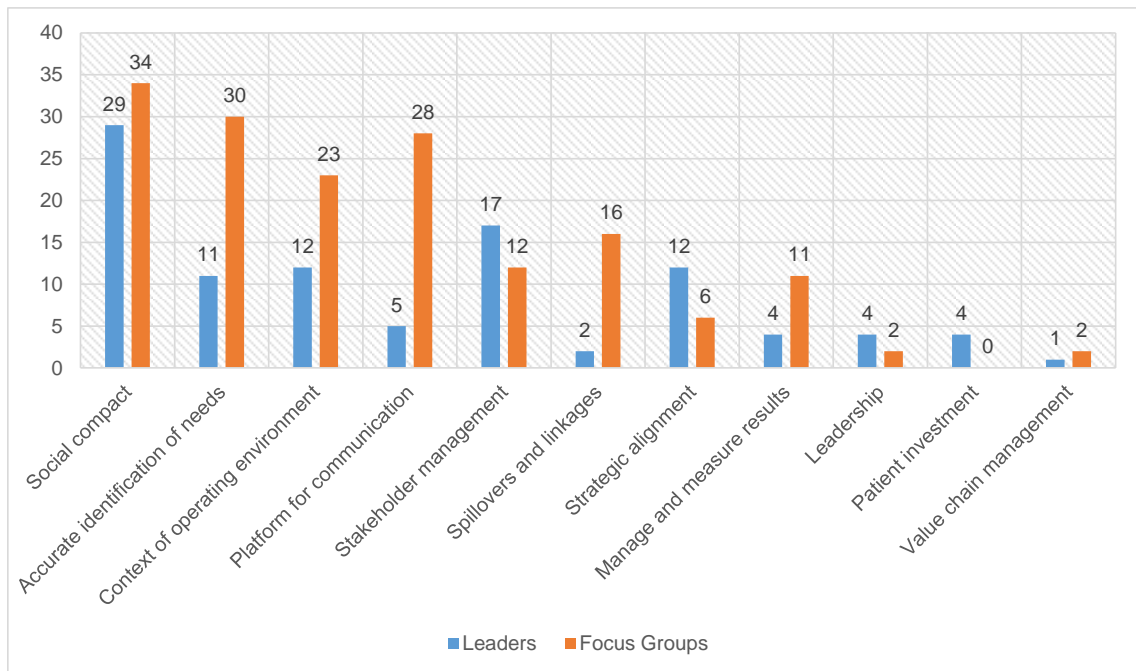


Figure 19: Main constructs and their frequency of prevalence for research question 3

The results of the interviews with the leadership and focus groups for research question 3 can be summarised as follows:

- Both leadership and employees felt strongly about the need for partnerships between the community, businesses in the community and government to enable a successful response to the expectation from society. This element is grouped under the construct of a social compact.
- In order for the interventions to be successful, the social compact has to identify the right needs to be addressed.
- Management of stakeholders was considered an important element in achieving success. Both samples indicated that the identification of the critical stakeholders, the management of their expectations and ensuring there is collaborative planning were required to enable a successful approach.
- An understanding and consideration of the context of the operating environment is required in order to plan the intended intervention.
- Communication between the various stakeholders and partners is required. This communication should be pitched at the right level and on a platform that is accessible by all relevant parties.

- The leadership of partners, as well as the maturity of the relationship between partners, will need to be managed and considered when devising a response to the expectation.
- When planning a response to the expectation, business should consider interventions that reduce dependency on the organisation over time. The interventions should therefore be sustainable and should create spillovers and linkages in the economy within and around the operating environment of the business.
- Constant measurement of results is required to understand status and identify concerns or deviations in time. The communication of these results is furthermore considered an important element of stakeholder management.
- In order for business to devise a successful approach, the business idea or intervention should be aligned with the business strategy. Consideration should be given to overall targets and these should be underwritten. The establishment of structures and processes to support the interventions is another element that featured under this construct.
- Interventions will have an impact on the supply chain of business in the environment. Value chain management should hence be considered during the planning and execution of interventions.
- Leadership voiced the view that the response to the expectation will require patient investors since benefits to both business and the community will take time to realise.

The discussion of the results in this section will be done per construct.

The social compact construct (as listed with codes in Table 15 in Appendix 6), consists of the codes depicted in Figure 20.

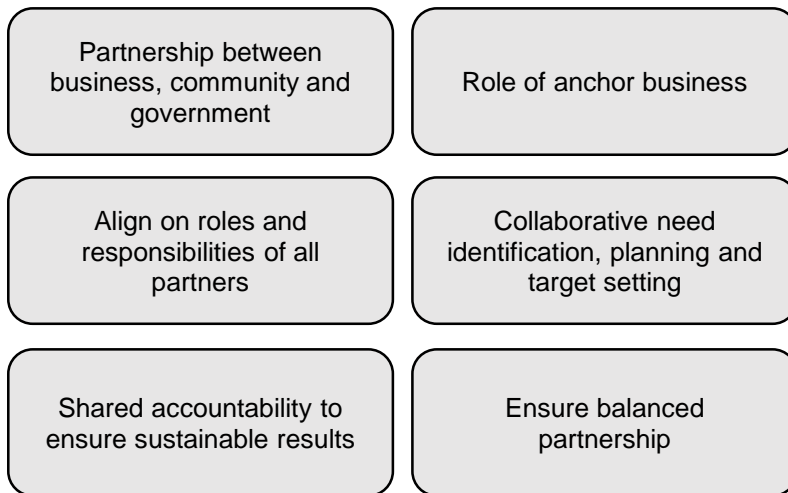


Figure 20: Code groups that formed part of the construct of social compact

A large number of participants indicated the need for business, government and the community to partner in the response to the expectation. Comments about distrust between community and business by various participants were grouped under the collective need to establish a partnership between the various parties. Leader 3 indicated that collaborative planning was a gap in the current approach and deemed this to be a barrier to realising success with the current interventions.

Leader 3: *“Between business and government which are both enablers of the community we never sit together to plan.”*

Leaders 2 and 3 furthermore highlighted that each party within the partnership should have a role to play and that the roles and responsibilities and shared accountability should be agreed on and acknowledged for the social compact to be successful.

Leader 2: *“There is an understanding that to make the business work we all have to work with all our stakeholders. It’s just that in terms of the roles each one plays in the partnership because it’s not something that is formalised.”*

Leader 3: *“We should be as business and government be saying to the community, these are the resources we are having and we have seen these are your challenges, would you agree, so with you and not for you, let’s do the following. With you not for you.”*

The role of the anchor business was mentioned by both leadership and employees. The participants felt that the business, with the biggest presence and in some cases the biggest impact on the environment, should take the lead in the establishment and support of the partnership and the endeavours that flow from it.

Leader 2: “Company X being here the largest of these businesses and Company X having been the one that went into the community and remember we are using natural resources that we extract from within this area. Some other businesses are mostly here to support Company X. The community around here sees Company X differently as they see, for example, Company Y (Service provider to company X) or they see them a little bit differently, and they know if Company X were not here they wouldn’t be here.”

The construct of balanced partnership refers to numerous comments made by focus group participants regarding business having more power in the partnership than the community. Participants made references to business having more knowledge and education and, hence, being able to set the tone and direction of the partnership. This imbalance was also supported by comments about interventions in the community benefitting business more than the community. This sentiment was found in various comments as shown below.

Shift 5: “So in that context when I speak about the education level, some of the things that business comes with they be too technical that none of the community have an understanding of whatever they are talking about. Business always ends up getting the upper hand which is given at the end of the day by capital because they can acquire the skills, who can convince whether in a right way or in a bad way.”

Shift 7: “... try to assist them in actually realising what exactly this programme is about and how it is supposed to be discharged. They actually proceed with a programme whereby in the end of the day members of the community get lost in the process due to a lack of proper information. Once they get lost in that process frustration takes over and as soon as they are frustrated it always goes back to the issues of riots, protests and all that.”

Context and accurately identifying the needs that have to be addressed are two other constructs that featured frequently as key enablers of the success of interventions and which business should consider when they embark on shared value creation.

Leader 2: *“I think really understanding the context within which you operate. It’s important to understand what the context where you are, who you are doing business with. Where is the biggest need? What are the issues that you have in society?”*

Leader 3: *“It’s a good thing to do, higher level, longer term but the ordinary guy on the street feels, why are you doing this?”*

Leader 3: *“Business sets its priorities on what they think, it’s almost like what I think you need or I think I should do for you, whereas at that moment, yes I need that and this but it’s not on top of my list of needs.”*

It was clear from most of the interviews with both leadership and employees that the greater need within the community was for basic needs to be addressed.

Shift 3: *“I am more concerned about the basic conditions like you are making sure that there are decent roads, water and electricity.”*

The construct of stakeholder management contains elements relating to the identification of stakeholders, involvement and the education of these stakeholders and ensuring that expectations are aligned.

Leader 6: *“I think it will first be you will have to check the depth of stakeholder involvement, are you involving everyone, you will have to look at that.”*

Leader 3: *“They do for me what they think I need and they wonder why I am still not satisfied.”*

Regarding stakeholder education, Leader 3 commented: *“They don’t understand that there are certain principles that need to be in place for this business to be profitable, boost the economy then your jobs are a spin of certain things being right.”*

Figure 21 below depicts the main elements that were contained in stakeholder management.

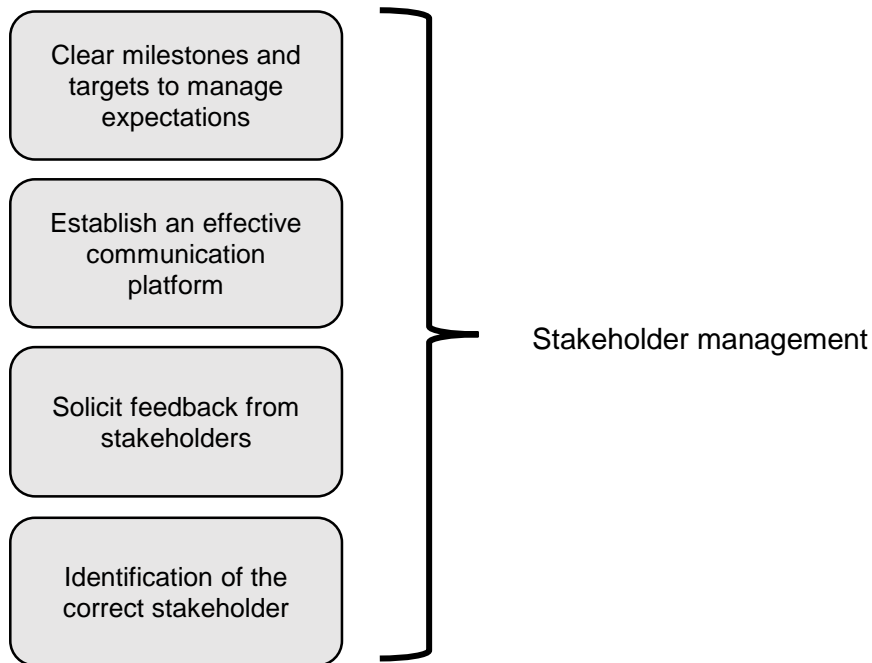


Figure 21: Grouping of codes under the construct of stakeholder management

One aspect raised by the leaders only in their interviews was the importance of leadership in the various partners of the social compact. There was reference to the maturity of the leaders which is considered a key ingredient for a shared value approach to business, as was stated by a participant as follows.

Leader 3 *“For me shared value demands a level of maturity both from business, from government and from the community itself.”*

Leader 3: *“Communities and government are at a different maturity curve. Where government and that society are at a higher maturity level and it gets done better and differently.”*

Leader 2 indicated that whilst the leadership in business is at the forefront to enable the successful application of shared value, leadership among all the partners is required.

Leader 2: *“I believe with the right minds in business, with the right people in business we definitely can have true value creation ... yes, leadership in business, leadership in government, leadership in the community. All who is working in partnership.”*

Participants indicated that business should monitor and measure results in order to ensure success. Figure 22 below shows the subgroups within the construct of measurement of results.

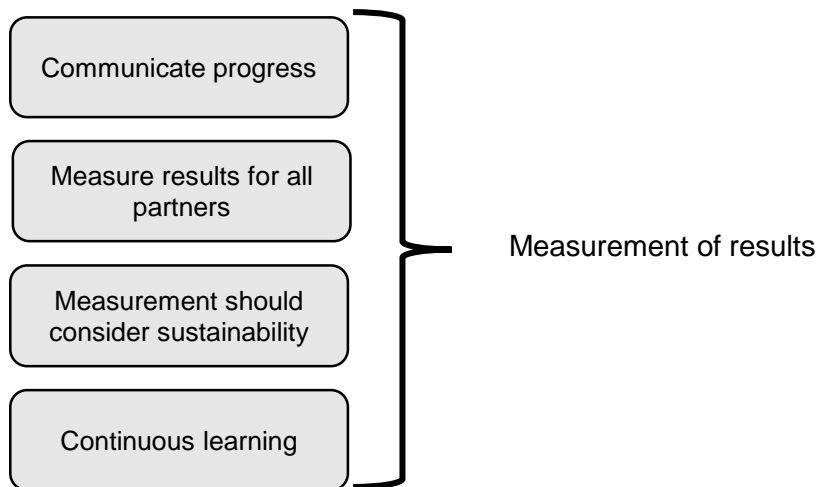


Figure 22: Grouping of codes under the construct of measurement of results.

Various proposals were made on how results measurement could take place. Most focus groups indicated that feedback from the community should be considered as input when attempting to assess the results from an intervention.

Shift 7: *“Think the feedback that we get from the community in terms of the good standing of that particular organisation and feedback is very significant, it will give you the first leg of how to measure success.”*

The need to investigate what went wrong (or well) and constantly incorporating such learnings into the approach was also highlighted, as is clear from the statement shown below.

Leader 3: *“So now it hasn’t worked in the other nine areas, but what lessons have we learnt? What do we want? What can we do here to improve this and*

to make sure that this one is the unique one because we have learnt lessons nine times and to sit here and say we can't continue because it won't work, it's not helping."

One leader participant stated that the measurement of benefits and evaluation whether interventions are successful or not should consider the total net impact on the ecosystem as from his comment below.

Leader 6: "...so I suppose if you only calculate the nett and you can show the nett increase then it is shared value".

The concept of patient investors was brought up by several leader participants and was grouped under the construct of patient investment. The discussion in these instances focused on whether a shared value model was deemed feasible in a for-profit organisation. Participants felt that it was possible, but that it would require patient investors since returns would only realise over a longer period.

Leader 1: I think it can make a difference and I think you should start small and then it should snowball over time. So maybe you won't see the benefits in the first year or two but in five years' time you should see the benefit. My view is not this is a model that will give you quick benefits, it will take time because you depend on people's view in a way of the company and that is why I also say it can't be a once-off thing, we keep on doing this and in the end you will see the benefit.

Figure 23 below indicates the groups of codes under the construct of strategic alignment.

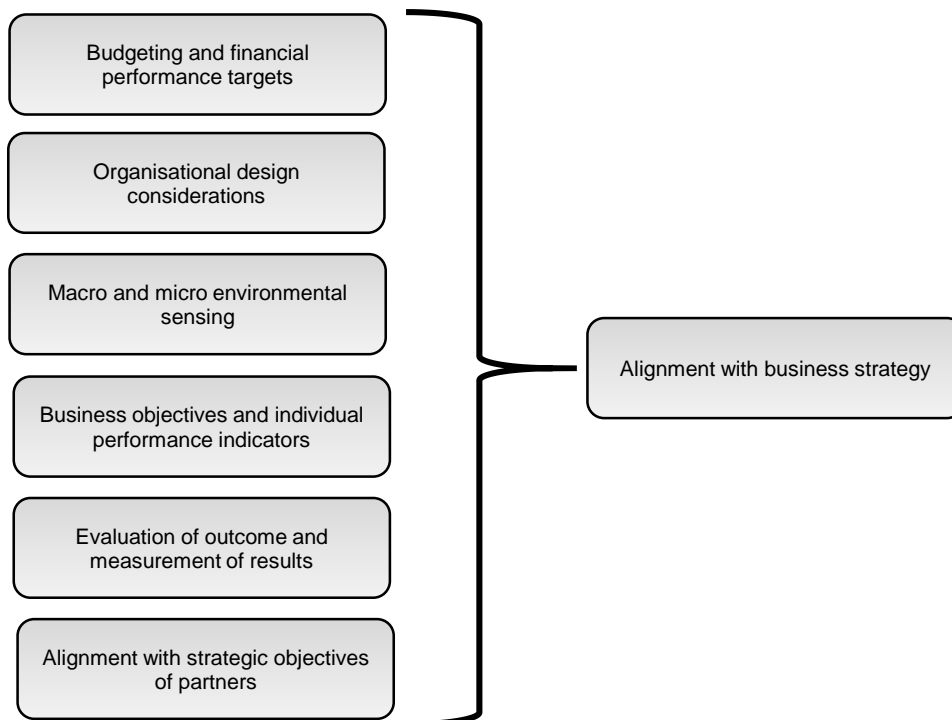


Figure 23: Grouping of codes under the construct of strategic alignment

Participants referred to the structures and processes required to enable the approach to be executed by business and the partnership and mentioned that these were not currently in place, as is indicated in the comment from a focus group below.

Shift 7: “... certain structures that we consider formal structures through which the community could benefit, they don’t seem to be working for the community members.”

Leader 1: “I think it’s just about, somebody needs to take the initiative but also they must put structures in place that are going to drive this. That then shouldn’t be just something else on an already full plate of somebody’s job then there should be a specific drive and maybe your larger company again will start to put their resources into that.”

The above comment also speaks to the need identified by interviewees to ensure that the interventions and their results should be considered a deliverable from an entity or individual and to which resources should be dedicated.

One of the leadership interviews made specific mention that the macro-economic environment should be considered with regard to talent attraction and availability. The participant posited that shared value creation could be employed as a means to attract and develop talent; more specifically they referred to the war on talent that would be fought during times of economic prosperity.

Leader 6: "I think for us starting with attraction of the correct talent that we need, usually when you especially sitting in a moderately growing economy you don't realise how much you need talent but once we all firing on all cylinders and there is global or even economic growth in our country or regionally, then you actually very quickly realise that there is a whole more talent then you will benefit by that."

The next construct refers to the sustainability of the interventions and of business. Participants indicated that business had to sustain itself in order to have a healthy community and economy, as is clear from the comment below by one of the focus groups.

Shift 1: "The company must also sustain itself. If they should back as far as they can for that profit margin. They still need to be able to make money so that they can keep going."

This part of the interview, which focused on research question 3 and the response that was required by business, again made reference to the consideration of context or the environment that forms the expectations of the community. This is clear from the comment by one of the focus groups below.

Shift 1: "We are lacking so much. So in terms of a big company so close to us we're expecting those mistakes the country has for the company to rectify. So I think it's because of the situation in the country, so we are expecting too much of the company."

The construct of spillovers and linkages was formed by the grouping of codes, as is shown in Figure 24 below.

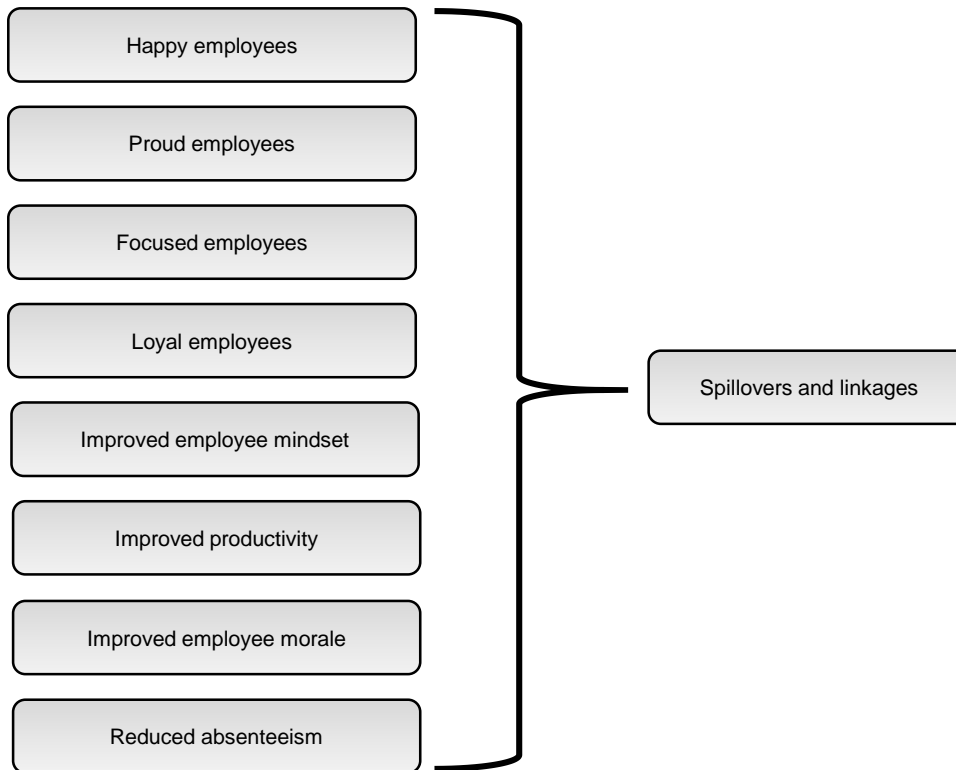


Figure 24: Grouping of codes under the construct of spillovers and linkages

Spillovers and linkages was identified as a construct in terms of which references pointed towards the consideration of the larger ecosystem and a reduction in community dependence on the business. During one of the leadership interviews, the interviewee voiced the need for business to create skills outside the company core and to measure the development of local businesses, encouraging inter-business trading and disempowering monopoly service providers through shared value creation as a means to create more competitive pricing for service delivery in the community at the business's fence.

Leader 6: "You grow skills, they will have skills but it is also skills that you want that you can benefit by. But they can also use them somewhere else so then there is personal benefit."

Leader 6: "Then I think in terms of also creating a business environment, an entrepreneur business environment where lots of guys can participate, so it will make the supply chain a bit more complex but we will have to be willing to open up our businesses to an era where you have multiple suppliers and how that

will create value if those people are then truly competent and that is what you are going to do. You will then at least almost dissolve the mini monopolies where services can be bought from various entities and then you have business involvement.”

The comment above by leader 6 also formed part of the construct of value chain management. This comment speaks to ensuring that business has the ability to cope with a more complex supply chain in that multiple players in the fence-line community will be invited and even encouraged to participate in business. The value chain management construct also contained codes that referred to the involvement of the entire supply chain in the approach to create shared value, as was voiced by the participants of shift 8.

Shift 8: “All the contracting companies that Sasol use, maybe if Sasol can influence them to also play a role in the communities and not just as a job creator working for Sasol.”

Shift 8: “Because you know there is always a middle man as much as a business can contribute to the community but it cannot directly go into the community and do things themselves. They do it through other people ...”

The written proposals by focus group participants will be discussed in the following section.

5.10 Written responses by focus group participants

During the focus group interviews, participants were asked to provide written proposals of interventions that they believe would benefit their community and their organisation. Not all participants complied with this request with, in total, 86 proposals being received from the 48 focus group participants. The proposals have been grouped into constructs and the constructs together with their prevalence of occurrence are shown in Table 8 below.

Table 8: Constructs developed from the written business intervention proposals received from focus groups

Construct	Number of occurrences
Improve service delivery	18
Establish community-business forums	14
Improve education and skills development	12
Improve infrastructure	8
Provide affordable housing	6
Improve wellbeing of employees	5
Provide entrepreneurial opportunities	3
Provide recreational facilities	3
Provide entrepreneurial opportunities	3
Improve safety and security	3
Reduce environmental impact	1
Conduct behavioral interventions	1
Provide for aging population	1
Improve health services	1
Establish business-local government forum	1

The construct of community business forums calls for a partnership between community and business, the involvement of the community in interventions and communication between the community and business. Infrastructure development referred mainly to roads and transport, while the construct of behavioural interventions referred to the need for interventions that change youth behaviour in as far as choices regarding education and occupation are concerned.

5.11 Conclusion

The results of the research have been revealed in this chapter and may be summarised as follows:

Research question 1:

- Both groups of employees and leadership in the organisation expect the organisation to intervene in conditions experienced by communities at its fence line. Whilst some respondents added a qualifying statement of reasonableness, all respondents agreed that the organisation was expected to contribute to improving conditions within the environment in which it operates.

- This expectation is based on the fact that the organisation makes use of and has an impact on the resources (natural environment, human) within the environment in which it operates.
- According to respondents, the expectation has always been present but has grown in prevalence owing to the ready availability of information and the presence of failed local government and hopeless community members.
- The expectation is linked to the perceived impact of the organisation on the community, the perceived availability of specialised skills within the organisation and the perceived profitability of the organisation. Where an organisation is deemed to be the most profitable or most influential in its environment, it is expected to take the lead in interventions in the environment on which it has an impact.
- The organisation should live its values outside its proverbial fence. Where organisations subscribe to the value of caring for employees, they should also be visible where its employees live and in the community that surrounds the organisation.
- The respondents all felt that it was the duty of the organisation to contribute to improving conditions. Focus groups referred to social responsibility and the impact of the organisation on the environment referred to previously in this summary, whilst leadership referred to this being part of the responsible operator role of the organisation.
- The expectation society has of the organisation is very much dependent on the context within which the country, the community and the organisation find themselves.
- There is a general belief among participants (both focus groups and leadership) that there can be a win-win business model through which both organisation and society can benefit.
- The community and the organisation do not always consider each other as partners. The barriers to a mutually beneficial partnership were linked to uneven levels of education and the organisation having more power in the partnership owing to its financial resources. Several references were made to tension or competition between the community and business and the lack of the required

leadership and structures in both business and society to address the tension and the partnership dilemma.

- Business is seen as having the knowledge and skills required to manage outcomes and initiatives/projects and, hence, business is expected to take the lead in terms of the interventions required in the community.
- Society's expectation is the result of a mindset that has been formed by the context of the country, the company and the town.

Research question 2:

- Interventions by companies are considered successful when
 - outcomes from interventions are sustainable
 - interventions meet the needs of the intended target market
 - interventions are scoped whilst considering the impact of the organisation in the community
 - interventions and expectations are clearly communicated to all stakeholders
 - all partners in the ecosystem assume accountability for the interventions and for sustaining them
 - outcomes from interventions have a net positive impact on the entire ecosystem.
- The benefits to business for intervening in to improve the communities in which they operate are
 - enhanced reputation
 - increased profitability
 - increased employee engagement
 - improved partnerships with the community
 - improved relationship with authorities
 - sustainable business
 - creation of ambassadors for the business in the community and amongst employees.
- Criticism regarding the required and intended interventions of companies includes
 - disparate interventions for different communities
 - poor management of expectations by business

- business cannot address all society's needs
- meeting the expectations of society is another level of taxation on business for operating in the environment
- whilst it is accepted that the expectations exist and that the business model should be adopted to ensure sustainable operation, it is not deemed to be the most profitable business model.

Research question 3:

- Both leadership and employees felt strongly about the need for partnerships between community, businesses in the community and government to enable a successful response to society expectations. This element is grouped under the construct of a social compact.
- In order for the interventions to be successful, the social compact has to identify the right needs to be addressed.
- Management of stakeholders was considered an important element for achieving success. For approaches to be successful, both samples indicated that the identification of the critical stakeholders, the management of their expectations and ensuring that collaborative planning takes place were required.
- Understanding and considering the context of the operating environment is required to plan the intended intervention.
- Communication between the various stakeholders and partners is required. This communication should be pitched at the right level and on a platform that is accessible to all relevant parties.
- The leadership of partners as well as the maturity of the relationship between partners will need to be managed and considered when devising a response to the expectation.
- When planning a response to the expectation, business should consider interventions that reduce dependency on the organisation over time. The interventions should therefore be sustainable and should create spillovers and linkages in the economy within and around the operating environment of the business.

- Constant measurement of results is required to understand status and identify concerns or deviations in time. The communication of these results is furthermore considered an important element of stakeholder management.
- In order for business to devise a successful approach, the business idea or intervention should be aligned with the business strategy. Moreover, overall targets and the underwriting thereof should be considered. The establishment of structures and processes to support the interventions is another element that featured under this construct.
- Interventions will have an impact on the business supply chain in the environment. Value chain management should thus be considered during the planning and execution of interventions.
- Leadership voiced the view that the response to the expectation will require patient investors since benefits for both business and the community will take time to be realised.

Chapter 6: Discussion of Results

This chapter discusses the findings pertaining to the research questions as presented in Chapter 5 in light of the existing literature reviewed and discussed in Chapter 2. The research questions will be applied to structure the discussion. The context within which the study was performed will also be discussed in this chapter.

6.1 The context of the industry, community, country and organisation

The research was conducted in a specific context in terms of the type of industry, the culture and the socioeconomic conditions experienced by the community and the specific organisation the employees and leadership are associated with. The context can be summarised in the following points:

- South Africa is deemed a developing country with one of the highest Gini coefficients in the world (Littlewood & Holt, 2018).
- Unemployment in the country is reported to be above 29% whilst unemployment in the province in which the organisation is situated is 34.7%. Youth unemployment is of particular concern in the country and in the province (Statistics South Africa, 2019).
- The municipality within which the research was conducted is one that is deemed to be a failed municipality in that it has failed to fulfil its obligations regarding the payment of electricity and water accounts among other things. Total liabilities increased by 16.5% year on year for the province between 2017 and 2018 (Statistics South Africa, 2018).
- The municipal area on the organisation's fence within which the research was conducted has multiple formal and informal settlements with disparate living conditions.
- The town was established in the 1970s as a result of the establishment of the organisation. Most of the surrounding economic activity is dependent on the organisation.
- The organisation plays an integral part in the community in that it sponsors several community programmes and supports the municipality itself with

processes, skills and resources. At the time of the research, the organisation had embarked on a programme through which they alleviate educational, housing and pension-related pressures for their employees by means of a six-monthly cash injection for each employee who is not part of leadership. The first of the four phases in this programme had already been rolled out to the employees who participated in the interviews.

6.2 Interventions proposed by focus groups

As discussed in Chapter 2, the ‘needs’ being addressed through shared value creation approaches are defined by Dembek et al. (2016) as those that advance society and hence should address an “unmet basic human need” (p.237). Chapter 5 provided the results of the written responses from the focus group participants relating to proposals on the way the business should intervene in its fence-line communities. The results align closely with the societal needs identified by Dembek et al. (2016) as discussed in Chapter 2. Of specific interest is the proposal by a participant that business should intervene in terms of career and lifestyle guidance to youth. This proposal corresponds with sentiments voiced by leaders during interviews that interventions relating behavioural aspects in the community can and should also be considered shared value creation. This is in line with the sentiments of Pfitzer and Kramer (2016), who state that social responsibility endeavours should deliver both social benefit and business value.

6.3 Overall construct for research questions

The overall construct for the research questions can be depicted as shown in figure 25 below.

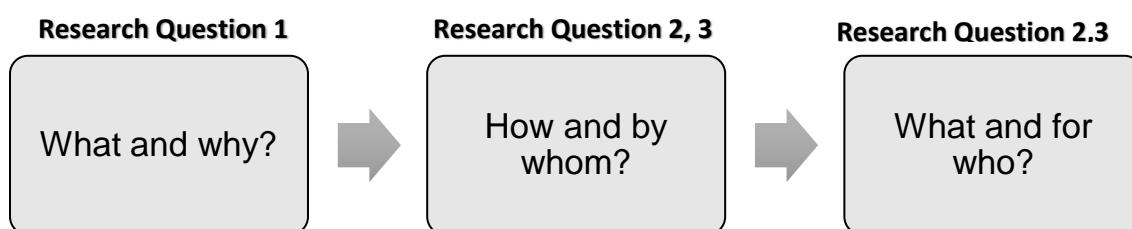


Figure 25: High level framework for discussion of results in Chapter 6

In the following sections, the discussion of the results will follow the framework depicted in figure 25 above. Results and constructs from the research questions (as per Chapter 5) will be fit to the framework to enable building of the final framework for effecting of shared value creation.

6.4 Research question 1

Research question 1 was meant to set the scene for research questions 2 and 3 in that it aimed to determine the expectations that society have as well as the reasons for these expectations. As mentioned in the previous section, the research was conducted in a specific context as it related to the type of industry, the culture and socioeconomic conditions of the community and the specific organisation with which the employees and leadership are associated. Establishing the expectations and contextualising these expectations was deemed key to the analysis of information gained in answering research questions 2 and 3.

It was clear from the results discussed in Chapter 5 that the participants in the study all acknowledged that they expect the business to contribute to improving conditions within its fence-line communities. Participants' overwhelming concurrence supports the view of the literature that society expects organisations to act responsibly in legal, ethical, economic and discretionary terms (Safwat, 2015). In addition, the samples, both leadership and employees, displayed agreement on the expectation, which speaks to the expectation not just being driven by stakeholders external to the business, but also from within and, hence, leading to the effecting of social responsibility initiatives by business being considered an institutionalised concept (Bice, 2017; Strand et al., 2015).

The main constructs pertaining to research question 1 developed from the interviews are as shown in Figure 26 below. These constructs are the outcomes of the interviews in which participants were asked whether they expected organisations to contribute to improving conditions in their fence-line communities and why they had this expectation.

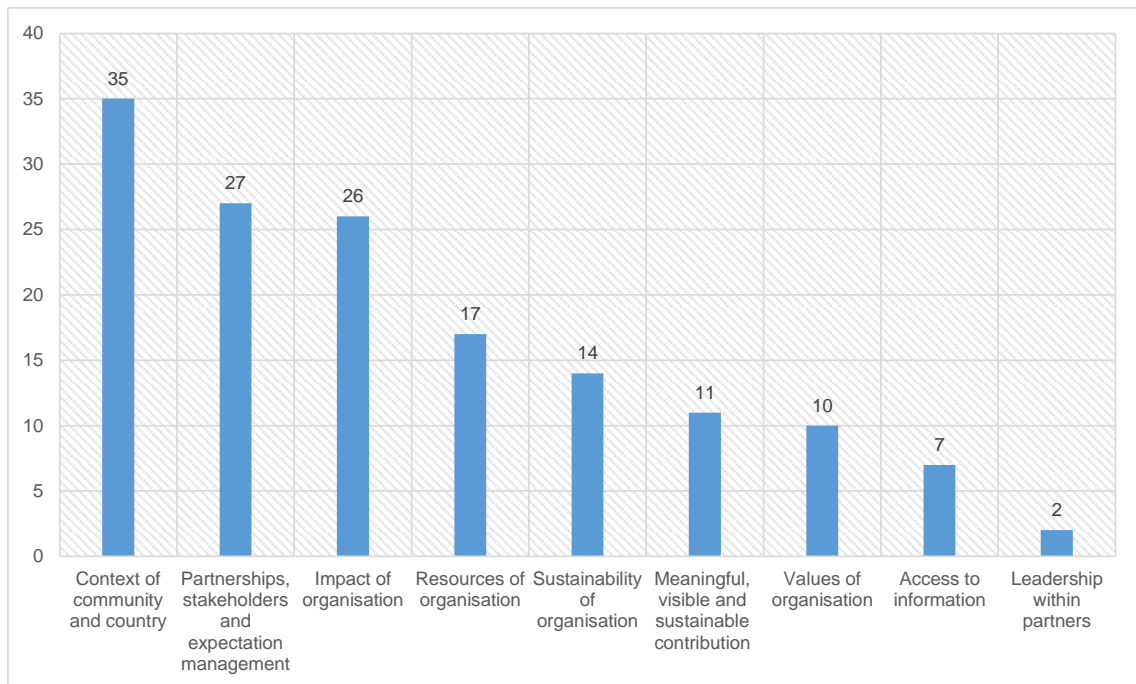


Figure 26: Constructs developed for research question 1

Literature supports the view that the expectations of society and the community are **context and culture dependent** (Jamali & Karam, 2018; Porter & Kramer, 2006; Visser & Kymal, 2015; Voltan et al., 2017). The constructs of **impact of the organisation** and **resources of the organisation** may also be viewed as constructs reinforcing the contextual nature of societal expectations, in that, according to the participants, business is expected to contribute according to and in line with its impact on the environment, its resources and the role it plays in the community (Hoi et al., 2018). These constructs speak to the inside-out linkages referred to by Porter and Kramer (2006), who stated that organisations have an impact on society through its operation within the natural environment and its creation of employment, and that these impacts and interactions should be considered in the approach to value creation chosen by the business.

Su et al. (2016) proposed that the adoption of social responsibility in business has inadvertently signalled to society that business has the resources to address concerns where institutions have failed. The “stepping in” mentality and actions by business lead to the **institutionalisation of the social responsibility** concept and speak to the social mechanisms of discourse, coercion and normative learning as

described by Bice (2017). The expectation voiced by employees and leadership may be considered institutionalised in the organisation and in the community in which the research for this study was conducted due to the converging view regarding the role that business needs to play within society.

The construct of **organisational values**, which refers to the findings in the literature pertaining to the expectation for business to be a responsible operator, is driven not only by external stakeholders but also by an ethical and values-driven view that exists in the organisation among both employees and leadership (Bice, 2017). On various occasions, participants mentioned that “we all know it is the right thing to do”. This speaks to the enactment of social responsibility by business by being **values based** and morally grounded (Jamali & Karam, 2018; Safwat, 2015).

Participants furthermore voiced repeatedly that the approach from business and the expectations of society would differ under different socioeconomic conditions. Participants all felt that the values of the organisation should be **visible** in its dealings with and contribution to society. When participants were asked why they had this expectation, reference was made to the **values of the organisation** and **access to information**. These elements again speak to the social mechanisms of discourse, mimesis, normative learning and coercion, as discussed by Bice (2017) in her paper on CSR as an institution. In fact, the availability of information is empowering the community to hold business to account (Bice, 2017), which again points to the socio-cultural values of society and the contextual nature of it (Jamali & Karam, 2018). Hence, it is the values of a society as a whole (inclusive of community and organisations) that brings about the expectation.

As already stated, shareholders are among the external stakeholders that harbour an expectation that organisations should contribute positively to society. The “triple bottom line” reporting mechanism for business further supports the view that external stakeholders have this expectation and that a premium may even accrue to firms that acknowledge and display this propensity in their dealings with society (Su et al., 2016). Banerjee and Jackson (2017) stated that developing countries or impoverished societies usually look to business to contribute to their welfare where the state has failed. The failure of the state and dependency on business thus

speaks to the construct of **leadership within partners** where participants mentioned that businesses are the true leaders of society and that society’s expectations are fuelled by both this belief and its distrust in the leadership of the state.

Whilst a link between the expectations society and the theme of **leadership in partners** could not be found in the literature reviewed in this study, Visser and Kymal (2015), Blanchard and Gray (2019) and Banerjee and Jackson (2017) highlighted the role played by leadership in fulfilling expectations. Literature makes reference to the role of the “system leader” or the anchor organisation, as referred to by participants in this study, in ensuring there is a common agenda among partners and alignment between the various stakeholders in the ecosystem (Alberti & Belfanti, 2019; Pfitzer & Kramer, 2016). It could also again be that the perception that ‘businesses are the true leaders of society’ is evidence of the institutionalisation of corporate social responsibility in the community and organisation in which the study was conducted. This construct of **leadership in partners** will be discussed further under research question 2. Table 9 below consolidates the constructs found by the research in this study with those identified in the literature.

Table 9: Matching of themes from the literature with constructs from the research results

Reason for society’s expectation	Literature
Context of community and country	(Hoi et al., 2018; Jamali & Karam, 2018; Porter & Kramer, 2006; Visser & Kymal, 2015; Voltan et al., 2017)
Partnerships, stakeholders and expectation management	(Høvring, 2017b; Matinheikki et al., 2017; Porter & Kramer, 2011; Su et al., 2016; Voltan et al., 2017)
Impact of organisation	(Porter & Kramer, 2006; Visser & Kymal, 2015)
Resources of organisation	(Clarke & MacDonald, 2019; Porter & Kramer, 2006; Su et al., 2016; Visser & Kymal, 2015)
Sustainability of organisation	(Clarke & MacDonald, 2019; Dembek et al., 2016; Matinheikki et al., 2017; Porter & Kramer, 2006, 2011)
Meaningful, visible and sustainable contribution	(Matinheikki et al., 2017; Safwat, 2015)
Values of organisation	(Bice, 2017; Høvring, 2017a; Jamali & Karam, 2018; Porter & Kramer, 2006; Safwat, 2015; Visser & Kymal, 2015)
Access to information	(Bice, 2017)
Leadership within partners	(Alberti & Belfanti, 2019; Banerjee & Jackson, 2017; Blanchard & Gray, 2019; Visser & Kymal, 2015)

The research results indicate that participants felt that while the expectation to the organisation to improve conditions in communities was always present, it was growing in prevalence and intensity. The reason most voiced for this increasing expectation was that society had facilitated access to information and is therefore able to compare conditions in businesses and communities, the impact of businesses on the environment and society, and the interventions launched by business. This again touches on the paper by Bice (2017) regarding the institutionalising of the social responsibility initiative concept: in this instance, the institutionalisation of the expectation is due to the availability of information to compare and review interventions by business and in that way create expectations within society. The constructs emanating from the results were further grouped by linking the **resources, sustainability and impact of the organisation** to the **context of the organisation**. This grouping of constructs is depicted in Figure 27 below.

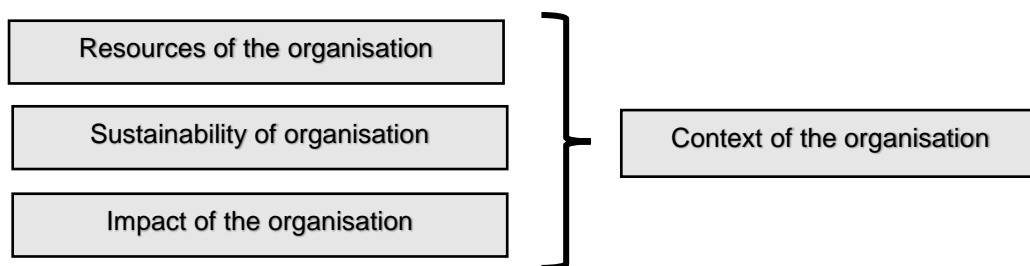


Figure 27: Grouping of constructs under the theme of context of the organisation

Context of the community and **context of the country** are split into two separate themes as shown in Figure 28 below since a number of responses indicated that expectations would differ for different towns within the same country.

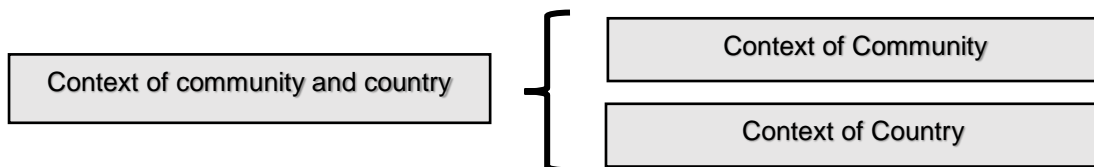


Figure 28: Splitting of community and country construct into two themes regarding context

The constructs of **values of the organisation, leadership within partners, partnerships, stakeholders and expectation management and access to information** are grouped under the theme of **institutionalisation of social responsibility and values** as is depicted in Figure 29 below.

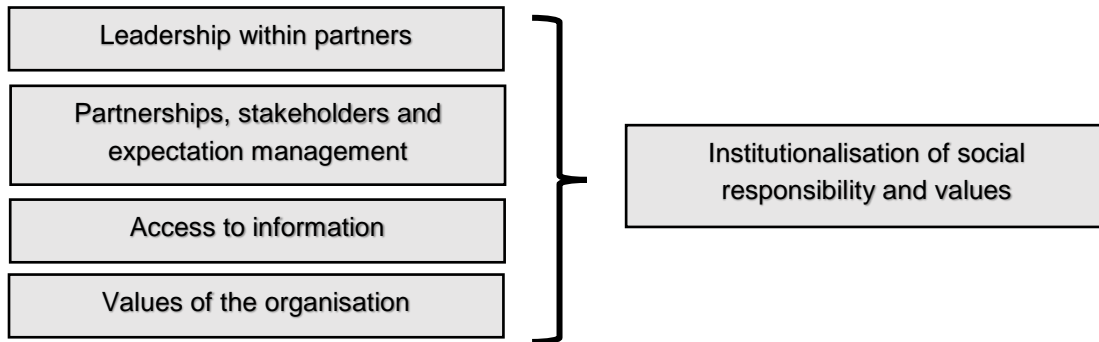


Figure 29: Constructs contained under institutionalisation of social responsibility and values theme

All of these themes should be considered in order to **identify the right needs** and ultimately lead to **meaningful, visible and sustainable contributions** that **address the right needs**. Overall the WHAT and WHY portion of Figure 25 relates to society’s expectations and the reason for these expectation. Accordingly, the results it may be summarised in line with the model in Figure 30 below.

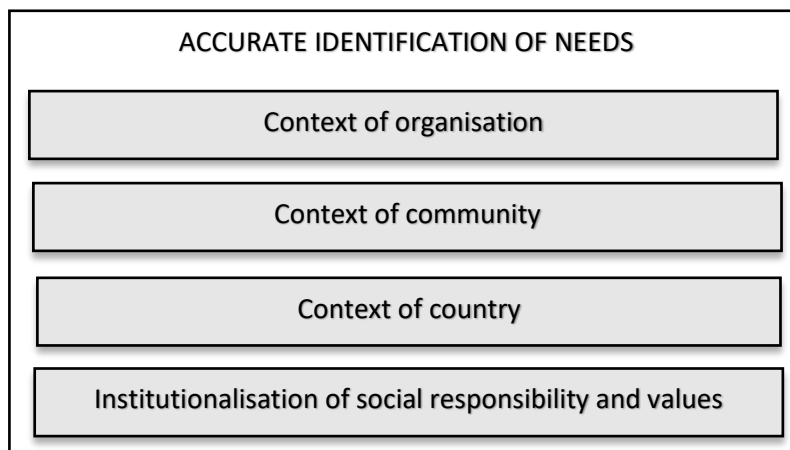


Figure 30: Schematic representation of fit of themes from research question 1

In identifying the approach to shared value creation, the context of the country, the community and organisation should be considered. This context is shaped by the values and level of institutionalisation of the concept of social responsibility and the role of business in society. Ultimately, consideration of the aforementioned themes will provide a view of the societal needs that should be addressed.

6.5 Research question 2

Under research question 2, in an attempt to ultimately establish the elements that should or could be considered to ensure the success of an intervention and the perceived benefits to business if it were to employ a shared value creation approach, participants were asked how they perceived the contribution of their organisation. This question, which highlights the benefits that come from shared value creation, was asked in order to give more granularity and understanding regarding the outcomes that are regarded as successful by the interview participants and thus provide an improved understanding of what the approach should deliver. The main constructs developed from research question 2 are shown in Table 10 below.

Table 10: Constructs developed from the results for research question 2

Means to ensure and measure success	Accurate understanding of needs
	Partnerships between business and community
	Sustainable interventions
	Establish and maintain platform for communication
	Contribution linked to impact
	Stakeholder and expectation management
	Incubation and growth of local business
	Intervention should be context conscious
	Skills development
	Discretionary interventions
	Ecosystem wide impact
	Leadership of all partners
	Employee employer trust relationship
	Intervention should be linked to profit
Benefits of intervention	Improved employee engagement
	Sustainable business
	Ambassadors of business
	Improved reputation
	Increased profitability
	Partnership with community
	Improved relationship with authorities
Criticism	Cost of doing business in environment
	Additional taxation
	Not most profitable business model

Overall the information gathered from research question 2 will feature in both the HOW and BY WHOM and WHAT and FOR WHO parts of the model depicted in figure 25.

6.5.1 Means to ensure and measure success

The imperative to have an **accurate understanding of needs** in the environment in which one operate was discussed in detail in the preceding section under research question 1. The theme was voiced in all three research questions and was, hence, considered a crucial step in achieving successful shared value creation for the ecosystem. Several other constructs were found to be addressed by the constructs discussed for research question 1 in section 6.4. These are depicted in Figure 31 below:

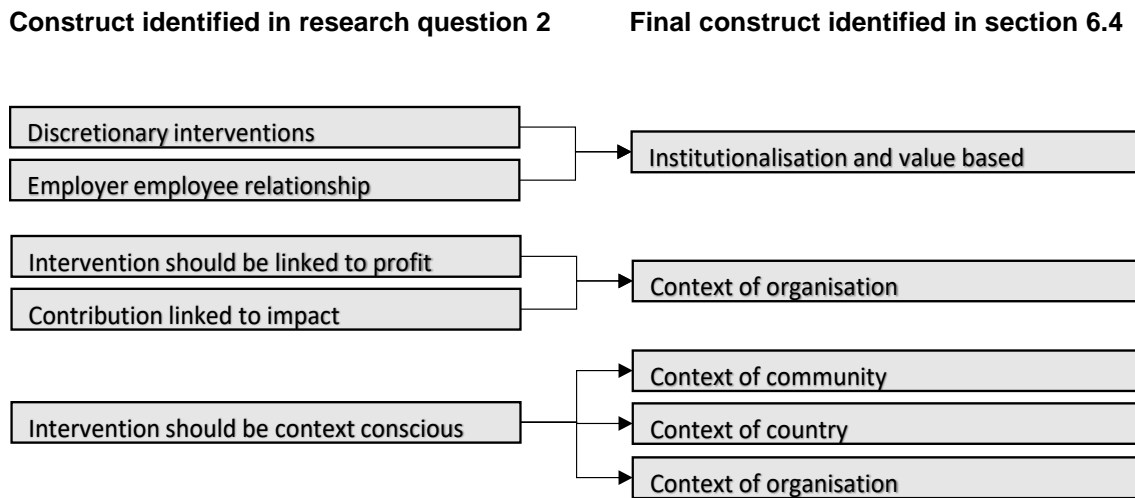


Figure 31: Grouping of constructs from research question 2 in constructs under theme of accurate understanding of needs

Stakeholder and expectation management

Several interviews offered the view that business and society are not in partnership and that tension exists between the parties owing to an imbalance between partners. This imbalance in power is supported by the literature and is in fact considered one of the main criticisms against the shared value creation concept (Crane & Matten, 2016; Tantalo & Priem, 2016). Different levels of education and financial muscle were listed as the most important reasons for this imbalance in the partnership. The imbalance manifests as a skewed distribution of value between partners. Tate and Bals (2018) state that the relationship between business and society is reciprocal in nature and that, whilst tension between business and society is considered an inherent characteristic of the relationship between the two parties, shared value creation could result in tangible and intangible assets to business if all parties in the partnership perceived their allotment of value to be fair. Literature also indicates that the different partners within the ecosystem will each have their own goals, which inevitably brings about tension at times (Pinto, 2019; Tantalo & Priem, 2016; Wieland, 2017). With the increase in expectations and increased awareness of an ecosystem and an integrated value creation approach, the complexity of the relationships and management of stakeholders is also increasing and requires focused attention to enact shared value creation (Acquier et al., 2017; Tate & Bals,

2018; Visser & Kymal, 2015; Voltan et al., 2017). This construct of ***stakeholder and expectation management*** is also supported by the findings of Tate and Bals (2018) in that participants felt strongly about the fact that business should be transparent and forthcoming regarding the envisaged outcomes of an intervention to ensure alignment regarding expectations. This construct is represented in the final model as ***stakeholder management***.

Partnership between business and community and sustainable interventions

The research indicated that ***partnership between business and community*** is required to effect successful shared value creation. Accordingly, for successful shared value creation the partners should have a shared value agenda or focal objective (Adner, 2017; Alberti & Belfanti, 2019; Pfitzer & Kramer, 2016). An ecosystem is only as healthy as the weakest link in the value chain and ensuring that all partners achieve their individual and shared objectives will prevent bottlenecks in the ecosystem which could block the delivery of shared value (Adner & Kapoor, 2010; Visser & Kymal, 2015). The study by Matinheikki et al. (2017) focused on the role of inter-organisational partnerships, finding that such partnerships are a key ingredient to ensuring the successful application of shared value creation business models. Mühlbacher and Böbel (2018) found that networking capabilities are one of the five organisational conditions required to effect successful shared value creation. The results of this research support this view, with participants voicing the need for ***partnerships*** if a shared value creation approach were to be successful.

In research question 3, the participants indicated that the boundaries of this partnership should extend further than merely between business and community, indicating that government should be also included in the partnership.

This tripartite partnership, as the responses to the interviews questions relating to research question 3 indicated, was termed a ***social compact*** by one of the leadership participants and is depicted in Figure 32. This concept forms part of the “HOW and BY WHOM” portion of the model shown in Figure 35 later in this chapter.



Figure 32: Partners in social compact

Referring back to Chapter 5, it can be seen that the elements of shared accountability, partnership between business and community, collaborative need identification, planning and target setting, alignment of the roles and responsibilities of all partners, a balanced partnership and the organisation's role as anchor business are contained in the **social compact** construct. The concept of shared accountability was voiced in the interviews with both focus groups and leadership in that the establishment of a partnership between business, government and the community will instil and in fact must entail a shared accountability approach to ensure the sustainability of interventions. This shared accountability therefore also relates to the construct of **sustainable interventions**. Participants voiced the opinion that interventions had to be sustainable in order to be deemed successful. References were made to instances where their organisation had constructed sports facilities in the communities but did not provide for their maintenance and operation after construction. Several other examples of sustainable interventions included elements of tapping into and establishing a circular economy and ensuring that the net impact on the entire ecosystem is positive. The framework for shaping, sharing and anchoring the shared value vision proposed by Matinheikki et al. (2017) specifically referred to inter-organisational shared accountability. Consequently, the current research study proposes that sustainable shared value creation would require not

just inter-organisational shared accountability but, in fact, ***inter-stakeholder shared accountability***.

Whilst the social compact construct only surfaced during the questions relating to research question 3 and will be discussed again in that section, it is clear that it encapsulates several of the constructs raised under the heading of “means to ensure and measure success”, as developed in research question 2 and shown below in Figure 33.

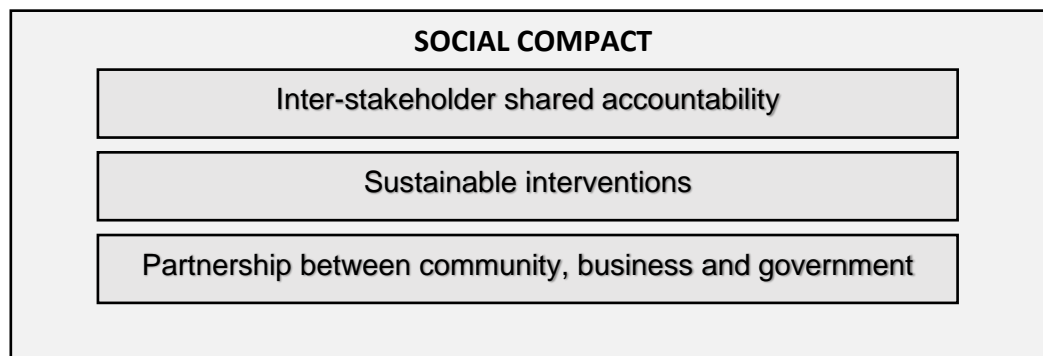


Figure 33: Constructs contained under theme of social compact

The social compact will be discussed again in the section on research question 3.

Leadership of all partners

Leadership in partners is considered an important construct which featured in both research questions 2 and 3. In research question 2, participants mentioned that they considered a lack of leadership in the parties within the social compact as a barrier to the current endeavours to attain shared value creation in their community. This was again voiced as an enabler for successful shared value creation in research question 3. Pera et al. (2016) supported this view when stating that the correct leadership is required to “facilitate an effective co-create process”.

Establish and maintain a platform for communication

Pera et al. (2016) supported the need for a ***platform for communication***, stating that there is a need for “the development and implementation of encounter moments that enable stakeholder interaction”, which facilitates successful shared value

creation. Høvring (2017b) went further to describe the communication of social responsibility endeavours as a complex negotiation of meaning between the stakeholders who often have different perceptions of value and needs. Both leadership and focus groups highlighted communication between community, business and government as an important ingredient for establishing the relationships, designing and planning the intervention, clarifying expectations and communicating, progress among other things. The complexity of the inter-stakeholder collaboration highlights the need to establish and maintain a platform on which effective communication can occur (Høvring, 2017b).

Incubation and growth of local business and skills development

The constructs developed from research question 2 will be discussed in detail in the next section on research question 3, as they are considered to form part of the outcomes of shared value creation.

6.5.2 Benefits of the intervention

The questions under research question 2 also asked participants to relay the benefit that will be created for business through the application of a shared value creation approach. Improved relationships have been identified as an outcome of a stakeholder conscious approach to shared value creation (Pera et al., 2016; Tate & Bals, 2018) and the participants shared this view. Both leaders and focus groups mentioned that a shared value creation approach would improve the business's relationship with the authorities and improve the partnership with the community.

Numerous participants also indicated that shared value creation would instil an element of ambassadorship for the business in the community. This construct was voiced by both leadership and employees and contains elements of the community's feelings of ownership towards the business and its protection of business. The reciprocal stakeholder behaviour framework proposed by Hahn (2015) supports this view, but with a determinant proviso that the interventions are judged as fair and just by the stakeholders. Szmigin and Rutherford (2013) furthermore indicated that the harnessing of these reciprocal relationships is considered a means through which organisations can further their competitive advantage.

The codes grouped under the construct of employee engagement are depicted in Chapter 5. Whilst no literature review was conducted on employee engagement, it is nonetheless a prevailing theme which surfaced when interviews participants n were asked what the benefits to business would be if it were to effect social responsibility successfully. It is, therefore, considered a pertinent theme that should be kept in mind when considering the possible benefits to business of a shared value creation approach. However, both enhanced brand value or brand recognition and engaged employees has been recognised by previous studies as outcomes of positive social responsibility endeavours (Hoi et al., 2018). Considering the concepts of social capital (Cots, 2011; Hoi et al., 2018) and reciprocal stakeholder behaviour (Hahn, 2015), as discussed in Chapter 2, it is proposed that the constructs of reputation, relationship with authorities, employee engagement, reputation and ambassadors of business be grouped under the theme of **social capital** as is depicted in Figure 34 below. It should be noted that **social capital** is not only seen as an outcome of employing social responsibility practices (Clarke & MacDonald, 2019), but also as an enabler of positive social responsibility activities for stakeholders in an ecosystem (Hoi et al., 2018).

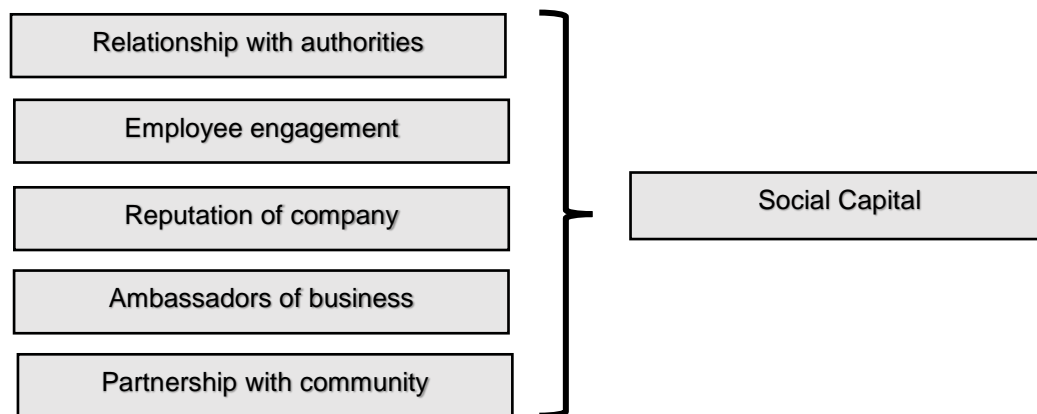


Figure 34: Constructs grouped under the theme of social capital

Ensuring one's organisation obtains and maintains its competitive advantage is but one of the ingredients for ensuring the **sustainability of business**. This construct (sustainability of business) was identified as another benefit that organisations can expect from employing shared value creation. Participants were of the strong view that organisations would not be able to sustain profitability if their strategy did not

include an element of shared value creation. Sustainability is deemed an outcome of multi-partner approaches to address matters that have been created by institutional voids (Clarke & MacDonald, 2019). The constructs of sustainable business and increased profitability are, hence, grouped into one theme, that is, **sustainable organisation** (as an outcome of successful shared value creation), since profitability is deemed a requirement for the sustainability of an organisation.

The themes identified from research question 2 and as discussed in sections 6.5.1 and 6.5.2 were consolidated with the outcome of research question 1 and fit with the framework depicted in Figure 25 to give the outcome shown in Figure 35 below.

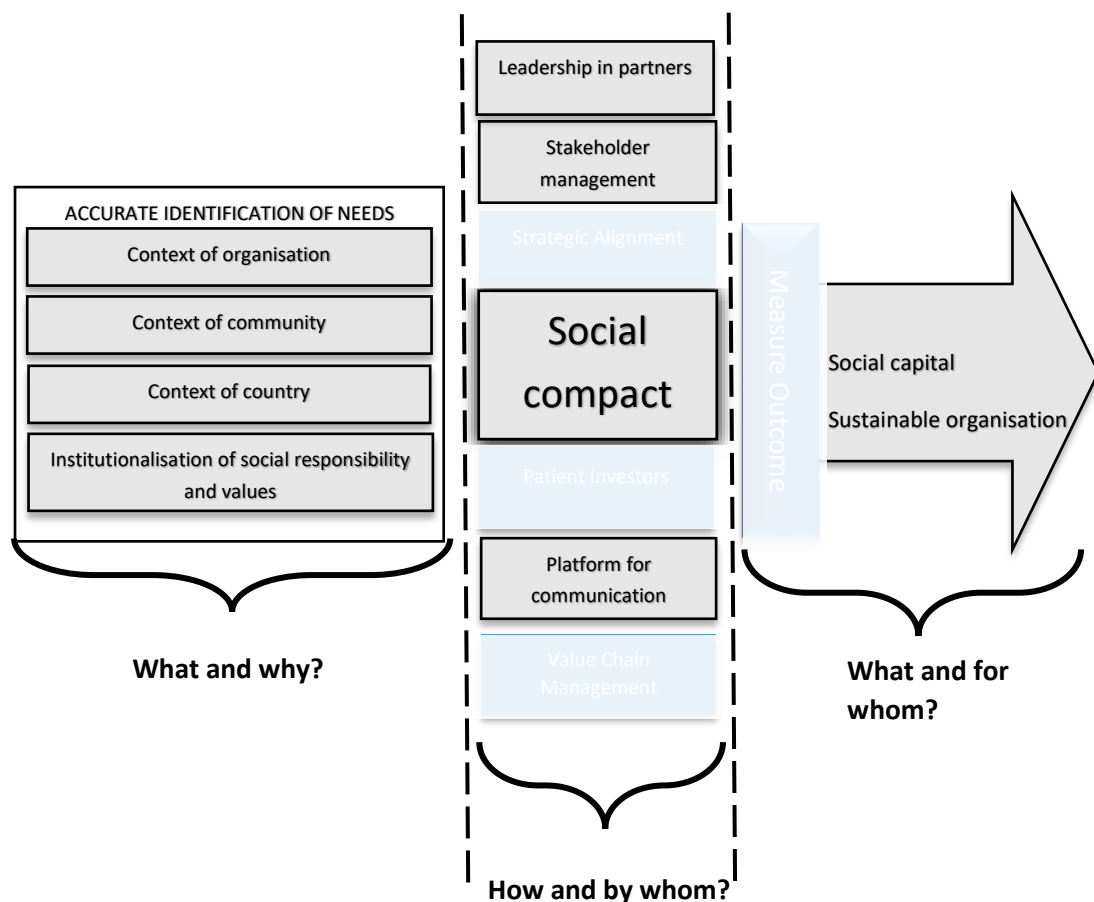


Figure 35: Schematic representation of consolidation of themes from research questions 1 and 2

The next section will discuss the results for research question 3.

6.6 Research question 3

Research question 3 aimed to establish a proposal on how business and leadership should employ shared value creation successfully in their organisation. The constructs compiled from this research question are shown in Table 11 below.

Table 11: Constructs developed for research question 3

Construct	Number of responses
Social compact	63
Accurate identification of needs	41
Context of operating environment	35
Platform for communication	33
Stakeholder management	29
Strategic alignment	24
Spill-overs and linkages	18
Manage and measure results	15
Leadership	6
Patient investment	4
Value chain management	3

Establishing and maintaining a **platform for communication** was again identified as a construct from the coding of the interviews for research question 3. Participants referred to open and honest communication, allowing feedback, seeking inputs from the community and ensuring that expectations and intentions are clearly articulated. The communicative approach to shared value, as proposed by Høvring (2017b), comes to mind when considering the communication needs identified by participants. The community want to be considered, they want to contribute to the discussion and they expect to be asked what they need and how they experienced the intervention. Furthermore, Pera et al. (2016) listed the “the development and implementation of encounter moments that enable stakeholder interaction and collaboration” as one of two ingredients that is required for “breakthrough” stakeholder co-creation.

The construct of **accurate identification of needs** also surfaced again in research question 3 as a critical element required as part of a successful shared value creation approach. The literature supports the alignment of needs and interventions, holding that this will unlock “stakeholder synergy” (Tantalo & Priem, 2016). It is proposed

that the identification of needs should follow a bottom-up approach and that such an assessment should be done by involving parties both external and internal to the organisation (Hillebrand et al., 2015; Matinheikki et al., 2017; Mühlbacher & Böbel, 2018). This notion was also voiced by participants during both the leadership and focus group interviews. The participants clearly articulated that the accurate assessment of needs should start by engaging with the community. One leader participant used the phrase “feet on the ground” to describe the activity. Dembek et al. (2016) suggested that need fulfilment consists of three considerations: What needs are addressed, how are these needs addressed and were the needs satisfied? This research posits that a fourth element should be added as an overall consideration, namely, How are the needs identified? This proposed addition to the framework for need fulfilment by Dembek et al. (2016) is depicted in Figure 36 below.

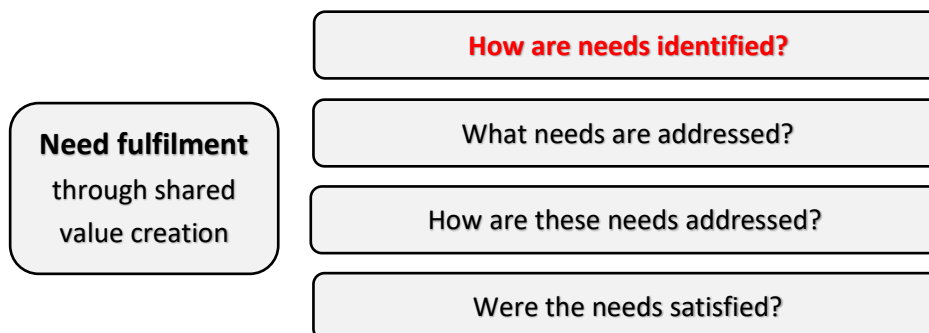


Figure 36: Framework for need fulfilment. Building on framework proposed by Dembek et al. (2016).

The accurate identification of needs as a construct exists because of the contextual nature of needs in various countries, communities, geographies and cultures, and was again voiced numerous times by participants in the research. The construct of **context of operating environment** could possibly regarded as the overarching theme that encompasses accurate need identification. The process of **accurately identifying needs** is, however, not only dependent on context but also on the process followed and the institutionalisation of social responsibility and values, and therefore, the construct was kept separate in the final model.

Several codes within the construct of **context of operating environment** referred to intervention by the organisation on the ethical and behavioural level, with participants

indicating that employing ethical business practices and intervening to change detrimental behaviours in society are regarded as shared value creation outcomes. Høvring (2017b) stated in this regard: “First, companies and their managers need to abandon the idea of shared value as being solely a tangible outcome, rather they need to consider the co-construction of shared value(s) as complex negotiation processes to which multiple internal and external stakeholders actively contribute.” Hence, a school of thought exists that supports the research findings in that shared value creation can result in intangible outcomes for society and business. It is proposed that this intangible outcome be covered under both the **social capital** and **spillovers and linkages** benefits depicted in the final model.

Participants described their idea of successful shared value as one where the ecosystem thrives above and beyond its involvement with the anchor organisation. Certain participants indicated that a balanced scorecard for shared value strategies should include a measurement of businesses grown locally and transcending the boundaries of the ecosystem. Skills development was proposed to cover skills that fall outside of those utilised by the business, as this will ignite innovation and may benefit the organisation in the future in ways not yet foreseen. This growing of the proverbial value “pie” was discussed by Porter and Kramer (2011) and supports the measure of success voiced by participants, who mentioned that shared value should create **linkages and spillovers** within and eventually outside the ecosystem (Dembek et al., 2016; Porter & Kramer, 2011). According to Mühlbacher and Böbe (2018), the question should not be whether there is an increase in profits from the company, but rather whether the total value creation for all stakeholders involved has increased through the approach to value creation. This reference to a net positive ecosystem-wide impact was also listed as a construct in research question 2. One of the leadership participants echoed the idea that the net effect of what business claims to be “shared value creation” should be positive. The grouping of codes under the construct of **spillovers and linkages** was discussed in detail in Chapter 5. It is considered a key benefit from shared value creation and is therefore represented in the final model.

The construct of a **social compact** has already been discussed in research question 2. This term was mentioned by one of the participants during a leadership interview where he described it as a partnership between community, business and

government, He further commented that he did not believe that shared value creation in fence-line communities could be successful if business were to approach it alone. This concept was applied later in the research to a construct in which all codes that related to this tri-partite or tri-role partnership were grouped. Shared value creation is thus posited (from the results) as requiring partnership between business, communities and government if it is to produce sustainable solutions. Within this social compact there needs to be “trust, inclusiveness and openness” to ensure that partners will work together towards the shared objective and shared value (Pera et al., 2016).

The concept of the anchor business and its very specific role in establishing the partnership and aligning actors in the organisation was voiced by two leaders during the interviews. Matinheikki et al. (2017), in their study on how to effect shared value creation, also referred to the concept of the focal organisation. They posited that the focal organisation will need to ensure that the various partners are aligned in relation to the goal of the intervention and the approach to be followed. The focal organisation is usually the one that possesses the resources (finances, skills etc.) and strong social networks (Matinheikki et al., 2017). In addition, the participants indicated that shared value outcomes need to be aligned with the company’s strategic objectives and that structures and systems should be in place to support the approach. Moreover, the results of the approach should be measured as the overall outcomes of the business strategy.

The need for **strategic alignment** and **measurement of outcomes** was discussed by Mühlbacher and Böbel (2018) as two of the five organisational conditions required for executing shared value creation successfully. This supports the view of the current research. Wójcik (2016) states that continuous engagement and collaboration with stakeholders is required as business reviews and refreshes its strategies. The use of the Impartial Spectator Test (IST) was proposed as method for assessing the organisational alignment and measuring outcomes. This test is complemented by the current research in that it supports the view of participants that organisations should enlist both leadership and employees in assessing the organisation’s approach to shared value creation. Participants also indicated that

the inclusion of other stakeholders may be beneficial to enable their alignment to the approach taken by the organisation (Szmigin & Rutherford, 2013).

It should be noted that participants articulated the need to learn from mistakes and to get feedback from the results measured. This continuous feedback and learning in multi-stakeholder partnerships was supported by Clarke and MacDonald (2019). The benefit of such feedback is that the execution body will be able to constantly improve their approach through ongoing learning and giving feedback to stakeholders will enable expectation management. The final model will therefore depict the required flow of **feedback** between the results measured, the stakeholders and the social compact.

During the research the construct of **patient investors** was identified. Participants remarked that shared value creation is aimed at ensuring that the business will survive into the future and that the approach will not only produce visible results in the short term, but will also create value and ensure sustainability over the long term. Thus, value creation, according to the participants in this research, does not necessarily imply increased profits. This theme of 'patient investments' could not be found in the literature reviewed on shared value creation and, in fact, Porter and Kramer (2006, 2011) proposed that shared value creation will result in increased profitability and a competitive advantage for the business. Shared value creation as a strategy may therefore require an alternative definition of value creation and, hence, also characterise the type of investor. Therefore, the theme **patient investors** is included in the final model.

On discussing the benefits of shared value creation, participants mentioned that the business model would bring about an increase in complexity in supply and value chain management. Including multiple businesses in the supply chain of the business would inadvertently lead to dismantling monopolies, which would save the business money. By contrast, employing this model would increase complexity in managing this chain. This benefit of reduced savings by dismantling monopolies is echoed by the literature with examples of businesses where it was realised (Dembek et al., 2016; Mühlbacher & Böbel, 2018). Additionally, the ability to manage supply and value chains of increased complexity was mentioned by Acquier et al. (2017) as

an important consideration when compiling policies and especially when members of the value chain has different strategic objectives and values. **Value chain management** was hence considered a key construct from the research.

The correct **leadership in partners** is required within the ecosystem in order to enable an environment of collaboration and co-creation (Pera et al., 2016). Interview participants voiced similar sentiments, as is clear from the construct of leadership that transpired from analysis of the results. The critical role of leadership is echoed in the work by Tantalo and Priem (2016), who found that organisations wish to realise synergistic value creation for multiple stakeholders. These authors furthermore supported the idea that stakeholder centric leadership would result in increased engagement and participation of stakeholders in the ecosystem, which in turn would increase a company's competitive advantage (Tantalo & Priem, 2016).

The consolidation of these constructs, together with the constructs from research questions 2 and 3, is shown in section 6.7.

6.7 Shared value implementation model

The constructs identified for research question 3, as well as the themes from research questions 1 and 2, were consolidated in the schematic representation of the shared value implementation model as is depicted in Figure 37 below.

Feedback links are shown between the measurement of outcomes and the execution body (stakeholders, social compact, investors). Feedback links are also depicted between the benefits and the context of the community, organisation and country. As indicated in the literature, **social capital** acts as a facilitator of positive social responsibility endeavours and, hence, the feedback link towards the start of the process (Hoi et al., 2018). These links are added to show the flow of communication and the flow of value resulting from shared value creation as follows:

- Measurement of results should inform the execution body, stakeholders and strategy regarding the success of the current approach.

- Benefits from the shared value creation should ultimately change the context of the organisation, community and country, and hence, spill over into a change in institutions and, ultimately, needs.
- Benefits from the shared value creations should have an effect on the execution body and stakeholders by enabling and empowering them. These benefits should be aligned with the overall focal objective of the ecosystem and the individual objectives of partners within the ecosystem.

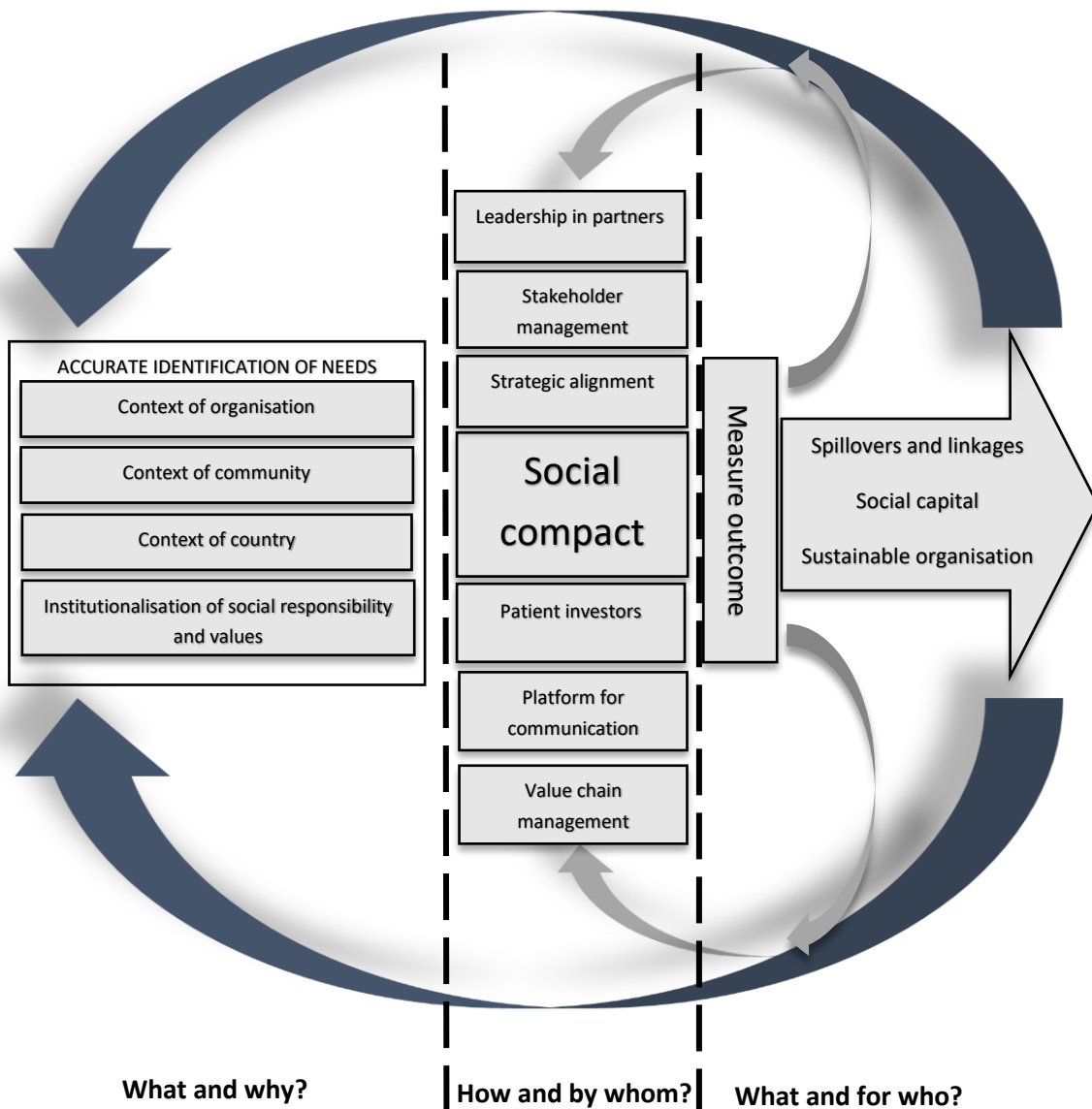


Figure 37: Schematic representation of consolidation of themes from all three research questions (grey = information, dark blue = value)

Chapter 7: Conclusion

This chapter highlights the main findings of the research and aims to present results as a cohesive set of findings. The chapter also indicates the limitations of the research, discusses the implications of the research for management and makes suggestions for future research to be conducted on the topic.

7.1 Principal findings

The principal findings will be relayed by discussing the model as presented at the end of Chapter 6. The model is repeated in Figure 38 below.

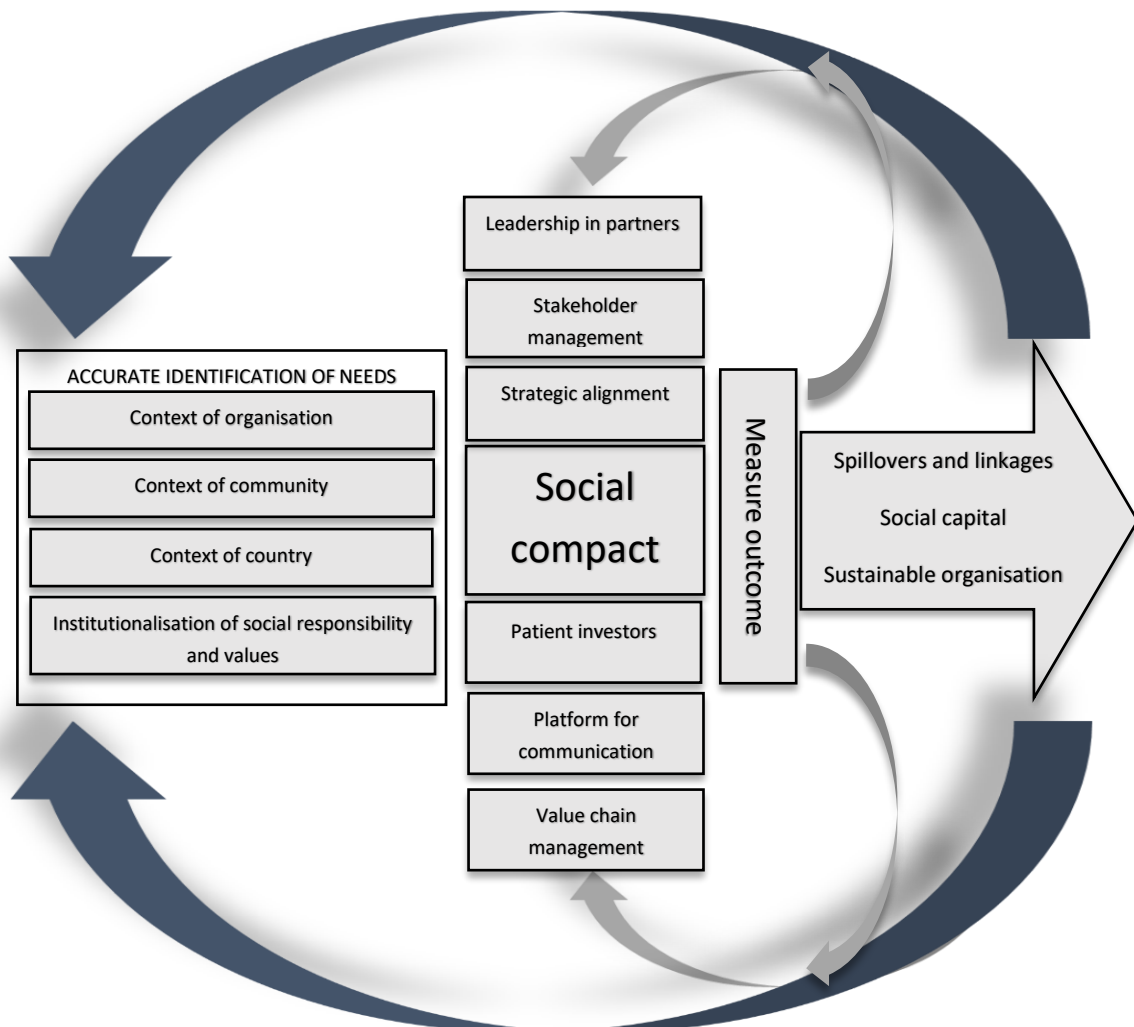


Figure 38: Schematic representation of consolidation of themes from all three research questions (grey = information, dark blue = value)

7.1.1 What needs should be addressed and why?

Society has definite expectations that businesses will play a role in the environments in which they operate. Such expectations emanate from stakeholders who are both external and internal to the company. Society's expectations and its needs are context dependent and the context is influenced not only by conditions in and around the organisation, but also by circumstances in the community and country. It was furthermore found that the state of institutions within the environment in which the organisation functions will influence the expectations that are harboured by the stakeholders. Where institutions have failed, society regards business as the entity that can make a difference and which has the means and resources in terms of skills and finances to improve conditions.

The idea of institutionalising social responsibility practices and expectations also came across in the research and literature review. It was clear that the expectation was deemed fair and just and was thus value based and in some instances coupled with being a moral obligation.

Ultimately, all the research questions identified the accurate assessment of needs to be addressed as a critical ingredient for successful shared value creation. It was proposed that this assessment be done through consultation and discussions with the stakeholders that would be affected by the intervention and that involving them in framing the issue should be addressed. It is hoped that this will result in shared accountability in ensuring the sustainability of interventions.

The context of the community, country and organisation, as well as the state of institutions, and even the values of stakeholders in the ecosystem, are fluid and emerging constructs that are affected by and change as value is created and feedback from the benefits attained flows through the ecosystem. The needs analysis and the planned approach for addressing these needs should thus be reconsidered periodically using environmental sensing and consultation based on the availability of a platform for communication.

7.1.2 How should shared value be effected and by whom?

The main conclusions regarding the approach to enable the successful creation of shared value are as follows:

Shared value creation requires the correct leadership qualities for facilitating interaction with the stakeholders in the ecosystem. These qualities include the ability to manage complex relationships and ensure alignment between various partners and the focal value proposition of the shared value endeavour. Tension is inherent in the relationship between business and society and, thus, a leadership approach that not only aligns the value creation endeavour and the needs but also accepts and acknowledges that business should create social benefit and business value, will unlock increased competitive advantage owing to stakeholder synergy in the business ecosystem.

A social compact consisting of partnerships between government, communities and business is required as a vehicle for effecting shared value creation. This compact will be home to a partnership with shared accountability among partners for the intervention and its management during the execution of the intervention, as well as sustaining the impact once the intervention has been concluded. Accordingly, the construct of inter-stakeholder shared accountability emerged as an important concept when the intent is to effect sustainable interventions.

In order to enable successful shared value creation initiatives, there also needs to be an effective platform for communication. The platform should serve as vehicle for feedback, consultation and inputs, expectation management, alignment between various stakeholders and assessment of needs. Some literary sources describes this communication platform as a vehicle for co-creation and state that enabling effective communication and dialogue will require a relationship of trust, inclusiveness and openness between the various stakeholders (Pera et al., 2016).

Owing to the increased number of participants in the market and supply chain, it is envisioned that value chain management will become a critical capability in the success of the approach. This value chain management will entail the adaptation of policies and practices to ensure inclusiveness and to prevent increased transactional

costs as a result of a misalignment of objectives between the various parties within the value chain (Acquier et al., 2017).

It was identified that it is important that the shared value objective(s) be aligned with the overall strategy of the anchor organisation and that of the relevant stakeholders. In the anchor organisation, strategic alignment should translate into structures, policies and processes that support and reinforce the approach (Porter & Kramer, 2006). Furthermore, the outcomes of the intervention must be measured as performance indicators. This alignment in the focal value proposition will also assist in eradicating possible increased transactional costs between the various entities in the value chain. The measurement of results was identified as important in that it should serve the purpose of feedback to the relevant stakeholders and partners in terms of progress against plan and intentions. Importantly, there is a need to measure and learn from actions taken in order to ensure success not only today but also in the future through continuous learning, since success is not considered to be static.

Lastly, the research identified the need for patient investors to enable the shared value creation approach. The sentiment was that return on investment will come but not in the short term and that shared value creation is meant to ensure a sustainable business in the future. A new approach to the evaluation of return on investment and the identification of possible investors would therefore need to be considered going forward.

7.1.3 What are the benefits of shared value creation and who benefits?

The benefits of shared value creation are indicated in the model as spillovers and linkages, sustainable business and social capital.

Spillovers and linkages refer to the consideration of a net positive, ecosystem-wide impact through shared value creation, as well as value creation that ultimately reduces dependency on the anchor organisation and aims to change the context of the community, business and country for the better. This does not just involve spillovers and linkages in terms of profit or turnover, but also in terms of improved

values and the overall societal mindset. The benefits of shared value creation should eventually transcend the boundaries of the ecosystem and contribute to an environment that sustains healthy businesses and society. The goal of shared value is, as stated by a participant in the research, to create value now and in the future.

Social capital is defined as “the advantages created by actual and potential resources embedded in social relationships among actors” (Cots, 2011). The social capital benefit also contains the element of reciprocal stakeholder behaviour. Essentially, successful shared value creation will result in enhanced relationships which will unlock resources and eventually enhance value creation for the ecosystem. The reciprocal nature of the relationships will enhance inter-stakeholder accountability and cultivate ambassadors of the anchor organisation within the ecosystem.

The way in which the benefits will be capitalised requires continuous evaluation of the results and their alignment to the overall focal value proposition envisaged by the stakeholders and the social compact.

Essentially, the benefits of shared value creation should lead to and enable the continuous growth of the proverbial benefit ‘pie’ which implies a total net positive effect within the ecosystem.

7.2 Implications for management

Stakeholder identification and communication and, in fact, overall stakeholder management needs to be approached from a context and outcome conscious position. Significant competitive advantage is to be found in unlocking synergies between the objectives and resources of multiple stakeholders within an ecosystem. It is furthermore imperative to ensure inter-stakeholder accountability for the shared value creation endeavours and management should consider this in approaching stakeholder relationship management.

Society expects business to improve the environment in which it operates. Whilst the expectation is context dependent, it is ever present and there are signs of it intensifying. It should therefore be considered when devising business ideas and business models.

Implementing shared value creation effectively in an organisation will require alignment of structures, processes, policies and performance measurement to ensure that the approach is institutionalised at all levels of the organisation (Bice, 2017; Hoi et al., 2018; Porter & Kramer, 2006).

The values and culture in an organisation set the tone for the approach to all business ventures. Alignment of the organisation's values and strategic objectives is key in enabling successful execution of the strategy. Management should be cognisant of the fact that shared value creation is more often than not an institutionalised expectation and sense of obligation that is harboured by employees and leadership in the organisation. In addition, the level of institutionalisation is dependent on the context of the organisation, the community within which it operates and the country in which it is located.

The outcome of shared value creation is both tangible and intangible. Intangible results are difficult to measure but are critical to the sustainability of the competitive advantage of an organisation. Cultivating the correct leadership qualities in one's organisation is key to harnessing and directing the intangible benefits such as social capital and enhanced reputation.

7.3 Limitations of research

The limitations of the research are as follows:

- The research was conducted in one geographical location and in one business only. Conducting research over numerous ecosystems would give increased clarity of the contextual nature of the approach to shared value creation and the elements that have an impact on its perceived success.
- The research was conducted at one point in time. As mentioned, numerous conditions within the community, organisation and country can affect the outcome of the research. Whilst the context of these environments was briefly described in the preceding sections, research on the impact of various

interventions and circumstances over time would add understanding to the model which would increase its likelihood of being a sustainable approach to shared value creation.

- The researcher endeavoured to familiarise herself with the concepts in the literature and the process of research and thematic analysis to the best of her ability in the time provided. She is not, however, considered a specialist in the field of study and research and this in itself may be regarded as a limitation to the research presented.
- The researcher is an employee of the organisation within which the research was conducted. This could have influenced responses by participants, as well as the objectivity with which the researcher evaluated and presented the findings.

7.4 Future research

Future research could consider a longitudinal research approach to provide for the impact of situations and scenarios that may be present in the company, the community and the country. It would be of specific interest to study how successful shared value creation manifests in terms of the overall health of the ecosystem over time.

It is furthermore proposed that future research should attempt to interview participants across various organisations, as well as in local government in the same community. This could provide better insight on the elements that contribute to or detract from the collaboration of multiple stakeholders and the approach to be taken to align various partners to a focal shared value creation proposition. Specifically, understanding the means to establish inter-stakeholder accountability would be of great importance in understanding the approach to stakeholder management in an attempt to effect sustainable interventions.

The concept of patient investment as an enabler for shared value creation differs from the initial proposition, as put forward, for defining the concept of shared value creation (Porter & Kramer, 2011). The role of patient investment and its contribution

to the sustainable success of social responsibility interventions should be investigated.

Leaders and the role of leadership within the various ecosystem partners and the social compact was mentioned as a key capacity for enacting shared value creation successfully. The understanding of the leadership qualities that will thrive in this approach and enable increased value creation should be investigated to improve understanding.

7.5 Conclusion

Business in South Africa is faced with significant challenges in the environment within which it operates. These challenges needs to be addressed successfully to enable a sustainable business within a very competitive setting. Society is but one of the important stakeholders within the business ecosystem that needs to be considered and managed. Society expects business to exert a positive impact in the environments in which it operates and, whilst the expectation is context dependent, it is ever present and considered an ethical and moral obligation. It is proposed that this social responsibility be approached by considering the elements depicted in the model of shared value creation and as discussed in this research report. The approach followed should consider context and in choosing the intervention, there should be consideration of the institutionalisation of the concept in the operating environment as well as an effort to establish needs through engagement with the eventual recipients of the shared value. Furthermore, the shared value creation approach should be aligned with the overall strategic objectives of the anchor organisation. Accordingly, it will be the role of the leadership in this system to ensure that this overarching focal value proposition is aligned to the stakeholders within the ecosystem. If business approaches this shared value creation by considering all stakeholders and in partnership with community and government, business should be able to secure a sustainable competitive advantage through the simultaneous creation of value for society and itself.

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Appendices

Appendix 1: Focus group consent form and questionnaire

I am conducting research on the means to create shared value in society. Shared value implies a scenario where both business and society benefits. Through the research I am trying to gain a better understanding of employee expectations regarding the role of the organisation in its fence line communities and whether this influence by the organisation is regarded as positive. **Your participation is voluntary and you can withdraw at any time without penalty.** Of course, all data will be reported anonymously. By completing this form, you give consent to the researcher to include this interview in her study.

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

Researcher: Ronel Kotze
Email: 98152671@mygibs.co.za
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Phone: +27 11 771 4000

Signature of Participant: _____

Date: _____

Signature of Researcher: _____

Date: _____

General questions to be completed by all participants. Please add your answers or mark with a cross if applicable.

Ethnicity	Black	White	Coloured	Indian	Other		
Age		Gender	M	F	Years of service		
Qualification	Pre-Grade 12	Grade 12	Diploma	BTech / Degree			
Time to travel to work	Less than 30 min	1 to 1.5 hours	Where do you live?				
Language	Afrikaans	English	Sotho	Tswana	Zulu	Xhosa	Other
Do you believe business should improve conditions in the community?				Yes	No		
Where do you live?							
Could you please describe the conditions where you live? Please consider service delivery, safety, conditions of roads, transport, access to schools, access to shops, amount of service interruptions, protests etc.							

What ideas do you have for shared value creation?

1.	
2.	
3.	

Group Interview Questions – will not be handed out

Research question 1: *Does society expect organisations to contribute to improving conditions within their fence-line communities and why?*

Questions to group:

1. Do you expect your organisation or any other organisation in the area to contribute to their fence-line communities and why?
2. Would you consider the organisation to be doing its duty if it were to improve conditions within its fence-line communities?
3. Do you believe the community expects this or only the company employees?
4. Do you think the community expects this from the municipality or from your organisation?
5. Do you also expect companies in other areas to do the same?
6. Do you believe that a win-win scenario exists for both business and its fence-line communities?
7. Do you believe that the community and the business see each other as partners?
8. Has the expectation shifted?

Research question 2: *How does society perceive its organisations' contribution to their fence-line communities and why?*

Questions to group:

1. Have the conditions in your community had an impact on you up to now? How?
2. Do you believe your organisation currently improves conditions in its fence-line communities?
3. Do you believe your organisation has a choice in intervening in conditions in fence-line communities? Why?
4. Do you believe your organisation's intervention can be deemed to be shared value? Why?
5. What benefit is there for your organisation to improve conditions in its fence-line communities?
6. How would you go about measuring the success of your organisation's interventions?

7. Do you believe that the organisation should focus mainly on the conditions of its fence-line communities or should it intervene beyond this?

Research question 3: *How should organisations respond to this expectation?*

Questions to group:

1. How do you think your organisation should identify their most important partners?
2. Have you ever been asked to voice your expectation regarding your organisation's work in fence-line communities?
3. How should the organisation go about establishing the needs to be addressed?
4. What is currently going wrong with interventions? How should a business measure the outcome of its interventions?
5. How should the organisation approach its intended interventions?

Appendix 2: Leadership questionnaire and consent

I am conducting research on the means to create shared value in society. Shared value implies a scenario where both business and society benefits. Through the research I am trying to gain a better understanding of employee expectations regarding the role of the organisation in its fence line communities and whether this influence by the organisation is regarded as positive. I am furthermore approaching leadership to gain understanding of what this response from business could look like. **Your participation is voluntary and you can withdraw at any time without penalty.** Of course, all data will be reported anonymously. By completing this form, you give consent to the researcher to include this interview in her study.

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

Researcher: Ronel Kotze
Email: 98152671@mygibs.co.za
Phone: +27 83 676 7299

Research Supervisor: Karl Hofmeyr
Email: hofmeyrk@gibs.co.za
Phone: +27 11 771 4000

Signature of Participant: _____

Date: _____

Signature of Researcher: _____

Date: _____

General questions that will be filled in by all participants. Please mark your answers with a cross.

Name					Gender	Male	Female
Ethnicity	Black	White	Coloured	Indian	Other		
Age				Years of service			
Qualification							
Time to travel to work	Less than 30 minutes		Between 1 to 1.5 hours		More than 1.5 hours		
Language	Afrikaans	English	Sotho	Tswana	Zulu	Xhosa	Other
Where do you live?							

Leadership Interview Questions

Research question 1: Does society expect organisations to contribute to improving conditions within their fence-line communities and why?

Questions to leader:

1. Do you expect your organisation or any other organisation in the area to contribute to their fence-line communities and why?
2. Would you consider the organisation to be doing its duty if it were to improve conditions in its fence-line communities?

3. Do you believe the community expects this or only the company employees?
4. Do you think the community expects this from the municipality or from your organisation?
5. Do you also expect companies in other areas to do the same?
6. Do you believe that a win-win scenario exists for both business and its fence-line communities?
7. Do you believe that the community and business see each other as partners?
8. Has the expectation shifted?

Research question 2: How does society perceive its organisations' contribution to their fence-line communities?

Questions to leader:

1. Do the conditions in the fence-line community affect your employees?
2. Do you believe your organisation currently improves conditions in its fence-line communities?
3. Do you believe the company's interventions make it more competitive?
4. When would you consider an organisation's intervention to be deemed to be shared value? Why?
5. What benefit is there for your organisation to improve conditions in its fence-line communities?
6. How would you go about measuring the success of your organisation's interventions?
7. Do you believe that the organisation should focus mainly on conditions in its fence-line communities or should it intervene beyond this?

Research question 3: How should organisations respond to this expectation?

Questions to leader:

1. How do you think your organisation should identify its most important partners?
2. How should the organisation go about establishing the needs to be addressed?
3. What is currently going wrong with interventions? How should a business measure the outcome of their interventions?
4. How should the organisation approach its intended interventions?
5. Do you believe that improving conditions in fence-line communities provides the organisation with a competitive advantage? How?

Appendix 3: Consent from organisation to conduct research



Attention: Gordon Institute of Business Science
Email: admissions@gibs.co.za; info@gibs.co.za

27 June 2019

Re: To whom it may concern

Dear Sir/Madam

Subject: **The role of the organisations in fence line communities**

The candidate is hereby granted approval to conduct a study through interviews in Secunda Synfuels Operations (a wholly owned facility of Sasol South Africa limited) towards her completion of her Masters in Business Administration (MBA) with the Gordon Institute of Business Science (GIBS). Permission is granted to the candidate to conduct formal interviews between July and October 2019.

In the study, she will also make use of publicly available information regarding some organisational initiatives.

She will not disclose the name(s) of the company or of individuals interviewed in her final report.

I therefore recommend that the study be approved and the research candidate be afforded the opportunity to pursue her study. Her study is being supervised by Professor Karl Hofmeyr and the student is Ms. Ronel Kotze (Hester) with student number 98152671.

Yours sincerely


* Jacques Gouws *
2019-06-27 17:08:23 +02:00
Mr Jacques Gouws

Vice President Human Resources
Secunda Synfuels Operations

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Directors: MSV Gantsho (Chairman) SR Cornell (Joint President & Chief Executive Officer) (American) B Nqwababa (Joint President & Chief Executive Officer) C Beggs MJ Cuambe (Mozambican) MBN Dube M Fioel (German) GMB Kennealy NNA Matyumza ZM Mkhize MJN Njike MEK Nkeli SA Nkosi PJ Robertson (British and American) P Victor (Chief Financial Officer) S Westwell (British)

Company Secretary: VD Kahla

Appendix 4: Ethical clearance

**Gordon
Institute
of Business
Science**
University
of Pretoria

10 July 2019

Kotze Ronel Hester

Dear Hester

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee

Appendix 5: Consistency matrix

TITLE: Effecting successful shared value creation: The role of organisations in fence-line communities

QUESTIONS	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
<p>Research question 1</p> <p>Does society expect organisations to contribute to improved conditions within its fence line communities and why?</p>	<p>(Safwat, 2015)(Bice, 2017)(Visser & Kymal, 2015)(Jamali & Karam, 2018)(Voltan et al., 2017)(Su et al., 2016) (Porter & Kramer, 2006)(Matinheikki et al., 2017)(Banerjee & Jackson, 2017)(Høvring, 2017a)(Hoi et al., 2018)</p>	<p>Focus group and leadership questionnaire: questions 1–8</p>	<p>Thematic analysis</p>
<p>Research question 2</p> <p>How does society perceive its organisations' contribution to their fence-line communities and why?</p>	<p>(Adner, 2017)(Hillebrand et al., 2015)(Matinheikki et al., 2017)(Tate & Bals, 2018)(Szmigin & Rutherford, 2013)(Pera et al., 2016)(Hahn, 2015)(Hoi et al., 2018)</p>	<p>Focus group and leadership questionnaire: questions 1–7</p>	<p>Thematic analysis</p>
<p>Research question 3</p> <p>How should organisations and leadership respond to this expectation?</p>	<p>(Mühlbacher & Böbel, 2018)(Dembek et al., 2016)(Matinheikki et al., 2017)(Høvring, 2017b) (Pera et al., 2016)(Hoi et al., 2018)(Tantalo & Priem, 2016)</p>	<p>Focus group and leadership questionnaire: questions 1–5</p>	<p>Thematic analysis</p>

Appendix 6: Tables for code groups and constructs developed for research questions

Table 12: Grouping of codes under main constructs for research question 1

Partnerships, stakeholders and expectation management	Access to information	Context of community and country	Impact of organisation	Leadership within partners	Meaningful, visible and sustainable contribution	Resources of organisation	Sustainability of organisation	Values of organisation
Education/understanding not balanced	Expectation has always been there, but now more prominent	Community is hopeless	Boundary of shared value is where impact is	Lack of leadership in community and business	Employment is not enough	Company has means – profit	Company must make profit	Company must live values outside its fence
Competition between business and community	Expectation is growing and is long overdue	Community needs a lot	Business causes health issues in long run	Business are the true leaders of society	Expectation is that business empower communities where it operates	Company has means – skills	Company should sustain itself	Company must show that they care
Tension between business and community	There is a definite expectation from community of business	Context of country leads to demand by community	Community is impacted and not just employees		Company must make meaningful contribution	Expectation is linked to success of company	Company should sustain itself	Company values should be visible in their role in fence line
Business concerned with profit	Expectation due to information available	Corruption in local government leads to expectation	Company attract new people to community		Companies must have positive impact to get license to operate	Expectation linked to being biggest organisation in area	Business itself sustains the community	Company values should be reflected by conditions in communities
Business is successful but not communities in which it operates	Expectation grew due to media	Corruption in local government leads to expectation	Employees are members of the community		Community expects to see a visible impact	Business can demand better service from municipality	CSR is deemed a legal obligation	Company mission statement should speak to contribution to fence line areas
Business is ultimately about profit	Expectation more pronounced due to information	Expectation is for basic needs	Expectation is of all businesses in area		Expectation is for more than just jobs	Business has skills to run municipality	Consider business now and in future	Expect discretionary actions from company
Cannot be win-win	Increased pressure on business due to information that is available	Expectation is context and situation dependent	Automation upsets the community		First world has expectation of ethical business	Expectation is dependent on size of company	Company doesn't have choice	Expectation exists because it is the right thing to do
Company is not in partnership with community		Expectation is context dependent	Expectation is from all businesses in area		Expectation in third world is for basic needs	The company should give according to profit	If business doesn't give back it will not be sustainable	Duty and care as a responsible operator
Company should give back		Expectation is dependent on socio-economic conditions	When there is a project, the community must benefit		Expectation is not just for profit sharing	Business leaders know how to deploy resources to create value	Consumerism is changing and business needs to be ready	Shared value is required as an answer to a moral question
Employees are biased towards the company		Current community structures don't work	Expectation from employees and community		Measure success through survey	Context of business will dictate expectation	Company cannot excel without community	Care from company
Business is one with community		Failed government creates expectation	Expectation is linked to impact		Community expects share in profit	Expectation linked to profit	Business gets a license to operate from community	
Community offers service to company		Expectation is greater away from cities because community was established due to the business	Impact from company on roads leads to expectation			Expectation due to nature of relationship business and government	Business needs next generation as labour	
Give and take relationship between community and company		Expectation is linked to reason why community is there	Company has impact on area and hence needs to contribute			Expectation relative to size of company	Talent of today wants meaning and positive impact	
Company and community must be in mutual beneficial relationship		Expectation is because the town exists because of company	Business should intervene where impact largest			Business has expertise that they can share	Company doesn't have a choice	
Business exploits community and environment		Expectation due to Ubuntu	Business should intervene where it has an impact			Company has the means to intervene on behalf of the community		
Community serves company and buys and sells product		Expectation is context dependent	Expectation due to impact			Size and presence of company creates expectation		
Mutual relationship has not worked to date		Individual mindset of expectation	Expectation due to impact on environment			Skills shortage in local government		
Forums against business in community		Expectation is context dependent	Expectation linked to impact					
Partnership only if both parties are successful		Expectation exists because no longer confidence in government	Shared value is expected because of impact of business					
Employees represent the company in the community		Expectation from both government and community	Employees loses family time due to work					
Employees have different roles in the community		Expectation is changing towards business	Shared value should be linked to impact					
Expectation because community does work for company		Expectation is due to entitlement	Shared value should start at home					
Company makes use of natural resources		Expectation is due to failed state	Company trucks impact on roads leads to expectation					
Resources are used by company		Expectation is due to country history	Company impacts community with noise and products					
Forums in local communities will rise against business		Expectation linked to entitlement	Business is exploiting natural resources					
Company will never satisfy everyone, hence identify stakeholders		Expectation because town exists because of company	Definite expectation in community from business					
Expectation is not currently being managed well		Impact is more pronounced in town setting						
Expectations differ between partners		Expectation since town is here due to company						
Poor understanding of roles of stakeholders		Youth is looking for meaning						
Business should know the threshold to measure amount of giving		Expectation is moving from government to business						
Expectation because it is part of social responsibility		Reliance of community on company						
		Expectation because of Ubuntu						
		Communities are desperate						
		Community feels disenfranchised						
		Failed local government						

Table 13: Grouping of codes under main constructs for research question 2: Benefits to business for contributing to improved community conditions

Ambassadors of business	Improved employee engagement	Improved relationship with authorities	Improved reputation	Increased profitability	Partnership with community	Sustainable business
Community as ambassadors due to company intervention	Improved conditions will result in focused employees	Interventions will improve standing with authorities	Improved reputation through company interventions	Improved conditions will lead to increased profits for company	Reciprocal relationship between community and business	Community is a feed of labour
Community will protect company	Improved conditions will result in happy employees		Customers prefer company with positive impact	Employees are tired when they come to work	Interventions require and instill shared accountability	Company will attract talent through interventions
Improved conditions will lead to proud employees	Improved conditions will lead to long term commitment		Interventions will increase brand equity	Stable community enables focus on core business	Community will take ownership of business	Improved conditions will improve service to company
Improved conditions will touch hearts and minds of community	Improved conditions will lead to loyal employees		Avoid negative press	Interventions will enable growth of market		Company will retain talent through interventions
	Improved conditions will lead to proud employees		Willingness to be associated with company	Interventions will be positive marketing for company		Company will fail if it does not improve community conditions
	Improved conditions will lead to improved safety at work			Healthy community will destroy monopolies and save money		Interventions will result in improved suppliers and buyers
	Improved conditions will reduce absenteeism			Interventions will increase productivity		Lower unemployment will result in stable society
	Improved conditions will lead to improved productivity			Stable community enables stable operations		Prospective employees consider community conditions
	Discretionary effort will improve employee engagement					Community infrastructure don't support growth
	Improved employee mindset through interventions					Attraction of talent will change in growing economy
	Improved conditions will improve employee morale					Improved conditions will improve access to talent
						Interventions required to have license to operate
						Availability of recreational facilities will lead to stable society
						Improved community will ensure sustainable business
						Business model need to change to create value for future
						Create fertile environment in which business thrive
						Stability of environment through interventions
						Community give business license to operate
						Companies do not have a choice to intervene
						Community unrest will prevail if company does not intervene

Table 14: Constructs and codes for research question 2: Means to ensure success of interventions

Theme	Construct	Codes															
Means to ensure and measure success	Accurate understanding of needs	Service delivery interruptions - electricity	Lack of housing in area	Salary should be linked to cost of living in area	Salary does not enable betterment of lives	Employees works extreme working hours	Unreliable transport affects employees	Company should make unused land available	Crime prevalent due to boredom of community members	Employees are not safe when coming to work	Poor conditions hamper studying of children	Poor service delivery prevents performing of household tasks	Poor road conditions affect employees	Employees view travel time to work as working hours	Unemployment is hurdle between good relationship	Poor road conditions leads to productivity impact	Must meet correct needs to be successful
	Partnerships between business and community	Distrust between business and community	Distrust between business and employees	Poor partnership between community and government	Poor relationship between community and company	Community has anger against thriving business	Community and business not currently partners	All partners should play their respective roles	Success measured by depth of stakeholder involvement	Reciprocal relationship between community and business	Interventions require and instill shared accountability	Community will take ownership of business	Partnership requires balanced capabilities	Power imbalance between community and business	Use business reputation to progress interventions	Benefit from relationship with employees	
	Establish and maintain platform for communication	Community needs to be heard by company	Company logo is visible in community	Company vehicles are visible in community	Measure success through feedback from community and employees	Solicit feedback from customers	Be cognisant of language used in communication	Empower the community with information	Company should be aware of community conditions	Community unrest is attempt to get fairness	Consider frequency of interactions						
	Discretionary interventions	Company can choose to conduct discretionary effort															
	Intervention should be context conscious	Disparate conditions between communities	Sponsorships should appeal to community	All geographies have challenges													
	Contribution linked to impact	Company should focus on country and fence line	Focus of business should be local	Boundary of intervention depends on desired outcome	Interventions should match profit of company	Company should intervene at fence line first	Company should intervene where impact	Company attracts people to area									
	Stakeholder and expectation management	Business cannot satisfy all the needs	Youth should be considered as stakeholder	Measure leading and lagging indicators to determine success	Youth has energy and time to organise and stabilise	Perceived differences between leaders and employees	Perception that company only intervenes where they benefit	Perception that company creates problems in community	Interventions should not only be for compliance	Deliver on promises to be successful	Value creation is not equally shared between parties						
	Incubation and growth of local business	Success measured by money spent in community	Success measured by businesses established locally	Success measured by businesses that transcend boundary	Success measured by growth of business from small to large	Success measured by inter-business transactions in community											
	Skills development	Skills that return to company measure of success	Skills development measure of success														
	Sustainable interventions	Success measured by sustainability of interventions	Intervention should not only be about profit sharing	Success when community becomes shareholders	Success if intervention have spillovers into other environments	Measure success through school attendance	Success if intervention have spillovers into other environments										
	Ecosystem wide impact	Success should be measured across total ecosystem															
	Intervention should be linked to profit	Larger companies have the means to make impact															
	Employer employee relationship	There should be trust between employee and employer	Benefit from relationship with employees														
Leadership of all partners	Leadership should be aware of concerns in community	Leadership approach and mindset is crucial															

Table 15: Constructs and codes for research question 3: Part 1

Construct	Code	Construct	Code	
Accurate identification of needs	Business loans to community	Social compact	Agreement between government and company	
	Do research to determine need		Company can assist municipality with skills	
	Consult employees to determine needs		Balanced investments by company	
	Ensure community can relate to sponsorships		Beneficial partnership where community benefits	
	Establish needs by engaging with community		Coalition with government	
	Financial contribution to municipality		Collaboration between companies and government	
	Consult local government to identify needs		Community not willing to volunteer	
	Consult national development plant to identify needs		Company cannot solve all impacts/issues	
	Establish entrepreneurial business environment		Different strategies from different subsidiaries	
	Identify needs through feet on the ground		Direct the effort where the need is	
	Address basic needs		Distrust between business and community	
	Interventions should yield happy families		Distrust between employees and employer	
	Investments should not just be in infrastructure		Education level of community	
	Consider Maslow hierarchy with interventions		Focused approach to shared value to maximise impact	
	Identify the correct needs		Imbalance around needs	
	Address basic needs		Channel partnership through employees	
	Create local employment		Imbalance in relationship	
	Interventions to prevent idle minds in community		Imbalance in benefits from interventions	
	Provide bursaries		Align with all on roles and responsibilities	
	Employ locals		Achor business must play a lead role	
	Involve health department		Collaborative planning	
	Infrastructure development is the main need		Understand needs in partnership	
	Provide recreational facilities		Government has a role to play	
	Address safety and security concerns		Government must consider needs	
	Provide loans for education to community		Create a social compact	
	Match the initiative to the need		Relationship between community and parties	
	Understanding of needs		Business has resources to initiate	
	Invest in elderly		Partnership brings higher impact	
	Context of operating environment		Can community relate to sponsorship	Partnerships in ecosystem
			Community conditions influences attraction of talent	Principles to be agreed to between partners
			Growth of company vs. growth in community	Alignment between partners
			Disparity between communities	Business should take the lead
			Focus on youth with interventions	Clarification of roles in partnership
Produce new products from waste		Credibility and trust required for success		
Start a recycling company		Education of partners		
Intervene where business impact is largest		Focused approach to shared value to maximise impact		
Community is struggling whilst business thrive		Formalise roles and responsibilities with partnes		
Disparity due to history		Large organisation needs to play anchor role		
Unemployment is barrier to relationship		Partnership between business and community		
Anger in community		Partnership with employees		
Business to move away from products for elites		Anchor business role		
Ethical business can be considered contribution		Shared accountability between parties		
Address behaviors as part of shared value		Transparency of plans from government		
Challenges exist in all geographies		Willingness of businesses to work together		
Mindshift of community one of entitlement		Partnership between business and government		
Address the mindset of the community		Leaders in business must respect community		
Consider culture in designing of intervention		Choose the correct partners		
		Influence local government		
		Community to meet business halfway		
		Start-ups will struggle with shared value		

Table 16: Constructs and codes for research question 3: Part 2

Construct	Code	Construct	Code	
Objectives and measurement thereof	Have clear targets on what the interventions should improve	Spillovers and linkages	Company loses out on talent by not allowing development outside of core	
	Investment in community should be sustainable in the long term		Contribute where it can have spillovers and linkages for company	
	Illustrate continuous intent		Develop outside industry to reduce reliance on work from company	
	Show outcome in short to medium term to gain credibility		Develop skills outside of core to fuel shared value	
	Conduct root cause analysis to ensure continuous learning		Developing opportunities for the non A students	
	Interventions should be sustainable		Ecosystem perspective - circular economy	
	Monitor and communicate progress		Local business to spill to outside of ecosystem	
	Measure results for both society and business		Create entrepreneurs	
	Legislate shared value to get success		Create specialised skills locally	
	Understanding the process of measurement		Empower the community	
Stakeholder management	Management of initiative by business	Strategic alignment	Empower employees about business	
	Communicate clear milestones and targets		Create platform for community to do business with organisation	
	Communicate through newspapers		Provide development opportunities in non related industry	
	Establish communication forums in community		Provide skills and empower community	
	Communication plan should be fit for purpose		To be sustainable business must give back	
	Culture of transparent communication and trust		Shared value must be part of business idea	
	Ensure message reaches right people		Address root cause of need and not symptom	
	Establish fair amount to give back beforehand		Establish structures and processes to support intervention	
	Agree on outcomes beforehand		Strategic framework to be rolled out with partners	
	Partnerships where communication good		Consider community in business idea	
	Communicate intent where not visible	Structures needed for shared value partnerships		
	Capitalise on reputation	Consider budgeting		
	Communication via internet	Choose location that matches your product		
	Provide means for people to give inputs	Consider the macro environment		
	Provide platform for ideas and interaction	Link business idea to country need		
	Solicit feedback to enable growth	Organisational structure should be aligned with intent		
	Communicate through ambassadors	Include deliverables in KPI's		
	Use technology for communication	Should be part of core strategy		
	Verbal discussions provide better insight	Link shared value to core offering		
	Ensure communication reaches target audience	Understand how to measure benefits		
	Build relationships if focus on right needs	Consider unintended results		
	Employees as consumers and service providers	Business requires a sustainability approach		
	Consider all stakeholders	Core product should serve society		
	Education of partners	Business objective should be aligned with shared value		
	Build relationships if focus on right needs	Link intervention to core business		
	Alignment on expectations	Skills development for future needs		
	Engagement with employees as community members	Ensure intervention is linked to strategy		
	Involve correct stakeholders	Structures required for success		
	Involve total ecosystem	Value chain management	Management of complex supply chain	
	Identify correct stakeholders		Involve total supply chain	
	Youth has most energy and time to disrupt		Value chain alignment critical	
	Education of the community	Patient investment	Shared value is a long term objective	
	Lack of credibility is a barrier		Patient investors required for shared value initiatives	
	Educate employees about business		Shared value will not result in quick returns	
	Enable employees to have business mindset		Success will be in the long term	
	Make total community part of business	Leadership	Poor leadership in society	
	Local government as stakeholder		There is a ladder of development towards shared value	
	Implement clear battery limits		Leadership within partners critical	
	Ensure expectations are well understood		Maturity of relationship	
	Involve community in interventions		Shared value and compliance	
	Consult and ensure consensus		Leadership approach critical for success	
	Manage relationship with community			