Gordon Institute of Business Science
University of Pretoria

Sustainable business model innovation in incumbent food and beverage companies

Wendy Maroga-Nyashe

19385138

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Abstract

There is increasing pressure on companies in the food and beverage industry to innovate their business models towards sustainability. These companies are being driven by both internal and external factors to transition from traditional business models to more sustainable business models (SBMs). This study aimed to gain new insights into the phenomenon and to thus contribute towards the emergent literature relating to sustainable business model innovation (SBMI) in incumbent companies.

As incumbent companies transition towards SBMs, they are faced with various internal and external factors that either hinder or aid their SBMI journey. Gaining an understanding of the challenges and enablers of SBMI implementation can provide tools to managers responsible for SBMI within their respective companies to pro-actively mitigate challenges and identify enablers in the SBMI journey. Furthermore, understanding the value propositions and the value created, delivered and captured in the SBMI process can provide further motivation for incumbent companies to engage in the process.

This study followed a qualitative, exploratory research method in order to refine and extend current theory on the research topic. Data was gathered from 16 semi-structured interviews that were conducted with senior managers in incumbent companies. The senior managers were selected based on their expertise and experience in SBMI within their respective companies. Participants were separated into three groups based on their functional expertise in order to allow for comparison across the participant groups.

The study culminated in a conceptual framework aimed at providing an understanding of how companies transition to more SBMs in practice. The outcomes of this study contribute to emergent SBMI literature.

Keywords

Sustainable business model innovation, drivers, challenges, enablers, sustainable value creation

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.

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Wendy Maroga-Nyashe (19385138)

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List of Acronyms and Abbreviations

B-BBEE	Broad-based Black Economic Empowerment
BCG	Boston Consulting Group
BMI	business model innovation
BSDC	Business Sustainable Development Commission
BUSA	Business Unity South Africa
CapEx	capital expenditure
CEO	chief executive officer
CGCSA	Consumer Goods Council of South Africa
Covid-19	Corona Virus Disease 2019
CSI	corporate social investment
CSIR	Council for Scientific and Industrial Research
CSR	corporate social responsibility
EPR	Extended Producer Responsibility
ESG	Environmental, Social and Governance (investing)
Exco	executive committee
GIBS	Gordon Institute of Business Science
GRI	Global Reporting Initiative
IMF	International Monetary Fund
JSE	Johannesburg Stock Exchange
KPIs	key performance indicators
LSM	Living Standards Measure
NGO	non-governmental organisation
P&L	profit and loss statement
SASSI	South African Sustainable Seafood Initiative
SBM	sustainable business model
SBMI	sustainable business model innovation

SDGs	Sustainable Development Goals
SMEs	small and medium-sized enterprises
SVP	sustainable value proposition
SWPN	Strategic Water Partners Network
WWF	World Wide Fund for Nature

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Background to the research problem

It has become imperative for companies to address social and environmental challenges in order to ensure the continued competitiveness of their businesses (Accenture, 2019). Companies that fail to heed this call risk losing their licence to operate and diminishing their profitability in future (Boston Consulting Group (BCG) Henderson Institute, 2020). Of the chief executive officers (CEOs) surveyed by Accenture, 94% viewed sustainability matters as key to the future success of their businesses (Accenture, 2019). Historically, companies have treated issues relating to environmental and social challenges as separate from their core business operations (BCG Henderson Institute, 2020). Companies are realising the importance of embedding sustainability practices into their core business operations and their overall corporate strategy (Accenture, 2019), and it has become increasingly important for companies to innovate and embrace economic models that are more sustainable (Business Sustainable Development Commission (BSDC), 2017). One of the ways in which companies are being called upon to do this, is through innovating their business models (which have historically only focused on economic aspects) to incorporate social and environmental considerations.

Some companies have attempted to innovate their business models to incorporate social and environmental aspects, which is also known as sustainable business model innovation (SBMI) (BCG Henderson Institute, 2020). However, not enough companies are engaging in this process, and more value can be unlocked if companies adopt a more structured approach to SBMI (BCG Henderson Institute, 2020). There is therefore a need for more companies to engage in the SBMI process in order to ensure sustainable profits for companies, while at the same time benefiting society and the environment (Accenture, 2019).

1.2. The research problem and related research questions

Businesses all over the world are under pressure to ensure that their operations are not just economically profitable, but that they also contribute positively to the society and environments in which they operate (Amini & Bienstock, 2014). For example, manufacturing companies are under increasing pressure to adopt new strategies towards sustainability in the face of increased scarcity of natural resources and tighter government regulation (Eslami, Dassisti, Lezoche & Panetto, 2019).

The challenge for many companies arises in determining how they can, from a practical perspective, continue to remain competitive while making a positive social and environmental contribution (Geissdoerfer, Vladimirova & Evans, 2018). Business model innovation (BMI) has been proposed by some academics as one of the better ways to achieve this objective (Geissdoerfer, et al., 2018; Evans et al., 2017). The business model concept relates to how businesses create, capture and deliver value, while BMI introduces the concept of innovation to the business model concept as historically defined (Foss & Saebi, 2017). Existing literature suggests that, while the concept of business models is not new, BMI, and specifically as it relates to corporate sustainability, is a relatively new area of research that lacks a theoretical base and requires further exploration (Geissdoerfer et al., 2018; Foss & Saebi, 2017). Furthermore, the manner in which new business models are actually implemented by organisations is still unexplored (Roome & Louche, 2016), which presents an opportunity to explore this aspect from a corporate sustainability perspective.

Evans et al. (2017) suggested that the lack of theory and the scarce number of empirical analyses and case studies in the field of BMI make it difficult for organisations to understand how to *"innovate their business models, identify and design alternatives, then assess and select the most adequate one"* (p. 598). There is thus a gap in literature that requires investigation into how companies can modify their business models from a sustainability perspective (Roome & Louche, 2016). This is known as sustainable business model innovation (SBMI), which is also referred to in literature as business model innovation for sustainability (Geissdoerfer et al., 2018). In this study it is referred to as SBMI. Geissdoerfer et al. (2018) argued that one of the problems in respect of SBMI relates to the gap between the design and implementation of SBMI.

The BMI process relates to modifying a business model in incumbent companies or creating completely new business models in new companies (Geissdoerfer, Bocken & Hultink, 2016). This study focused on SBMI in incumbent companies. Following the recommendations of Geissdoerfer et al. (2018), the central research question addressed was as follows: *"How do organisations move from one business model to a more sustainable business model in practice?"* (p. 410).

The central research question proposed by Geissdoerfer et al. (2018) can be broken down into three sub-questions:

1. What are the drivers that are motivating incumbent companies to move towards more sustainable business models? (Evans et al., 2017; Foss & Saebi, 2016);
2. What are the challenges that incumbent companies are encountering when moving towards more sustainable business models? (Geissdoerfer et al., 2018);
3. What are the enablers that make the implementation of sustainable business models work? (Long, Looijen & Blok, 2018; de Medeiros, Ribeiro, & Cortimiglia, 2014; Chesbrough, 2010);
4. In moving to more sustainable business models, what value is created and for whom? (Dentchev et al., 2018; Rauter, Jonker and Baumgartner, 2017; Abdelkafi & Täuscher, 2016).

1.3. Purpose of study

The purpose of this study was to explore SBMs in order to gain a deeper understanding in respect of the SBMI process, and specifically how companies are transitioning to more SBMs (Geissdoerfer et al., 2018; Foss & Saebi, 2017). This study aimed to provide additional insights into the drivers that lead to incumbent companies engaging in the SBMI process, as well as the challenges and enablers such companies experience in their SBMI journey. Additionally, the study was aimed at providing new insights into the value creation, delivery and capture arising out of the SBMI implementation process. It was intended that the insights drawn from this study would culminate in the creation of a conceptual framework that can help companies to successfully develop and implement SBMs, and thus close the gap between the design and implementation of SBMI.

1.4. Potential contribution to research

This study aimed to contribute to the emergent literature relating to SBMI in incumbent companies. In this regard, the study aimed at refining and extending existing literature relating to the drivers, challenges, enablers and value elements of SBMI. The academic benefits of this study are that it provides a potential contribution towards the generation of insights and knowledge about innovation of business models in the context of corporate sustainability.

1.5. Scope of study

Geissdoerfer et al. (2018) did not expressly make reference to incumbent companies in their articulation of the research problem. However, the focus on incumbent companies is implied from the fact that the research question is aimed at how organisations shift from traditional business models to SBMs, which implies that the organisations need to have been in existence for this change to occur. This study therefore focused on incumbent companies, which are henceforth referred to in this study as companies.

Additionally, this study has focused on companies in the food and beverage value chain. In addition to this particular industry being selected due to access considerations, the food and beverage industry is an appropriate empirical context as the innovation of business models to SBMs in this industry has great potential to create high economic, environmental and social impact due to its high industrial impact (Long et al., 2018). Furthermore, there has been increasing sustainability awareness in this industry that is putting pressure on companies in the industry to initiate the SBMI process (Long et al., 2018). Accordingly, this industry was selected as it is likely to yield rich insights into the topic of this study.

1.6. Roadmap of research report

This research report consists of seven chapters. Chapter 1 sets out the research problem and the related research questions that are answered as part of the study. The chapter also articulates the purpose of the research, as well as the contribution the study seeks to make to existing research. Chapter 1 closes with details on the scope of the study.

Chapter 2 provides a detailed literature review on the topic of this study, starting with definitions and conceptual models of relevant concepts and then going into the specifics around drivers, challenges, enablers and value components relating to the SBMI implementation process. Chapter 2's conclusion introduces the context relating to the research questions as well as a draft framework containing the main elements that have been explored in the remainder of the study.

Chapter 3 sets out the main research question, followed by the sub-questions that have been developed based on the main research question. Chapter 4 explains the research methodology that was used in the study, and Chapter 5 provides a detailed analysis of the findings of this study.

Chapter 6 then discusses the findings with reference to existing literature in order to identify similarities and differences in the findings and existing literature. Chapter 7 provides a synthesis of the findings of the study, together with a conceptual framework developed through the research process that is aimed at providing details of potential additions to existing theory. The research report concludes by highlighting the implications for managers, limitations of the study and suggestions for future research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter first considers the transition from corporate sustainability to sustainable business model innovation (SBMI). The concepts which form the sub-sets of SBMI, including business models, sustainable business models (SBM) and business model innovation (BMI) are considered in order to provide an understanding of what SBMI entails. Following the analysis of the definition and elements of SBMI, the drivers, challenges and enablers of SBMI as referred to in the literature are considered. Thereafter, the value provided though the SBMI process when companies are moving to SBMs is explored. The chapter concludes by articulating the research opportunity presented by the literature. Figure 1 below sets out graphically how the chapter is structured.

Section 2.2: From corporate sustainability to SBMI

Section 2.3: Definitions and conceptual frameworks of main concepts

Section 2.4: Drivers of SBMI implementation

Section 2.5: Challenges that inhibit SBMI implementation

Section 2.6: Enablers that aid SBMI implementation

Section 2.7: Value created and captured through the SBMI process

Section 2.8: Conclusion: Summary of the research opportunity

Figure 1: Summary of literature review chapter

Source: Developed by Researcher.

2.2. From corporate sustainability to SBMI

The term 'corporate sustainability' was developed from the concept of 'sustainable development' as defined in a report published by the World Commission on Environment and Development in 1987 (Anbarasan & Sushil, 2018). In this regard, corporate sustainability means that, in order for a firm to remain fundamentally

sustainable in the long term, it must consider the interrelationship between (i) financial performance, (ii) environmental performance and (iii) social performance (Amini & Bienstock, 2014). These three dimensions are mutually reinforcing and interdependent (Eslami et al., 2019), and the interaction between the three dimensions has also been referred to as the triple bottom line by Elkington (1998). The triple bottom line approach, which suggests a longer-term view, requires organisations to incorporate all three dimensions into their long-term strategies.

As opposed to product and process innovations, BMI is regarded as being more impactful at achieving triple bottom line results (Geissdoerfer et al., 2018). This is because BMI in effect calls on organisations to change the manner in which they create, deliver and capture value. A financially/economically sustainable company is one that is able to create and capture financial value (Brehmer, Podoynitsyna & Langerak, 2018). An environmentally sustainable company is one that creates and captures value while reducing the negative impacts it has on the environment (such as pollution) and increasing its material, water and/or energy efficiency (Brehmer et al., 2018). A socially sustainable company is one that creates and captures value while creating social wealth through, for example, increasing social equality and inclusion, providing safe and fair working conditions and providing access to healthcare and education (Brehmer et al., 2018). However, as set out above, it is not sufficient for a company to only be economically sustainable or environmentally sustainable or socially sustainable. The companies therefore need to be sustainable from a triple bottom line perspective.

Over the years, researchers have investigated business model designs that can assist companies with achieving triple bottom line results (Foss & Saebi, 2017; Massa, Tucci & Afuah, 2017). To this end, one of the concepts that has recently generated great interest is the innovation of business models for the purposes of achieving sustainability imperatives (the SBMI concept) (Foss & Saebi, 2017).

2.3. Definitions and conceptual frameworks of main concepts

2.3.1. Business models

2.3.1.1. Definition of business models

Business models have been defined in various ways in literature, and the business model concept has been used in different contexts and disciplines, such as entrepreneurship, strategic management, innovation and e-business (Biloslavo, Bagnoli & Edgar, 2018). At a general level, a business model is a description of the manner in which a company conducts business (Richardson, 2008) and how it achieves its goals (Massa et al., 2017). According to Teece (2010), a business model relates to how an organisation creates and delivers value to the customers it services, and thereafter translates the payments received from customers to profits. This definition proposed by Teece (2010) introduces one of the common themes in business model definitions, this being the fact that they focus on how companies create, deliver and capture value (Bolton & Hannon, 2016).

Massa et al. (2017) have argued that the business model concept has been defined in terms of three main interpretations: (i) *with reference to how companies do business* (business model as attributes of the company that influences their performance); (ii) *the manner in which organisational members interpret how the company does business* (business model as linguistic/cognitive schema) and (iii) *how the preceding two interpretations can be represented by formal conceptualisations* (business model as formal conceptual representations of the manner in which a company does business). A formal conceptual representation is where a model is described using detailed descriptions of certain aspects of the activities of an organisation (Massa et al., 2017). This entails using models or frameworks to conceptualise business models. The third interpretation incorporates both of the interpretations described in (i) and (ii) above.

2.3.1.2. Conceptual frameworks for business models

When considering the different elements that characterise the business model, one framework that may be used is by Osterwalder and Pigneur (2005), whose framework breaks down a business model with reference to four pillars: (i) *product* (value proposition); (ii) *infrastructure management* (partner network, value configuration and core competency); (iii) *customer interface* (target customer,

relationship and distribution channel); and (iv) *financial aspects* (revenue model and cost structure). In contrast, Richardson (2008) centred his framework of business models around the concept of value, namely: (i) the *value proposition* (who the company's target customers are, what the company plans to offer its customers, and how it will win customers); (ii) *the value creation and delivery system* (includes capabilities and resources, organisational elements such as business process, the value chain and the activity system); and (iii) *value capture* (includes economics of the business and revenue sources).

While these two frameworks appear to be different, they both allude to similar criteria in that they both refer to the customer value proposition, the processes and resources aimed at delivering value to the consumer, and how companies make money from this process. The only difference between the two frameworks is how the authors grouped the different elements of a business model. Subsequent definitions of business models have followed the value framework proposed by Richardson (2008) for providing an understanding of business models (Geissdoerfer et al., 2018; Roome & Louche, 2016; Bocken, Short, Rana & Evans, 2014). Therefore, the framework constructed by Richardson (2008) formed the basis of this study with regards to the concept of business models. The framework is represented graphically in Figure 2 below and has generally been applied in respect of traditional business models. The term 'traditional business models' has been used to distinguish between the earlier conception of business models versus sustainable business models.
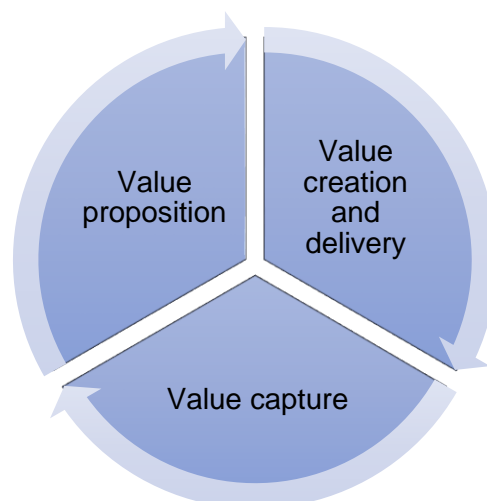
Figure 2: Business model components

Source: Adapted from Richardson, 2008.

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However, the challenge with conceptions of traditional business models is that they generally relate to economic value, and do not seem to take into account the interplay between business, nature and society (Biloslavo et al., 2018). They also do not consider value from a multi-stakeholder perspective (Freudenreich, Lüdeke-Freund & Schaltegger, 2019). This is also evident from the business model definitions and frameworks set out above, as these definitions and frameworks appear to only focus on economic value being created for the company and its customers and shareholders.

2.3.2. Sustainable business models (SBMs)

2.3.2.1. Definition of sustainable business models (SBMs)

Bocken (2015) has argued that a fundamental change in business models is essential, and that business models will need to consider a wide range of stakeholder concerns, such as society and the environment, in order to tackle key global issues. SBMs are regarded as going beyond participating in ad hoc environmental and social initiatives, but entail incorporating sustainability into the business (Bocken et al., 2014). Furthermore, an argument has been made by Bocken, Rana and Short (2015) that businesses need to move towards creating and delivering sustainable value, which is a more holistic view of value in comparison to the value associated with traditional business models. This requires companies to consider implementing SBMs, which are also referred to in literature as business models for sustainability (Freudenreich et al., 2019; Geissdoerfer et al., 2018; Gauthier & Gilomen, 2016). Following a detailed literature review on SBMs, Geissdoerfer et al. (2018) came up with the following definition of what constitutes an SBM: "business models that incorporate pro-active multi-stakeholder management, the creation of monetary and non-monetary value for a broad range of stakeholders, and hold a long-term perspective" (p. 403-404). The main aspects worth noting in the definition proposed by Geissdoerfer et al. (2018), is that they have referred to the temporal element in their definition of SBMs and they have considered multiple forms of value being created for multiple stakeholders. They have also considered pro-active stakeholder engagement as one of the elements of SBMs.

The common thread among definitions of SBMs, including the definition proposed by Geissdoerfer et al. (2018), is that they are generally defined with reference to the conventional business model concept referred to above, modified to include

sustainability elements, such as triple bottom line considerations, and the interests of stakeholders, such as society and the environment (Evans et al., 2017; Bocken et al., 2014). This therefore means that such business models do not only consider providing value to the shareholders of a company, but also include considerations around providing value to other stakeholders, such as a company's employees, customers, communities in which the company operates and the ecological environment.

Compared to traditional business models, SBMs concentrate on value propositions, value creation, value delivery and value capture that incorporate not only financial considerations, but also environmental and social considerations. In this regard, value propositions are defined with reference to the positive social value they create, as well as the reduction in environmental damage to which they are linked (Biloslavo et al., 2018). Value creation and value delivery in the context of SBMs focus on co-creation and co-delivery of value by multiple stakeholders, as opposed to one-directional value creation by companies for their customers and shareholders (Freudenreich et al., 2019; Biloslavo et al., 2018).

Various frameworks have been proposed by multiple authors in respect of the conceptualisation of SBMs. These frameworks are considered in detail in the paragraphs below.

2.3.2.2. Conceptual frameworks for sustainable business models (SBMs)

Boons and Lüdeke-Freund (2013) have proposed that a SBM should have four elements: (i) a *value proposition* which provides economic and ecological or social value; (ii) a *business infrastructure* entrenched in sustainable supply chain management principles; (iii) a *customer interface* that enables a relationship with customers and stakeholders to ensure accountability in production and consumption systems; and (iv) a *financial model* that distributes benefits and costs equitably among the relevant stakeholders. The framework proposed by Boons and Lüdeke-Freund (2013) appears to be an adapted version of the business model framework proposed by Osterwalder and Pigneur (2005). Additionally, the framework by Boons and Lüdeke-Freund (2013) integrates the social and environmental components. The framework also introduces taking accountability for a company's impact on the environment and the responsibility a company has to its stakeholders. However, while the framework proposed by Boons and Lüdeke-Freund (2013) makes

reference to most of the elements referred to by Geissdoerfer et al. (2018) in their definition of SBMs, it does not explicitly make reference to the temporal element proposed by Geissdoerfer et al. (2018).

Bocken et al. (2015) have proposed a conceptual SBM framework encapsulating the following elements:

> *(i) value proposition (product/service, customer segments and relationships, value for customer, society and environment); (ii) value creation and delivery (activities, resources, distribution channels, partners and suppliers, technology and product features); and (iii) value capture (cost structure and revenue streams, value capture for key actors including environment and society, growth strategy/ethos).* (p. 71)

The framework proposed by Bocken et al. (2015) draws from the framework proposed by Richardson (2008) and like the framework that has been proposed by Boons and Lüdeke-Freund (2013), considers the social and environmental aspects relating to value creation, delivery and capture. However, the framework proposed by Bocken et al. (2015) expressly articulates for whom value is created. Unlike the framework proposed by Boons and Lüdeke-Freund (2013), which considers sustainable supply chain management principles and the customer interface, the framework proposed by Bocken et al. (2015) considers a wider selection of aspects relating to business infrastructure including and beyond the supply chain or value creation and delivery infrastructure. Furthermore, the framework proposed by Bocken et al. (2015) considers the temporal element proposed by Geissdoerfer et al. (2018) in that it also considers a company's growth strategy, which is an aspect that is generally considered over a particular period of time.

More recently, Biloslavo et al. (2018) have proposed a value triangle in which the traditional value proposition, creation, delivery and capture are articulated in the following way: (i) *value proposition* (value from a customer, public and partner perspective); (ii) *value co-creation and co-delivery system* (comprising of partners, customers, products and services, key operational activities, capital and society); and (iii) *value capture* (cost structure and revenue). This value triangle encapsulates a wider array of considerations compared to the traditional business model value concepts. Additionally, this value triangle largely compares with the elements proposed by Bocken et al. (2015), with the value capture element proposed by Bocken et al. (2015) being wider than that proposed by Biloslavo et al. (2018).

While the value capture element articulated by Biloslavo et al. (2018) is similar to the one proposed by Richardson (2008), Biloslavo et al. (2018) have also considered how revenues of firms can be used voluntarily by companies to further social and environmental initiatives, and they have considered costs from a social, environmental and economic perspective. Similarly, the framework proposed by Bocken et al. (2015) considers how value is captured for not only the company, but for other key stakeholders, including society and the environment. However, Bocken et al. (2015) also consider the temporal aspect in the value capture element.

The conceptual framework provided by Bocken et al. (2015) and the value triangle proposed by Biloslavo et al. (2018) when read together provide a more detailed and comprehensive analysis of SBMs than the one proposed by Boons and Lüdeke-Freund (2013). Accordingly, this study used the following adapted framework, created by the researcher that combines the respective frameworks proposed by Bocken et al. (2015) and Biloslavo et al. (2018) as shown in Figure 3.

Value provided and for whom
• Product/service
• Customer, society, partner and environment

Manner in which value is provided
• Key activities
• Resources
• Distribution channels
• Partners and suppliers
• Technology and product features
• Customers

Value proposition

S B M

Value co-creation and co-delivery

Value capture

How money is made & other forms of value captured
• Cost structure and revenue
• Value captured for key actors
• Growth strategy / ethos

Figure 3*: **SBM framework**

Source: Developed by Researcher based on Biloslavo et al. (2018) and Bocken et al. (2015).

What is clear from the definition of SBMs and frameworks relating to SBMs presented above, is that the important components of these business models include the creation, delivery and capture of long-term financial and non-financial value from a triple bottom line perspective and pro-active consideration of all stakeholders in the value chain. There is also an emphasis on co-creating and co-delivering value across the entire value chain. Accordingly, this is the manner in which the concept of SBMs was utilised for the purposes of this study.

2.3.2.3. *SBM archetypes*

While the SBM elements as described in Figure 3 above are quite clear, it is important to consider examples of how these SBMs present themselves in companies at a practical level. In an attempt to provide a framework consolidating examples of SBMs, which have been articulated in the literature over the years, Bocken et al. (2014) introduced eight archetypes of SBMs. The archetypes are grouped together based on three main orientations and are linked to different forms of innovation: (i) technological/environmental innovations, which are aimed at introducing novel environmental technologies; (ii) social innovations, which are aimed at targeting change in behaviour and addressing social challenges; and (iii) organisational/economic innovations, which are aimed at altering dominant economic and organisational paradigms on which business activities are premised (Boons & Lüdeke-Freund, 2013).

Based on these three orientations, the archetypes house different examples of SBMs and are grouped based on whether they are regarded as *technological/environmental* (examples include: creating value from waste, maximising energy and material efficiency, substituting with natural and renewable resources); *social* (examples include: delivering functionality as opposed to ownership; encouraging sufficiency, adopting a stewardship role); or *organisational/economic* (examples include: developing scale-up solutions; repurposing products and services for society or the environment) (Bocken et al., 2014). An additional archetype that was added to the organisational/economic archetypes is inclusive value creation (Bocken, Boons & Baldassarre, 2019). Lüdeke-Freund, Massa, Bocken, Brent and Musango (2016) have proposed that organisations should combine multiple archetypes in order to create an ideal SBM. However, it is important for a company to conduct a detailed assessment of the appropriate archetypes for its business, and to consider the demands of these

various archetypes on the capital, human and financial resources required to implement the SBMs embodied in each archetype (Lüdeke-Freund et al., 2016).

A criticism that has been levelled against the archetypes proposed by Bocken et al. (2014), is that they appear to be quite limited, taking into account the variety of social and environmental issues that businesses and other stakeholders are dealing with currently (Morioka, Bolis, Evans & Carvalho, 2017). However, these archetypes serve as a useful theoretical framework for analysing how businesses are innovating their business models towards SBMs.

Innovations in the business model (BMI) is the next point of discussion in this report. While there is increasing pressure on companies to move from traditional business models to SBMs in order to address social and environmental challenges, the question as to how this can be done using innovative new approaches requires further investigation (Geissdoerfer et al., 2018). This study sought to explore this research gap.

2.3.3. Business model innovation (BMI)

2.3.3.1. Definition of business model innovation (BMI)

There are several definitions that have been considered in the literature in relation to BMI. A few of these definitions are considered below in order to draw comparisons between the different definitions for the purposes of highlighting similarities and differences.

In defining BMI, Bolton and Hannon (2016) have argued that BMI can involve the introduction of new activities, connecting activities in new ways or changing which stakeholder performs activities. The definition of BMI proposed by these scholars focuses on the activities of a company as the focus of BMI. In contrast, Foss and Saebi (2017) defined BMI as "designed, novel, nontrivial changes to the key elements a firm's business model and/or the architecture linking these elements" (p. 201). Based on this alternative definition, BMI relates to novel modification of the value elements (proposition, creation, delivery and capture). The definition proposed by Foss and Saebi (2017) is similar to what was proposed by Pedersen, Gwozdz and Hvass (2018), who have argued that BMI relates to coming up with new ways to create, deliver and capture value beyond product and process innovation and relates to the entire architecture of a company.

Karlsson, Hoveskog, Halila and Mattsson (2018) have argued that the vital principle "behind BMI is that changes in one or multiple [business model] components will offer new ways of creating, capturing and delivering value" (p. 2760). Like the definitions proposed by Pedersen et al., (2018) and Foss and Saebi (2017), this definition focuses on changes in the business model components. However, the definition by Karlsson et al. (2018) goes further than the other two definitions in that it makes reference to BMI as minor modifications (modification to one element) and major modifications (modification of multiple elements) of the business model components. This means that there are many ways in which a company can modify its business model, ranging from minor modifications to major modifications.

Geissdoerfer et al. (2018) have proposed another view of BMI. They argued for a further alternative in which they described BMI as the process of conceptualising and implementing new business models, whether in terms of acquiring new business models, developing new business models, transforming from a particular business model to another business model or diversifying into new business models (Geissdoerfer et al., 2018).

Based on this broad view, and incorporating the insights from Karlsson et al. (2018), Geissdoerfer et al. (2018), Pedersen et al., (2018), Foss and Saebi (2017) and Bolton and Hannon (2016), it is clear that there are multiple ways in which BMI can occur, ranging on a continuum from minor business model changes to major, transformational business model changes. For example, the creation of a new environmentally-friendly product may be regarded as an incremental change, while a change from a product to service business model may be regarded as a transformational innovation, as it involves a new type of offering and requires the redesigning of pre-existing company characteristics and networks (Pedersen et al., 2018). Similar to what has been proposed by Geissdoerfer et al. (2018) in respect of BMI, Snihur and Wiklund (2019), argued that companies could introduce new business models by either adding new business models to existing portfolios or they could replace existing business models with new ones "through processes of fine-tuning, unlearning or establishing a new corporate culture" (p. 306). Snihur and Wiklund (2019) went further by arguing that BMI has a system-wide impact and therefore results in holistic changes to a company's value chain.

Based on the definitions presented above, BMI innovation has been defined in literature with reference to activities, business model components and from an entire

business model perspective. Furthermore, business model changes are recognised as a vital approach towards the realisation of innovations for sustainability (Roome & Louche, 2016; Evans et al., 2017).

While it is clear from the above definitions that there are various ways in which a company can innovate its business model, the manner in which companies actually do so still requires further research. In this regard, Geissdoerfer et al. (2018) have argued that there is a paucity in research in respect of how organisations implement new business models, and that there is even less research on SBMI, which is discussed next.

2.3.4. Sustainable business model innovation (SBMI)

2.3.4.1. Definition of sustainable business model innovation (SBMI)

SBMI is a sub-set of SBM and BMI and relates to the transformation towards SBM (Shakeel, Mardani, Chofreh, Goni & Klemeš, 2020). In this way, SBMI involves moving from traditional business models to incorporating SBM elements in the business model of an organisation, which is a process that involves BMI. Linked to this notion, Bocken et al. (2014) defined SBMI as innovations aimed at creating significant positive or significantly reducing negative impacts for society and the environment through changes in the manner in which an organisation and its value network create, capture and deliver value or alter their value proposition. This definition is similar to the one proposed by Schaltegger, Hansen and Lüdeke-Freund (2016), which describes SBMI as the process of modification or creation of business models that assist with creating competitive and integrative solutions through radically creating external positive effects and/or reducing external negative effects for society and the environment.

The above definitions can be contrasted with the one provided by Roome and Louche (2016), which defines SBMI with reference to sustainable development. These scholars have defined SBMI as the process in which businesses and their managers create new business models or revise and transform their business models to contribute to sustainable development (Roome and Louche, 2016). This definition brings in the importance of considering sustainable development as an essential component of SBMI, which incorporates social and environment issues. In contrast, Geissdoerfer et al. (2016) focused more specifically on innovation in the process of value creation and they define the SBMI concept as a process of "incorporating

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sustainable value and a pro-active management of a broad range of stakeholders into the business model" (p. 1220). Unlike the other definitions, the proposal by Geissdoerfer et al. (2016) places an emphasis on not only the economic, environmental and social sustainability components, but it also places emphasis on the pro-active management of stakeholders as being important to the SBMI process. Therefore, unlike BMI, SBMI is about embedding environmental and societal concerns into the core business practices of a company (Bocken & Geradts, 2020), as well as pro-actively involving other stakeholders of the company in the process.

Moving next to the outcomes of innovation, SBMI is now compared to traditional BMI. BMI is associated with the positive performance of a company (Foss & Saebi, 2017). However, the goal in the traditional BMI process is to create customer value and to maximise financial profits for shareholders (Karlsson et al., 2018). Unlike traditional BMI, which focuses on modifications of traditional business models, Bocken et al. (2015) have argued that SBMI relates to innovation in how a company conducts business, resulting in the creation of competitive advantage through simultaneously providing superior customer value and also making a positive contribution to the company, the environment and society. From this understanding of SBMI, it is clear that SBMI is viewed as a source of competitive advantage, and in this context modifications to business models are aimed at creating value for multiple stakeholders.

Pursuing this stakeholder concept of SBMI, Baldassarre, Calabretta, Bocken and Jaskiewicz (2017) defined SBMI with reference to the value proposition component of the business model. They argued that SBMI relates to coming up with value propositions aimed at simultaneously creating value for numerous stakeholders, such as shareholders, customers, partners, suppliers, society and the environment; they referred to this as a sustainable value proposition. A sustainable value proposition has been defined by Patala, Jalkala, Keränen, Väisänen, Tuominen and Soukka (2016) as "a promise of the economic, environmental and social benefits that a firm's offering delivers to customers and society at large, considering both short-term profits and long-term sustainability" (p. 1). The distinction between the traditional value proposition and the sustainable value proposition thus lies in the sustainable value proposition's long-term view and the fact that it provides not only economic benefits, but also environmental and social benefits to multiple stakeholders.

Baldassare et al. (2017), like Bocken et al. (2015), have placed emphasis on creating value for multiple stakeholders in their analysis of what constitutes SBMI. However, the difference in their approach is that they view SBMI with reference to creating <u>new</u> value propositions. While this approach clearly incorporates the triple bottom line perspective and the temporal element, it may be noted that the focus of Baldassare et al. (2017) on SBMI only from a value proposition perspective is quite one dimensional, as it neglects other aspects of the business model, such as the value delivery and capture elements.

Rather than having a specific focus, and in contrast to Baldassare et al. (2017), Geissdoerfer et al. (2018) have argued that SBMI comprises a number of elements. In this regard, a process is regarded as a SBMI if it is aimed at: (i) sustainable development resulting in long-term success of an organisation and the organisation's stakeholders; (ii) reducing negative impacts on the environment and society; and (iii) the adoption of sustainability considerations in the value proposition, creation and capture components or the value network of an organisation (Geissdoerfer et al., 2018).

The similarity in the elements of SBMI proposed by Geissdoerfer et al. (2018) to those proposed by Baldassare et al. (2017) is that they both place an emphasis on creating value for multiple stakeholders. However, in contrast to the specific focus provided by Baldassare et al. (2017), the definition by Giesdoerffer et al. (2018) is broader, and it considers not only the value proposition and creation element, but it also considers the value capture and value network components.

Taking this further, there is a move from considering the traditional value chain to considering the value network, which in effect focuses on co-creation of value by companies and other stakeholders through formal and informal alliances (Biloslavo et al., 2018; Bocken et al., 2015). In this way, there is a recognition that SBMI requires new thinking in relation to collaboration, competition and the role of the various stakeholders in the SBMI process (Karlsson et al., 2018). Lastly, the elements of SBMI proposed by Geissdoerfer et al. (2018) also consider the temporal element, which is an important consideration when dealing with corporate sustainability, as already noted previously.

While it is important to have an understanding of what constitutes SBMI, it is also important to understand the factors that motivate companies to transition towards

SBMs and thus to initiate the SBMI process. These drivers are dealt with in the section below.

2.4. Drivers of SBMI implementation

There are multiple factors that drive companies to undergo the SBMI process. One of the drivers that has been proposed by Bocken and Geradts (2020) is the growing recognition amongst senior managers that a company can gain profits from tackling environmental and social challenges. It is therefore becoming an imperative for businesses and managers tasked with managing those businesses to ensure that sustainability is embedded in the core business, as it makes financial sense for the businesses to do so (Long et al., 2018). Long et al. (2018) also referred to pro-active leadership, reputation concerns, efficiency drivers and economic benefits from sustainability initiatives as playing an important role in driving businesses to engage with sustainability concerns.

In contrast, Engert, Rauter and Baumgartner (2016) have argued that competitive advantage, risk management, legal compliance, quality management, economic performance, innovation, social and environmental responsibility and reputation are important drivers of embedding sustainability into business. Both Long et al. (2018) and Engert et al. (2016) discussed both internal and external factors, such as reputation and economic considerations, as key drivers of incorporating sustainability into the business. However. Engert et al. (2016) proposed a wider range of factors that drive companies to initiate the SBMI process, which range from operational drivers to compliance to the notion of being a responsible corporate citizen. However, the one aspect that is similar between the drivers proposed by the two sets of scholars is that they all relate to *internal drivers* that motivate a company to initiate the SBMI process.

There are other internal factors that have been identified in literature as driving companies to initiate the SBMI process. These factors include cost reduction (Schaltegger, Lüdeke-Freund & Hansen, 2012) and preservation of brand integrity (Kiron, Kruschwitz, Haanaes, & von Streng Velken, 2012).

In addition to the internal factors identified above, there are also *external factors* that are driving companies to initiate the SBMI process. In this regard, there is increasing pressure from stakeholders, which include customers, media and non-governmental

organisations for firms to integrate sustainability aspects into their core business, and this aspect can be regarded as a driving factor (Lüdeke-Freund, 2020; Orji, 2019).

Grekova, Bremmers, Trienekens, Kemp and Omta (2014) considered drivers of SBMI from the perspective of food processing companies. They argued that these companies are under increasing pressure from environmental groups to reduce their environmental impacts. They also argued that stricter environmental regulation and pressure from customers and consumers down the value chain necessitate cooperation and collaboration along the whole value chain in order for all the stakeholders in the value chain to reduce their joint environmental impact (Grekova et al., 2014). The drivers that have been identified by Grekova et al. (2014) seem to focus more on the environmental side of sustainability. Linked to this is the idea that a company's awareness and response to environmental issues, such as climate change, global warming and other major external changes that result in changes in market demand, are also drivers for companies moving to more SBMs (Long et al., 2018).

A summary of the various factors explored above that drive companies to transition to more SBMs is set out in Figure 4 below.

DRIVING FACTORS

Internal: pursuit of greater profits; proactive leadership, reputation concerns, efficiency drivers, economic benefit, efficiency drivers, cost reduction, competitive advantage, risk, brand integrity, legal compliance, quality management, economic performance, innovation, social and environmental responsibility; company awareness of external drivers

External: increasing pressure from external stakeholders, stricter environmental responsibility pressure and regulation

Traditional business model → SBMI → Sustainable Business Model

Figure 4*: Drivers that motivate the adoption of the SBMI process

Source: Developed by Researcher based on Bocken and Geradts (2020); Lüdeke-Freund (2020); Orji (2019); Long et al. (2018); Engert et al. (2016); Grekova et al. (2014); Kiron et al. (2012) and Schaltegger et al. (2012).

However, even with the existence of the above literature, Foss and Saebi (2017) and Evans et al. (2017) have argued that there is still a gap in literature regarding the

drivers of successful SBMI. This study therefore sought to explore this gap in literature.

Once the drivers are recognised, there are various challenges and enablers that have an impact on the SBMI process, and therefore ultimately on whether or not companies are able to co-create, co-deliver and capture the value contemplated in the preceding paragraphs. The challenges or barriers faced by companies in moving to SBMs are dealt with next, followed by an analysis of the enablers of the SBMI process and resultant SBMs. The words 'challenges' and 'barriers have been used interchangeably in this study.

2.5. Challenges that inhibit SBMI implementation

Bigger companies face different barriers than smaller companies (Björklund, 2018). Long et al. (2018), who studied small and medium sized companies in the food and beverage industry in the Netherlands, have argued that barriers to SBMI include: (i) *lack of support from the wider system*, which in the food and beverage industry in Netherlands included the government and wholesalers and supermarkets who were regarded as hindering SBMI progress; (ii) *principal-agent issues* associated with leasing premises, where the landlord did not allow the tenant to effect environmentally-friendly solutions on the premises; and (iii) *external events* such as financial crises.

In contrast, Lüdeke-Freund et al. (2016) argued that large companies face the following barriers during the SBMI process: (i) the challenges of short-termism, which values short-term results over the long-term results that would be possible due to the SBMI process; (ii) risk aversion arising from the fear of jeopardising the existing business; (iii) insufficient capabilities for dealing with environmental and social issues; (iv) divorced business and sustainability strategies; (v) resistance to change/inertia.

It is clear from the literature noted above, that the challenges experienced by companies incorporating SBMI vary based on their size. The barriers referred to by Lüdeke-Freund et al. (2016) provide some insights regarding the challenges faced by large existing companies involved in the SBMI process. However, the scholars appear to have only focused on internal barriers and no reference was made to external barriers in their analysis. In contrast, Long et al. (2018) seem to have focused their analysis on barriers that are external to the relevant companies.

Laukkanen and Patala (2014) discussed both internal and external barriers, and identified three categories of barriers, namely (i) *social and behavioural* (including values and attitudes, risk aversion, organisation culture, leadership, no motivation); (ii) *regulatory barriers* (including the absence of strict regulatory frameworks, inconsistent regulatory mechanisms and the lack of economic incentives); and (iii) *financial and market barriers* (including short-termism and financial risk). In contrast to Lüdeke-Freund et al. (2016) and Long et al. (2018) who focused on internal barriers and external barriers respectively, Laukkanen and Patala (2014) considered barriers that are internal to companies, but also considered barriers that are external to a company that may have an impact on the company's ability to successfully implement the SBMI process.

Other scholars have also considered various external barriers/challenges to the SBMI process. For instance, there are some developing-country-related challenges that have been identified in literature, such as the role of governments as a hindrance or enabler to the SBMI process (Sousa-Zomer & Cauchick-Miguel, 2017), as well as the challenge posed by innovating business models where consumers have limited financial resources (Evans et al., 2017; Gebauer, Haldimann & Jennings-Saul, 2017). Another aspect that has been highlighted as an external challenge to the SBMI process is lack of effective legislation (Hasan, 2016).

One more perspective noted by Bocken and Geradts (2020) recognised a temporal dimension. Like Lüdeke-Freund et al. (2016) and Laukkanen and Patala (2014), they made reference to short-term profit maximisation and uncertainty avoidance as barriers that have an impact on the implementation of SBMI. A short-term perspective is not in line with what is required by SBMI, which seeks to address complex sustainability challenges and thus requires a long-term perspective (Bocken & Geradts, 2020). Furthermore, another factor linked to this is the fact that initiatives aimed at SBMI are costly and open to imitation by others (Schaltegger et al., 2016). The fact that these initiatives are costly means that companies may be tempted to retain the status quo as such initiatives would diminish their short-term profitability. This situation is exacerbated by short-term driven incentive schemes and financial performance metrics, which also serve as additional barriers to SBMI (Bocken & Geradts, 2020). Therefore, short-termism and the absence of a focus on long-term sustainability-related initiatives within companies hinder the advancement of SBMI.

Another challenge that has been identified that hinders SBMI implementation relates to the communication element. In this regard, communicating regarding SBMs to external stakeholders, including consumers, has been identified as challenging (Viciunaite, 2020), which could potentially hinder the SBMI implementation process. Furthermore, the inability to communicate the value of SBMI implementation to internal stakeholders, and the inability to frame it in a way they understand it in order to obtain trust and buy-in from them is another challenge to SBMI implementation (Viciunaite, 2020).

In addition to internal communication challenges, there are other challenges linked to the employees in companies that have been identified as inhibiting SBMI implementation. The first one relates to the challenge of changing mindsets, specifically the silo mentalities within companies (Bocken & Geradts, 2020). A further challenge that has been highlighted that hinders SBMI implementation, is the lack of sustainability awareness and technical skills among employees (Caldera, Desha & Dawes, 2019). Challenges relating to the behaviour of employees have also been identified as a hurdle to SBMI implementation (Laukkanen & Patala, 2014; Abdelkafi & Tauscher, 2016; Caldera et al., 2019).

Lastly, Kennedy and Bocken (2020) considered barriers to SBMI from the perspective of managers who are responsible for SBMI. In this regard, they argued that the SBMI process is a risky, challenging and uncertain process for managers. They argued that the absence of tools aimed at guiding managers adds to the barriers associated with the SBMI process. The issues identified by Kennedy and Bocken (2020) are linked to the purpose of this study, which aims to create a conceptual framework that could assist managers who are tasked with implementing SBMI in their companies.

A summary of the challenges that have been referred to in the literature in relation to SBMI implementation is set out in Figure 5 below. Figure 5 indicates that the challenges are both internal and external to the companies, ranging from behavioural issues to structural and financial issues. Two of the main challenges relate to the orientation of companies towards short-term profit maximisation and uncertainty avoidance.
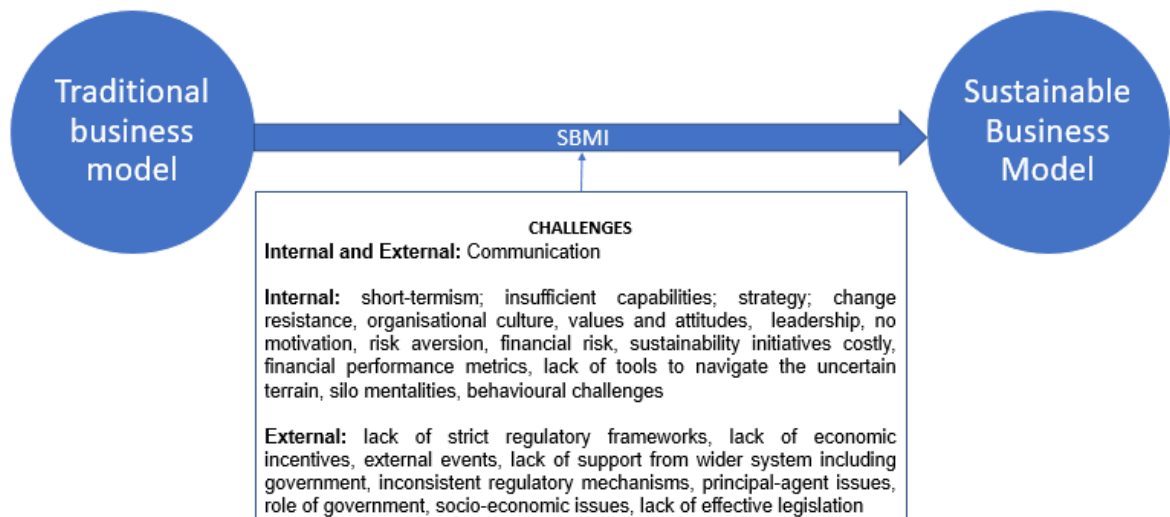
Figure 5*: *Challenges/ barriers to SBMI

Source: Developed by Researcher based on Bocken and Geradts (2020); Kennedy and Bocken (2020); Viciunaite (2020); Caldera et al. (2019); Long et al. (2018); Evans et al. (2017); Gebauer et al. (2017); Sousa-Zamer and Cauchick-Miguel (2017); Abdelkafi and Tauscher (2016); Hasan (2016); Lüdeke-Freund et al. (2016); Schaltegger et al. (2016); Laukkanen and Patala (2014).

Despite the challenges identified, the literature also addresses enablers that assist companies with the implementation of SBMI. These enablers can also be considered from an internal company perspective, and from the perspective of external enablers from outside the company. These enablers are dealt with in the section below.

2.6. Enablers that aid SBMI implementation

There are internal enablers of SBMI that have been discussed in literature. Lüdeke-Freund et al. (2016) discussed internal factors within the organisation that have an impact on SBMI, namely, the approach to collective decision-making, organisational values, operational processes and organisational culture. They argued that these aspects have a positive impact on the ability of a company to innovate its business model (Lüdeke-Freund et al., 2016). If managed well, these aspects could therefore be important enablers in the context of SBMI. Other internal enablers that have been identified in literature include senior leadership vision (Morioka et al., 2017), organisational structure (Kiron et al., 2012), sustainability reporting (Maas, Schaltegger & Crutzen, 2016), cross-functional collaboration (Caldera et al., 2019) and company size (Hussnain, 2019).

Taking the discussion relating to enablers of SBMI further, Bocken and Geradts (2020) referred to a clear sustainability vision, business purpose, organisational leadership, management support, sustainability-focused metrics, incentives, organisational structure, organisational change processes, ring-fenced resources and collaboration with stakeholders as being enablers that would assist with countering the barriers to the SBMI process. Linked to the notion of ring-fenced sustainability resources, having a sustainability-related budget has also been identified as one of the internal enablers of SBMI implementation (Luthra, Mangla & Diabat, 2016). However, Orji (2019) indicated that having a sustainability-related budget was not a big enabler in the context of their study; pointing to differing views in relation to this point in literature. This suggests that the availability of a sustainability-related budget may or may not be an enabler of SBMI implementation, depending on the context.

While most of the factors listed by Bocken and Geradts (2020) are internal to the company and some are similar to the ones identified in the preceding paragraphs, stakeholder collaboration can happen both within and outside the company. Stakeholder collaboration from within the company relates to collaboration between departments and functions within the company. In considering the role of external stakeholders as enablers of SBMI, Biloslavo et al. (2020) have argued that companies need to consider the different interest-driven realities of influential stakeholders such as consumers, business partners, investors, governments, regulatory and professional institutions, as these stakeholders play an important role in enabling and promoting SBMI. This point has been reaffirmed by Morioka et al. (2017), who argued that inter-organisational networks are critical to the SBMI process.

Furthermore, Caldera et al. (2019) have stressed the importance of stakeholder engagement as an enabler of SBMI implementation. This therefore means that it is important for a company to understand the various interests of its different stakeholders and consider how it can provide value to such stakeholders in a way that addresses their underlying needs, as interaction with these stakeholders can be a key enabler of SBMI. Moreover, communicating value of SBMI (both to internal and external stakeholders) is also an enabler of SBMI implementation (Viciunaite, 2020; Engert et al., 2016).

In addition to internal enablers within a company, there are also external enablers from outside the company that play a role in the successful implementation of the SBMI process in a company. From an external perspective, Morioka et al. (2017) have argued that there are specific contextual elements that have an impact on SBMI. These include the general social and natural environment context, legislation, public opinion, industry-specific competitive dynamics and technology level. Lüdeke-Freund et al. (2016) have also considered macro-economic factors that enable SBMI. In this regard they have identified institutional and socio-political arrangements as playing a key role in SBMI. Looking at specific institutional factors, Orji (2019) referred to the government's ability to enforce legislation as an enabler of the SBMI process, while Dentchev et al. (2018) identified government support as an enabler of SBMI.

The enablers discussed in the preceding paragraph largely relate to the macro environment. This means that the macro environment in which a company operates also has an impact on the SBMI process, and companies need to pay attention to this as it would have a bearing on the kind of SBMs they are likely to focus on, as well as on the SBMI process itself.

An example of a study that was done in a specific context was the one by Long et al. (2018). In their study looking at barriers and critical success factors for SBMI in relation to the food and beverage industry in the Netherlands, Long et al. (2018) focused on start-up companies and small and medium-sized companies. They found the following to be key success factors in the SBMI process, namely: collaboration; continuous innovation; a clear narrative and vision; profitability; a foundation of sustainability; and external events. These factors are a blend of factors that are both internal and external to companies.

Another enabling factor that is both internal and external to companies that has been considered in literature relates to educating people about sustainability. In this regard, while Bocken and Geradts (2020) have argued that providing sustainability-related training within a company is an important enabler of SBMI implementation, Laukkanen and Patala (2014) referred to educating people both within and outside the company about SBMs as an enabler of SBMI.

Figure 6 below provides a summary of the internal and external enablers of SBMI that have been identified in the literature.
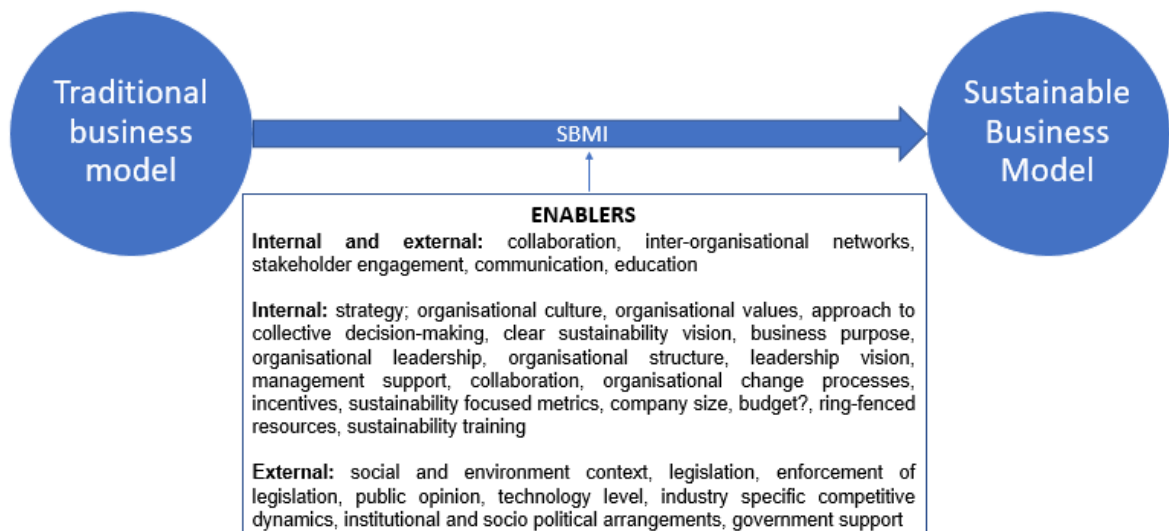
Figure 6*: Enablers of the SBMI process**

Source: Developed by Researcher based on Biloslavo et al. (2020); Bocken and
Geradts (2020); Viciunaite (2020); Caldera et al. (2019); Hussnain (2019); Orji
(2019); Dentchev et al. (2018); Long et al. (2018); Morioka et al. (2017); Engert
et al. (2016); Lüdeke-Freund et al. (2016); Luthra et al. (2016); Maas et al. (2016);
Laukkanen and Patala (2014); Kiron et al. (2012).

As appears from this diagram, it is clear that there are diverse enablers of SBMI.
Interestingly, some of the enablers are aspects that have been identified in the
context of challenges to SBMI as well. For example, aspects such as organisational
culture, performance metrics, a company's approach to change, leadership, strategy
and organisational values and purpose can either be barriers or enablers of
successful SBMI implementation. Another important point that has been highlighted
by the literature is the importance of contextual macro factors when transitioning to
SBMs.

Once the challenges and enablers have been considered, it is important to consider
the value that is created through the SBMI process, as well as for whom that value
is created. This aspect has been explored with reference to the business model
elements discussed above, namely the value proposition, value co-creation and co-
delivery and the value capture components.

2.7. Value created and captured through the SBMI process

While SBMI is similar to BMI in that it involves innovation of the value proposition,
creation, delivery and capture mechanisms of a company, SBMI also relates to a

broader view of value, including economic, environmental and social value, as well as value from a multi-stakeholder perspective (Bocken & Geradts, 2020). *Economic value* includes return on investments, profits, long term viability of the business and financial resilience (Biloslavo, Bagnoli, Massaro & Cosentino, 2020). Environmental value can include elements such as waste reduction (Gregori & Holzmann, 2020), as well as positive environmental benefits arising from sustainability practices of companies aimed at energy efficiency, clean energy, material maximisation, environmental stewardship and natural and renewable waste management processes (Comin, Aguiar, Sehnem, Yusliza, Cazella., & Julkovski, 2020). Social value includes aspects such as dignity and empowerment of people in society (Gregori & Holzmann, 2020), poverty alleviation, equality, well-being, social justice, community development, secure and meaningful livelihoods, long-term employment, labour standards and practices, health and safety and diversity (Biloslavo et al., 2020). Based on the review of the literature set out in this paragraph, it is clear that the value created in the context of the SBMI process is wide, encompasses both financial and extensive non-financial value and includes the creation of sustainable value propositions.

Additionally, in the context of SBMI, value is created for all stakeholders (Comin et al., 2020). Therefore, value is captured by more stakeholders than just the company, its customers and its shareholders. Looking specifically at value generated <u>for</u> the company, SBMI can result in direct benefits to companies, including new revenue streams and cost savings, improvement in reputation, attraction of talented employees and improvement of a company's resilience (Bocken & Geradts, 2020). Looking <u>beyond</u> the company and its customers, value is also generated for employees, investors and shareholders, suppliers and partners, the environment, and society at large (Comin et al., 2020). Value may also be generated for future generations (Bocken et al., 2014). Value created by SBMI therefore benefits more stakeholders than the value created by traditional BMI. The value created by the SBMI process as set out in the literature is shown in Figure 7.

The next consideration is how SBMI, as defined above, may be realised to unlock multi-stakeholder value and generate creative solutions necessitated by the transition to SBMs. This relates to the co-creation and co-delivery of value. Organisations need to partner with multiple stakeholders such as non-governmental organisations, civic organisations, government organisations, supply chain members and universities (Comin et al., 2020). It is therefore clear that SBMI requires

collaboration amongst multiple stakeholders in order for the relevant company to achieve the desired objectives from an SBMI perspective. Collaboration enables multiple parties to come together to achieve triple bottom line goals through sharing of information, knowledge, costs and resources (Ray & Mondal, 2017). Therefore, unlike traditional BMI where the focus is on the company, its shareholders and customers, partnerships with external parties aimed at co-creating and co-delivering value for multiple stakeholders is an important aspect of SBMI.
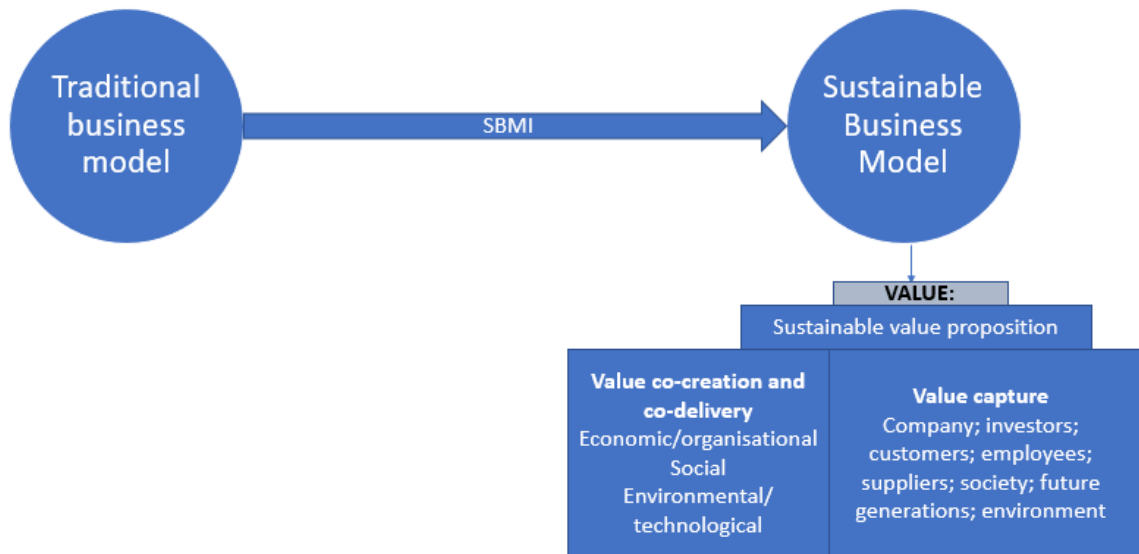
Figure 7: Value proposition, co-creation, co-delivery and capture in the SBMI process

Source: Developed by Researcher based on Biloslavo et al. (2020); Bocken and Geradts (2020); Comin et al. (2020); Gregori & Holzmann, (2020); Biloslavo et al. (2018); Bocken et al. (2015) and Bocken et al. (2014).

Figure 7 above summarises what is contained in the literature regarding the value proposition, co-creation and co-delivery and value capture resulting from the SBMI process. The SBMI process results in the creation of a sustainable value proposition, as was detailed above. Additionally, as already discussed, it is clear from the literature, that both financial and non-financial value is co-created and co-delivered by and for multiple stakeholders when companies transition to SBMs.

2.8. Conclusion: Summary of the research opportunity

The literature reviewed in this chapter considered how companies move from traditional business models to more SBMs, that is, the SBMI process. The summary in Figure 8 below combines Figures 4, 5, 6 and 7 above.

DRIVING FACTORS

Internal: pursuit of greater profits; proactive leadership, reputation concerns, efficiency drivers, economic benefit, efficiency drivers, cost reduction, competitive advantage, risk, brand integrity, legal compliance, quality management, economic performance, innovation, social and environmental responsibility; company awareness of external drivers

External: increasing pressure from external stakeholders, stricter environmental responsibility pressure and regulation

Traditional business model — SBMI → **Sustainable Business Model**

CHALLENGES

Internal and External: Communication

Internal: short-termism; insufficient capabilities; strategy; change resistance, organisational culture, values and attitudes, leadership, no motivation, risk aversion, financial risk, sustainability initiatives costly, financial performance metrics, lack of tools to navigate the uncertain terrain, silo mentalities, behavioural challenges

External: lack of strict regulatory frameworks, lack of economic incentives, external events, lack of support from wider system including government, inconsistent regulatory mechanisms, principal-agent issues, role of government, socio-economic issues, lack of effective legislation

ENABLERS

Internal and external: collaboration, inter-organisational networks, stakeholder engagement, communication, education

Internal: strategy; organisational culture, organisational values, approach to collective decision-making, clear sustainability vision, business purpose, organisational leadership, organisational structure, leadership vision, management support, collaboration, organisational change processes, incentives, sustainability focused metrics, company size, budget?, ring-fenced resources, sustainability training

External: social and environment context, legislation, enforcement of legislation, public opinion, technology level, industry specific competitive dynamics, institutional and socio political arrangements, government support

VALUE:

Sustainable value proposition

Value co-creation and co-delivery
Economic/organisational
Social
Environmental/technological

Value capture
Company; investors; customers; employees; suppliers; society; future generations; environment

Figure 8*: SBMI Conceptual framework

Source: Developed by Researcher.

Based on the literature presented here, it is evident that in order for companies to achieve triple-bottom-line results that yield economic, environmental and social benefits for a company and its stakeholders, it is important for a company to embed sustainability into its core business practices. One of the ways of doing this, as identified in literature, is through BMI, and particularly through incorporating sustainability elements such as considering multiple stakeholders and the environment into a company's business model. The literature that has been reviewed in respect of the SBMI process relates to four main issues: (i) the factors that are driving companies to move from traditional business models to more SBMs; (ii) the

challenges that companies are encountering when innovating towards more SBMs; (iii) the enablers that make the implementation of SBMs work in companies; and (iv) the value co-created, co-delivered and captured when moving to SBMs (including new value propositions), and for whom that value is co-created and co-delivered.

There are various factors driving companies to innovate to more SBMs. Like traditional BMI, SBMI can take place in multiple ways along a continuum (from incremental changes to radical changes in one or more elements of the business model). While there has been a growing trend of companies incorporating sustainability into their business models through the SBMI process, various challenges and enablers have been identified in literature that either hinder or aid the SBMI process.

Studies relating to SBMI have received increased attention in recent years. A majority of the studies that have been conducted describe SBMs or explain the need for SBMs. There are therefore multiple theoretical constructs relating to the various SBMs available to companies (including the archetypes proposed by Bocken et al. (2014)). However, the question of how organisations can or have been innovating their business models towards greater sustainability has not been sufficiently addressed and warrants further research (Geissdoerfer et al., 2018; Evans et al., 2017; Foss & Saebi, 2017; Roome & Louche, 2016). Furthermore, there is a shortage of SMBI research that also considers the specific context of a business innovating its business model towards SBM (Gao & Li, 2020). In considering how companies are transitioning to SBMs, there is a gap in literature regarding what is driving companies to transition from traditional business models to SBMs (Evans et al., 2017; Foss & Saebi, 2016), as well as the challenges (Geissdoerfer et al., 2018) and enablers (Long et al., 2018; de Medeiros et al., 2014; Chesbrough, 2010) that have an impact on SBMI implementation. Additionally, there is a gap in literature regarding the value associated with SBMI implementation (Dentchev et al., 2018; Rauter, et al. 2017; Abdelkafi & Täuscher, 2016).

This study sought to close the research gap identified in literature as summarised in the preceding paragraph. Specifically, the study focused on how companies move from traditional business models towards SBMs, specifically in the South African food and beverage business context. The main research question and sub-questions aimed at addressing the identified research gap are articulated further in Chapter 3 of this research report.

CHAPTER 3: RESEARCH QUESTIONS

3.1. Main research question

Following the proposal by Geissdoerfer et al. (2018), the main research question that this study aimed to answer is the following:

How do organisations move from one business model to a more sustainable business model in practice?

In order to operationalise the main research question, the following sub-questions were explored in detail and specifically with reference to the food and beverage industry and related supply chains:

3.2. Research Question 1

What are the drivers that are motivating incumbent companies to move towards more sustainable business models?

The purpose of this research question was to gain an understanding into what is motivating companies to move towards more SBMs as has been proposed by scholars such as Evans et al. (2017) and Foss and Saebi, (2016). By gaining an understanding of the drivers that are both internal and external to the company, this could shed light on the crucial factors that are leading companies into the direction of SBMs. Furthermore, this could assist with providing companies with confidence of the need for them to innovate their business models to SBMs (Evans et al., 2017).

3.3. Research Question 2

What are the challenges that incumbent companies are encountering when moving towards more sustainable business models?

This research question has been proposed by Geissdoerfer et al. (2018) and has been included in the study in order to gain an understanding of the barriers or challenges that are being encountered by managers in companies during the SBMI process. This research question was intended to shed light on the most prevalent challenges, both internal and external to a company, that managers would need to be aware of that could potentially inhibit their ability and prospects of successfully implementing the SBMI process. A greater awareness of such challenges could enable managers who are responsible for implementing the SBMI process in companies to pro-actively map the challenges that they are likely to encounter and

come up with potential solutions to counter such challenges (Geissdoerfer et al., 2018).

3.4. Research Question 3

What are the enablers that make the implementation of sustainable business models work?

Following a proposal made by some scholars regarding the gap in literature relating to the factors that enable businesses to transition towards SBMs (Long et al., 2018; de Medeiros et al., 2014; Chesbrough, 2010), this research question was intended to provide insights into the enablers that assist managers in companies with successfully implementing the SBMI process. In this regard, this research question sought to explore the internal and external enablers that aid the SBMI process in companies. Understanding such enablers would assist managers with assessing the existence of such enablers, and ultimately with pro-actively identifying opportunities for creating and strengthening such enablers in order to drive greater adoption of the SBMI process in companies.

3.5. Research Question 4

In moving to more sustainable business models, what value is created and for whom?

The research question above has been identified based on gaps in literature in respect of this aspect identified in literature (Dentchev et al.,2018; Rauter, Jonker and Baumgartner, 2017; Abdelkafi & Täuscher, 2016). This research question was designed to provide greater insights into the kind of value that is created through the value proposition, value creation, value delivery and value capture presented by SBMs and the SBMI process in the food and beverage industry and related supply chains. This research question was also intended to highlight for whom the value is created in the SBMI process. Having this understanding could provide managers with a clearer view of the benefits associated with SBMI and the stakeholders for which such benefits are provided. This could in turn motivate managers in companies to accelerate the adoption of the SBMI process, and provide them with a tool to obtain buy-in and support within their companies to implement the SBMI process.

CHAPTER 4: PROPOSED RESEARCH METHODOLOGY AND DESIGN

4.1. Introduction

This chapter outlines the research methodology used for the purposes of this study. This study sought to answer questions regarding how companies transition from traditional business models to SBMs. In light of the nature of the research questions that this study sought to answer, a mono qualitative study which was exploratory in nature was conducted. This chapter is structured as outlined in Figure 9.

Section 4.2: Choice of methodology

Section 4.3: Population / Research setting

Section 4.4: Level of analysis and unit of analysis

Section 4.5: Sampling method and size

Section 4.6: Data gathering

Section 4.7: Analysis approach

Section 4.8: Quality controls

Section 4.9: Ethical considerations regarding data collection

Section 4.10: Limitations
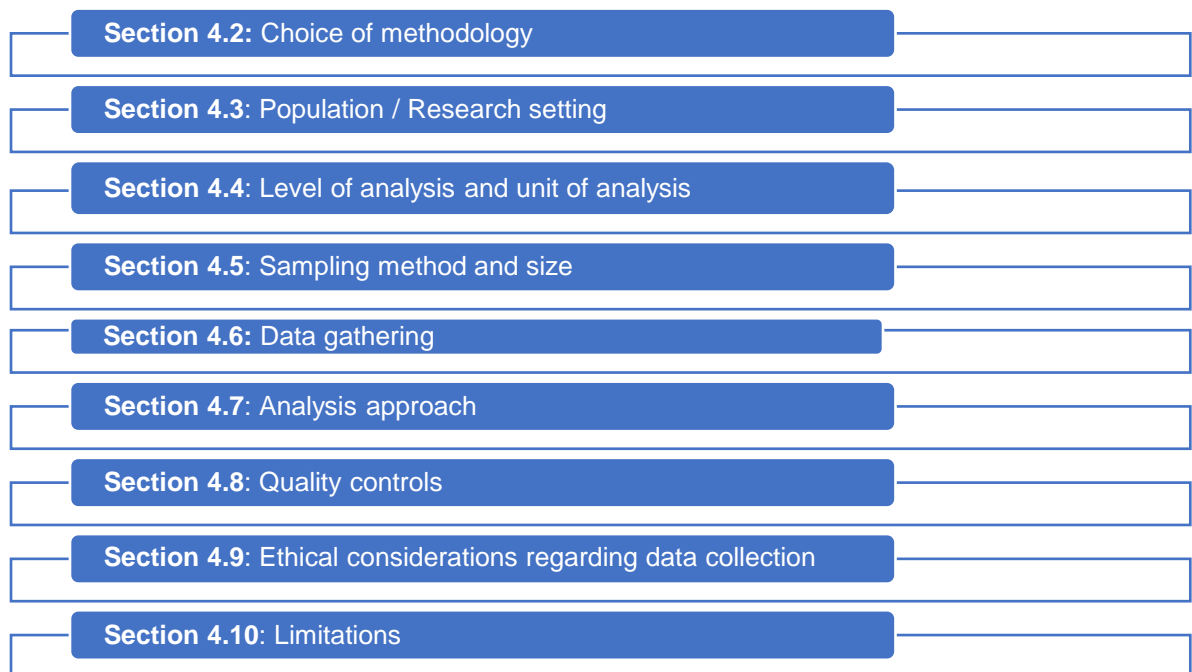
Figure 9: Outline of Chapter 4

4.2. Choice of methodology

Research philosophy is defined as a system of assumptions and beliefs about the nature and development of knowledge (Saunders & Lewis, 2018). Given the limited amount of theory and the scarcity of empirical analyses in the field of SBMI, the research philosophy that was employed for this study is the interpretivist research philosophy. The interpretive approach is able to address issues of description, explanation and interpretation (Bluhm, Harman, Lee, & Mitchell, 2010). Accordingly, adopting this philosophy for the study provided the researcher with an opportunity to explore the research problem and develop a new understanding and insights that are intended to contribute to academic research in this field and to provide practical benefits to companies and managers within companies.

This study took the form of an exploratory mono qualitative study. Exploratory research design assists with providing new insights and assessing topics in a new light (Saunders & Lewis, 2018), which is what this study sought to do in the context of the field of SBMI. Qualitative methods allowed for theory refinement in the field of SBMI. Qualitative methods also enabled the researcher to focus on how actors make sense of the business situation in which they find themselves (Reinecke, Arnold & Palazzo, 2016) and the manner in which they interpret their experiences (Bluhm et al., 2010).

This study employed a narrative approach to data gathering in order to gain a deeper understanding of the participants' experiences in respect of the research problem. A narrative approach to data gathering is one of the qualitative approaches to research. According to Creswell, Hanson, Plano and Morales (2007), a narrative approach is generally appropriate in situations where detailed stories provide insights towards understanding the problem.

In light of the research problem that this study sought to address, the study asked "what", "who" and "how" questions in order to refine existing theory and develop a greater understanding of the research problem (Crane, Henriques, Husted & Matten, 2016). Additionally, this study related to a contemporary phenomenon, as a number of companies are currently grappling with the issue of SBMI (Foss & Saebi, 2017). Furthermore, as detailed in the sampling method section below, this study focused on individuals within companies implementing SBMs in the food and beverage industry and related supply chains. Focusing on individuals that operate within a particular industry was intended to provide rich insights during the cross-case analysis process. For the purposes of this study, a cross-case analysis refers to a comparison across the three participant groups. A cross-case analysis is generally regarded as being more robust (Yin, 2014) and allows for replication within categories (Eisenhardt, 1989).

The techniques and procedures that were used for gathering data were through primary data generated from semi-structured interviews. During the analysis phase of the research process, this study used both inductive and deductive approaches. The inductive approach starts with a deep reading of the data and progresses to developing themes about the phenomenon being investigated (Hyde, 2000). Once descriptive themes had been identified, a deductive approach was followed in order to build the theoretical analysis and theoretical themes. This process ultimately

culminated in the development of a conceptual framework intended to guide managers involved in the SBMI process in companies (Figure 16).

The time horizon of this study was cross-sectional in nature. A cross-sectional study entails looking at a particular subject at a particular point in time (Saunders & Lewis, 2018). While the overarching research question does have a change orientation, this study was aimed at understanding the drivers and outcomes of the process of change and not the nature of the change itself. Therefore, conducting a cross-sectional study in this context was still appropriate as the data was only collected at one point in time to explore past experiences.

4.3. Population/research setting

Selection of a research setting relates to identifying the entities or individuals from which a sample is drawn based on their ability to provide rich, relevant and comprehensive information in respect of the research question (Gupta & Aswathy, 2015). The study was bounded by stipulating specific parameters in respect of the participants and the industry in which they operate. This assisted with framing, focusing and managing data collection and analysis (Harrison, Birks, Franklin & Mills, 2017). Additionally, looking at a problem within a particular location, industry or company is more likely to yield deep insights into how the research problem manifests itself in specific contexts (Farquhar, 2012). Therefore, while the research problem contemplated in this study is a global issue, specific parameters were defined around location and industry in order to ensure that the study yielded deep insights that would be useful to managers in the food and beverage industry and related supply chains.

Companies are currently under pressure to adopt new strategies towards sustainability (Geissdoerfer et al., 2018). Accordingly, the population or setting for this study was incumbent companies in the food and beverage industry and related supply chains, based in South Africa that have or are in the process of implementing sustainable business models (SBMs). The food and beverage industry was concluded to be an appropriate empirical context as the innovation of business models to SBMs in this industry has great potential to create high economic, environmental and social impact due to its high industrial impact (Long et al., 2018). Furthermore, there has been increasing sustainability awareness in this industry that is putting pressure on companies in the industry to initiate the SBMI process (Long et al. 2018). Accordingly, this industry was selected as it was likely to yield rich

insights into the topic of this study. Additionally, the researcher was able to gain access to managers conducting business in the food and beverage industry and related supply chains in the South African context through her professional network.

4.4. Level of analysis and unit of analysis

The level of analysis of this study was SBMI. The unit of analysis for the primary data collection were the individual senior managers within the industry who are involved in the implementation of SBMs. These individuals provided rich data for analysis, as they have the relevant expertise and experience and were able to provide practical insights into the research phenomenon.

4.5. Sampling method and size

This study made use of purposive sampling. This is a type of sampling in which the researcher systematically identifies and selects sample members based on a range of possible criteria (Saunders & Lewis, 2018). Adopting this recruitment process, the criteria that were developed to identify the sample were as follows: individuals working in the food and beverage industry and related supply chains were selected, who work for companies that meet the following criteria: (i) an incumbent conducting business in the food and beverage industry (in any part of the value chain); (ii) existing operations in South Africa; and (iii) pursuing a sustainability strategy. Additionally, interviewees were selected purposively with reference to their position and their involvement in the adoption or implementation of a SBM in their company.

It is useful to highlight multiple perspectives in relation to an issue (Creswell et al., 2007). This study therefore considered the experience of multiple individuals in the food and beverage industry and related supply chains in order to highlight different perspectives relating to the research problem. The sample size for the interviews consisted of 16 senior managers working in companies in the food and beverage industry and related supply chains.

Fourteen companies were initially identified and specific managers within those companies who are involved in SBMI were requested to participate in the study. Of the 14 companies, only managers within 12 companies agreed to be part of the study. However, it is important to note that the unit of analysis of this study was the individual senior managers who are involved with the implementation of SBMs in their respective companies. Accordingly, the data was not collected with reference to a specific company being a target of this research, but based on the position and

experience of the relevant managers. Information relating to the names and companies of the respective participants was therefore anonymised.

Table 1 sets out the different categories of the participants who were interviewed as part of the study. Participants were grouped according to the functional areas on which their roles were focused. This was done in order to ensure that the sample selected comprised of participants that would be able to provide insights into the research problem holistically, that is, to provide insights into the SBMI process in relation to all three elements of the triple bottom line (economic, environmental and social). This categorisation into three groups was also intended to assist with data triangulation during the analysis stage in order to systematically establish similarities and differences in the insights gleaned from the different participants.

Table 1: Participant categorisation

	Position of Manager	Role focus	Category
Participant 1	Corporate SHE Manager	Environmental and Operations	2
Participant 2	Sustainability Executive	General Sustainability Focus	3
Participant 3	Corporate Affairs Executive	Social Focus	1
Participant 4	Group Quality Manager	Environmental and Operations	2
Participant 5	Corporate Affairs Manager	Social Focus	1
Participant 6	Supply chain planning specialist	Environmental and Operations	2
Participant 7	Group Sustainability Manager	General Sustainability Focus	3
Participant 8	Group Sustainability Manager	General Sustainability Focus	3
Participant 9	Business Unit Head	Environmental and Operations	2
Participant 10	Sustainability Manager: Environmental	Environmental and Operations	2
Participant 11	Director	Environmental and Operations	2
Participant 12	Corporate Affairs Executive	Social Focus	1
Participant 13	Group Sustainability Manager	General Sustainability Focus	3
Participant 14	Director	Social Focus	1
Participant 15	Executive	Social Focus	1
Participant 16	Board member	General Sustainability Focus	3

The appropriate sample size for purposive sampling is driven by saturation, which refers to the point where no new codes are generated from additional interview data (Guest, Bunce & Johnson, 2006). Figure 10 provides a summary of unique codes generated during the different interviews, and shows the point at which saturation was reached.
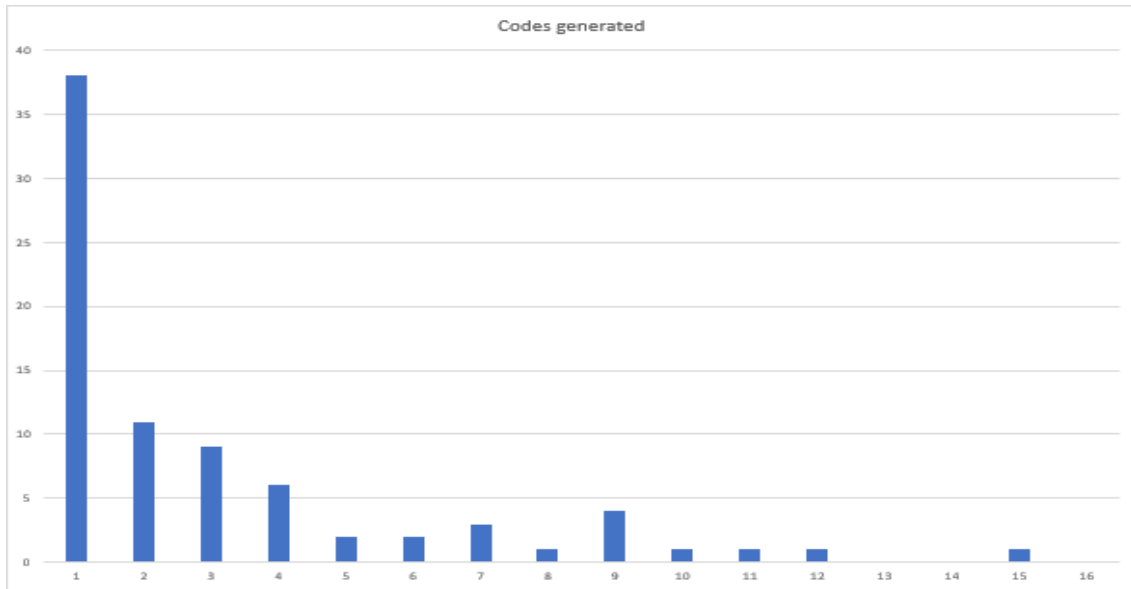
Figure 10*: Unique codes generated per interview*

4.6. Data gathering

4.6.1. Measurement instrument

The measurement instrument that was utilised for the purposes of the semi-structured interviews is an interview guideline that was aimed at directing the interactions during the interviews. The guideline contained open-ended questions aimed at ensuring that the interviews were guided by the purpose of the research. It also contained probes to be used to follow up on initial responses (Saunders, Lewis & Thornhill, 2009). The interview guideline allowed for rich data to be collected based on the experiences of participants.

In order to ensure validity and to test the measurement instrument, a pilot interview was conducted. The pilot interview assisted the researcher to refine the interview questions to ensure that appropriate responses could be obtained. Table 2 sets out the questions that were asked during the semi-structured interviews and links these questions to the main research questions of this study.

Table 2: Relationship between research questions and interview questions

Research Questions	Interview Questions (interview guide)	
	Question 1	I would like to start by asking you to tell me about how you got involved in the company/ initiative/ sustainability/ sustainable supply chain?
Research Question 1 What are the drivers that are motivating incumbent companies to move towards more sustainable business models?	Question 2	In your business experience, what are the factors or *drivers* that are moving your organisation towards incorporating sustainability into your business?
Research Question 2 What are the challenges that incumbent companies are encountering when moving towards SBMs?	Question 3a	In your business experience, what are the *challenges* you are encountering from within the company when incorporating sustainability into your business?
	Question 3b	In your business experience, what are the *challenges* you are encountering from outside the company when incorporating sustainability into your business?
Research Question 3 What are the enablers that make the implementation of SBMs work?	Question 4a	In your business experience, what are the *enablers* within the company that are helping you to incorporate sustainability into your business?
	Question 4b	In your business experience, what are the *enablers* outside the company that are helping you to incorporate sustainability into your business?
Research Question 4 In moving to SBMs, what value is created and for whom?	Question 5	Who are you working with in order to achieve your goal of incorporating sustainability into your business?
	Question 6	Please provide me with more details about your relationship with the people/ organisations you are working with to achieve your goal and how you are working together?
	Question 7	In moving to more sustainable business models, what *value* in your business experience is being created, and who is that value being created for?
	Question 8	How do you see this developing in the future?

Source: Researcher.

The initial question posed to participants was intended to provide the researcher with insights into how each participant got involved in sustainability practices within the company, and the level of involvement of each participant in incorporating sustainability into the company they worked for. The other interview questions were each linked to the main research questions in the manner set out in Table 2 above.

4.6.2. Data gathering process

Primary data was collected by means of semi-structured interviews with senior management from the food and beverage industry and related supply chains. Semi-

structured interviews are used to generate data for purposes of theory development (Saunders & Lewis, 2018). Sixteen individuals were interviewed between 13 August 2020 and 29 September 2020. Due to the Corona virus disease 2019 (Covid-19) pandemic, the semi-structured interviews were conducted by electronic means, with some being conducted through Microsoft Teams and others being conducted through Zoom. These interviews were intended to enable the researcher to make inquiries aimed at addressing the research questions identified in Chapter 3 of this research report.

A particular process was followed for the purposes of each interview. Each participant was required to complete an informed consent form prior to the interview being conducted. Due to the interviews being conducted electronically, informed consent documents were shared with participants prior to each interview (refer to Appendix A for a copy of the consent form). At the beginning of each interview, the researcher provided participants with details about the scope of the study, following which the informed consent document was discussed and participants were asked if they had any questions in respect of the informed consent document that had been provided to them prior to the meeting. Once the formalities were completed, participants were then asked for consent to record the interview, following which the interviews were recorded. The interviews were scheduled for one hour and each interview ultimately ranged from 30 minutes to 1h20 minutes. The average interview lasted for approximately 45 minutes.

4.7. Analysis approach

Data analysis is regarded as the techniques for organising, sorting and indexing data (Mauthner & Doucet, 2003), as well as the techniques for analysis and interpretation of data. Each case (being each individual interview) was first analysed separately, following which a cross-case analysis (analysis across the three groups of interview participants) was conducted in order to build a robust analysis and establish and compare the themes in respect of the subject-matter of the research.

The technique that was used for purposes of data analysis is thematic analysis, which is an analysis of data that allows coding and analysis to be data driven as opposed to being driven by the researcher's preconceptions or an existing coding frame (Hastings & Pennington, 2019). Thematic analysis is aimed at identifying, analysing and reporting themes or patterns within data, highlighting similarities and differences within data, and potentially providing unexpected insights (Braun &

Clarke, 2006). This process assisted with providing a greater understanding of the main themes that arise in the context of adoption and implementation of SBMs by managers in companies in the food and beverage industry.

Using the primary data, the process that was followed for purposes of conducting the data analysis in respect of each case is as follows (Creswell & Creswell, 2018; Braun & Clarke, 2006): (i) the data was organised and prepared for analysis, which involved transcribing the interviews for analysis; (ii) all the data was reviewed in order to get a general sense of the information; (iii) the data was then grouped and initial codes were generated to reveal interesting features of the data; (iv) thereafter the coding process was used to generate themes; (v) the themes were reviewed and a thematic map of analysis was created, and (vi) the themes were analysed further, refined, named and documented in a scholarly report.

The manner in which each of the six steps highlighted above was operationalised is set out in this paragraph and the next paragraph. The researcher used transcribing software contained in both Teams and Zoom functionality in order to generate initial drafts of the interview transcripts. Thereafter, the researcher listened to each interview in order to clean up any errors in the transcripts and to ensure accuracy of the transcripts. Once the transcripts were edited, the researcher reviewed the transcripts a final time before commencing with the analysis process. CAQDAS software in the form of ATLAS.ti was used for the purposes of the data analysis process. An inductive analysis process was initially used. There were 204 codes generated in the second round of coding. Friese (2012) has argued that a qualitative study should have 80 to 100 final codes that may then be categorised and ultimately result in five to seven major themes. Following a process of refining the codes, merging similar codes and deleting duplicate codes, the descriptive codes, derived inductively were reduced to 80 codes. The inductive coding was descriptive, data driven and was done using the language of the participants.

The list of descriptive codes have been included in this study as Appendix B. The initial codes were organised into first-order categories using an inductive process, followed by deductive coding, to reach the final themes. The analysis switched from inductive to deductive at the fourth stage of analysis in order to allow for an analysis based on a selected theoretical lens. The theoretical lens applied was derived from the literature review as summarised at Figure 8 in Chapter 2.

4.8. Quality controls

The quality of qualitative research is largely dependent on ensuring the presence of validity and reliability measures, and triangulation can be used to ensure that both measures are in place (Amis & Silk, 2008). Validity relates to ensuring that the research process is internally consistent and ensuring that the findings are accurate in the sense that they are about what is claimed they are about (Creswell & Creswell, 2018; Saunders & Lewis, 2018). In order to ensure validity, data triangulation and cross-case analysis (across the three participant groups) were applied. Data triangulation entailed triangulating the data collection process through collecting data from different data sources (participants). Cross-case analysis (across the three participant groups) was used to generate additional insights.

Reliability relates to ensuring that data collection and analysis processes result in consistent findings (Saunders & Lewis, 2018) and that the study can be replicated. To ensure reliability, an audit trail of the data was maintained. This entailed ensuring consistent use of the interview guideline in all interviews and keeping records of the interview recordings, transcripts and the ATLAS.ti reports. Maintaining an audit trail allowed the researcher to manage and organise data whilst the data was being collected (Ravitch & Carl, 2016) and analysed.

It was important that there is strong substantiation for the constructs and the framework developed in the study in order to ensure the robustness of the study. The researcher ensured that this was the case by having an interview guideline in place and by managing data in the manner referred to in the preceding paragraph.

4.9. Ethical considerations regarding data collection from human subjects

The researcher ensured confidentiality and anonymity during the data gathering process by not reporting the names and organisations of individuals and by storing and reporting data without identifiers. Furthermore, the recordings of the interviews, together with the transcriptions, have been stored in a password-protected computer.

The unit of analysis of this study is the professional experience of managers tasked with implementing SBMI in the food and beverage industry and related supply chains. Furthermore, the level of analysis of the study is SBMI and the study is therefore not directed at any specific company, organisation or organisations but at the phenomenon of SBMI in the supply chain. The study also considered value created for multiple stakeholders in the SBMI process. Lastly, the informed consent

document that was signed by every participant confirms that participant names and organisations were to be anonymised. Accordingly, organisational consent was not required for the purposes of the study.

4.10. Limitations

The limitations of this study can be linked to the fact that the researcher is a novice researcher and is inexperienced in conducting research interviews. These aspects could affect the quality of the data collected. However, this limitation was managed by the researcher ensuring that there were control processes in place, such as conducting a pilot interview (Creswell & Creswell, 2018). The purpose of the pilot interview was to test the interview instrument and to make sure that the questions that were being asked were clear to participants. The pilot interview also assisted the researcher to conduct a quality check on the interview protocol, the interview process and the timing.

Another limitation of the study relates to the fact that the study only focused on managers working in companies conducting business in the food and beverage industry or related supply chains which are primarily located in South Africa, and this could potentially limit its applicability to a particular industry and geographic location.

Additionally, the sample size of this study only comprised of 16 interviews. This could have an impact on the generalisability of the study.

CHAPTER 5: FINDINGS

5.1. Introduction

This chapter sets out the findings from the primary data gathered through the 16 semi-structured interviews. This chapter begins by providing a summary of the participants, following which the findings are presented according to the research questions that were detailed in Chapter 3.

5.2. Summary of participants

A summary table of the sample of this study is provided in Chapter 4. Of the 16 participants, five participants were involved in implementing social initiatives within their respective companies. As appears from Table 3 below, their roles ranged from corporate affairs to directors and executives.

Table 3: Participants involved in social sustainability

	Position of Manager	Role Focus	Group
Participant 3	Corporate Affairs Executive	Social Focus	1
Participant 5	Corporate Affairs Manager	Social Focus	1
Participant 12	Corporate Affairs Executive	Social Focus	1
Participant 15	Executive	Social Focus	1
Participant 14	Director	Social Focus	1

Six of the participants were involved in the operations side of the business and their roles involved incorporating environmental related elements into the operations of the business. The titles of these participants ranged from supply chain planning specialists to environmental sustainability directors, as appears in Table 4.

Table 4: Participants involved in operations and environmental sustainability

	Position of Manager	Role Focus	Group
Participant 1	Corporate SHE Manager	Environmental and Operations	2
Participant 4	Group Quality Manager	Environmental and Operations	2
Participant 6	Supply Chain Planning specialist	Environmental and Operations	2
Participant 9	Business Unit Head	Environmental and Operations	2
Participant 10	Environmental Sustainability Manager	Environmental and Operations	2
Participant 11	Director	Environmental and Operations	2

The last category of participants, being five participants, were involved in the implementation of sustainability from a triple-bottom-line perspective within their companies, with four holding the titles of group sustainability heads and one being a board member of a company. This category of participants is set out in Table 5 below.

Table 5: Participants with a general sustainability focus

	Position of Manager	**Role Focus**	**Group**
Participant 2	Sustainability Executive	General Sustainability Focus	3
Participant 7	Group Sustainability Manager	General Sustainability Focus	3
Participant 8	Group Sustainability Manager	General Sustainability Focus	3
Participant 13	Group Sustainability Manager	General Sustainability Focus	3
Participant 16	Board member	General Sustainability Focus	3

5.2.1. *Current role of participants and involvement in sustainability*

In order to gain an understanding of the involvement of the participants in sustainability within their companies, participants were asked an introductory question regarding their involvement in sustainability in the company (Question 1 in interview guide). The responses provided by the participants assisted the researcher to establish the level of involvement of each participant in the SBMI process within their respective companies. Excerpts of the responses provided by each participant are set out in Table 6 below and discussed in detail in the analysis below.

5.2.2. *Cross-group and within-group analysis*

Across the three categories, there were certain themes that could be observed based on the quotes provided in Table 6 below. One of the themes that was observed is the fact that participants in Group 1 generally focused on the social side of sustainability, such as poverty, hunger and inequality as mentioned by Participant 3 and Participant 14. One of the participants in this category was also responsible for communication and reporting on sustainability practices within their companies (Participant 12). Based on the titles of participants, this function is generally associated with the corporate affairs function within companies in the food and beverage industry.

In contrast, participants in Group 2 were involved in the operations side of the business and therefore focused on embedding environmental sustainability into the

business. This is clear from the quotes provided in Table 6. While participants such as Participant 1 and Participant 4 were responsible for safety, health and environment, Participant 6 and Participant 11 were responsible for supply-chain-related elements of their companies. While Participant 11 focused on achieving efficiency in the supply chain, Participant 6 focused on materials sourcing and developing supplier partnerships and considering climate change impact brought about by the company's supply chain. Participant 11 also focused on energy and water-related sustainability practices and initiatives. Similarly, Participant 10 also focused on water-related sustainability practices and initiatives and also focused on additional sustainability practices and initiatives such as carbon-footprint-related initiatives, as well as food waste, recycling and plastic and packaging-related sustainability initiatives. Similarly to Participant 11 who had a wide area of focus, Participant 9 was responsible for implementing the sustainability strategy within the operations of the business.

One of the themes that come through from the participants in Group 3 is the fact that in some companies, a new role was created that is specifically responsible for the sustainability function, as evidenced by the response provided by Participant 13, Participant 7 and Participant 8 in Table 6 below. Additionally, within Group 3, some participants indicated that they are responsible for formulating and implementing the sustainability strategy of the companies for which they work or running the whole sustainability function (Participant 7 and Participant 2). Another theme that came through from this category of participants is the fact that their role is multi-faceted, and spans environmental concerns such as product packaging, carbon footprint initiatives, sustainable sourcing as well as social concerns, such as supplier development, inclusive procurement, rural development programmes, and the concept of creating shared value for the company, communities and environment. Lastly, some of the participants indicated that they are responsible for sustainability reporting within their companies (Participant 7 and Participant 8).

Table 6 provides direct quotations from participants in respect of the aspects discussed in the preceding paragraphs. These direct quotations in Table 6 have been grouped according to the three functional groups described above.

Table 6: Participant involvement in sustainability

Participant	Position	Involvement in sustainability	Group
Participant 3	Corporate Affairs Executive	"I thought with my government knowledge I could infuse the tangible ways of how we can connect government to Company X and then come up with the magic of contributing to societal needs of poverty, hunger and inequality."	1
Participant 5	Corporate Affairs Manager	"In the past the function that I support did not exist in Sub-Saharan Africa. It only started existing when I came on board last year."	1
Participant 12	Corporate Affairs Executive	"I look after corporate affairs, sustainability and external reporting."	1
Participant 15	Executive	"I got into corporate relations and, as you may be aware, corporate relations is very much in multinational organisations, coming from Unilever to company X, there is communications, public policy and sustainability"	1
Participant 14	Director	So sustainability always, in my frame was always about food security, and future proofing the population health. So when you look at maybe the United Nations 17 goals, you're looking at poverty, looking at healthy nations...but environmental, not so much.	1
Participant 1	Corporate SHE Manager	"Been in this job for what 15-16 years… safety, health and environment or the SHE"	2
Participant 4	Group Quality Manager	"I am actually responsible for quality, safety, health and environment for the whole group."	2
Participant 6	Supply Chain Planning Specialist	"So I guess as an organization, and I had the privilege of working at Company X, so Company X is big on sustainability. So Company X has partnership programs with suppliers. You know with the climate change that we are experiencing."	2
Participant 9	Business Unit Head	"So my involvement, I would say in the beginning was at a high level, now more strategic and then in the very recent I would say probably last what 6 to 8 months we've seen a real dial up in the in the drive now for ownership and operational execution of some of these plans."	2
Participant 10	Environmental Sustainability Manager	"I am a sustainability manager… My focus area mostly on the environmental side of things. And so I focus on things like food waste, recycling, plastic and packaging. And I do the carbon footprint for the company, and I work on water and all that sort of stuff."	2
Participant 11	Director	"I focus very much on sort of energy because of being in supply chain, energy, water, ensuring that our supply chain practices are efficient or agile."	2
Participant 2	Sustainability Executive	"I also have a lot of passion for farming programs in Africa, I was running a lot of farming programs in Africa and the board and my bosses asked me to take it to the next level and run sustainability."	3
Participant 7	Group Sustainability Manager	"they never had a sustainability person; they never had a sustainability manager. So my first role is to put together the group sustainability strategy. And then the second part is also how do we integrate it into the business?"	3
Participant 8	Group Sustainability Manager	"But I also look after the risk...and also I'm busy looking at a supplier development kind of program and I also look after like anything else packaging products, engaging with the buyers...I'm actually busy writing my first sustainability report for Company X"	3
Participant 13	Group Sustainability Manager	"And then two years ago there was this opportunity to get into...well really it was a new position which we are kind of inventing as we are going along - the group sustainability manager."…"it's a multifaceted role: everything from inclusive procurement for instance the rural hub project" …"There's a whole lot of other things from carbon footprint to sustainable seafood. Various policies, various reporting on non-financial targets, collecting that data and putting it into report format so that it's ready for our integrated reports."	3
Participant 16	Board Member	"In terms of working with Company X, we've been working with this concept of creating shared value for a long time. And that is basically to ensure that in the way we operate, it's not only sending money back to the shareholders, but that the communities in which we operate, that they also benefit."	3

5.2.3. Conclusion regarding summary of participants

Based on an analysis of the data, the main themes that emerged regarding the involvement of participants in sustainability within their respective companies are set out in Table 7 below. From this table it is clear that each participant group focused on different elements within the SBMI implementation process. While Group 1 participants focus on Social initiatives, Group 2 participants focus on environmental initiatives and Group 3 participants focus on the overall sustainability strategy.

Table 7: Key themes: Participant involvement in sustainability

Group_1	Group_2	Group_3
Social sustainability focus	Environmental sustainability focus	Triple bottom line focus
Communication and reporting	Health, safety and environment	Sustainability strategy implementation
Typically corporate affairs function	Supply chain specialist	Newly created role
		Sustainability reporting

5.3. Findings: Drivers of SBMI Implementation

The first question that was considered in this study is the following:

> **Research Question 1: What are the factors that are driving incumbent companies to move towards sustainable business models?**

The purpose of this question was to gain an understanding into the factors that are moving companies in the food and beverage industry and related supply chains in South Africa to transition to more SBMs. Overall, some participants stated that there are various drivers that motivate companies to implement the SBMI process. In response to the question posed, one participant stated that "*it's a combination of different things*". Another participant stated that "*it sometimes depends on the area that or the sort of sustainability issue that you are talking about*". It is therefore clear that there are multiple drivers that are motivating companies to implement SBMI.

The themes and first order categories detailed in Table 8 below were identified based on the responses provided by participants. It was clear from the responses provided by the participants across all three groups that there are both internal and external drivers that motivate the implementation of SBMIs in companies in the food and beverage industry and related supply chains. Therefore, the first theoretical category considered below is the internal drivers that are motivating companies to implement

SBMI, followed by a consideration of the <u>external drivers</u> that are motivating companies to implement SBMI (the second theoretical category in respect of Research Question 1).

5.4. Findings: Internal drivers that motivate the implementation of SBMI

Within this theoretical category, there were three particular themes that were identified: (i) financial and commercial drivers; (ii) risk and compliance drivers; and (iii) values-based drivers. These themes were derived from the first-order categories set out in Table 8 below.

Table 8: Themes and first-order categories: Internal drivers

Theme	First order category	Frequency of mentions in category	Group_1	Group_2	Group_3
	A_1_Internal drivers that motivate the implementation of SBMI				
Financial and Commercial Drivers		53	6	30	17
	A_1_Cost-related challenges	23	4	12	7
	A_1_Financial and commercial benefits	12	0	10	2
	A_1_Attracting capital	12	0	6	6
	A_1_Creation of competitive advantage	6	2	2	2
Risk and Compliance Drivers		47	12	22	12
	A_1_Maintaining a company's reputation and brand image	19	1	10	8
	A_1_Risk management and compliance	17	6	10	2
	A_1_Survival of the company in the long term	11	5	2	2
Values-Based Drivers		38	9	15	14
	A_1_Organisational purpose and values steering company in that direction	16	3	5	8
	A_1_Employee values and requirements driving change within company	12	4	7	1
	A_1_Right thing to do	10	2	3	5

Source: Developed by Researcher.

Table 8 also sets out the frequency of mentions of each of the themes in the different categories, separated according to the participant categories specified in Chapter 4 above (Group 1, Group 2 and Group 3). Given that this is a qualitative study, the frequency count was not intended to be considered from a statistical perspective, but to enable the researcher to glean similarities and differences within the data set and across the different participant groups. Overall, financial and commercial drivers received the most frequent mentions across the data set. However, although risk and compliance drivers and values-based drivers received lower mentions than financial and commercial drivers, data from these themes has been analysed below as both themes received a high number of mentions across the data set. It was therefore worth exploring these themes to identify noteworthy similarities and differences in participant responses relating to these themes.

5.4.1. Financial and commercial drivers

There are four specific first-order categories which have been identified that can be regarded as financial and commercial drivers for companies to implement SBMI: (i) cost-related challenges; (ii) financial and commercial benefits; (iii) attracting capital; and (iv) creating competitive advantage. As appears in Table 8 above, cost-related challenges was the prominent theme across the data set, followed by financial and commercial benefits, attracting capital and creating competitive advantage. Each of the categories is dealt with in detail below.

5.4.1.1. Cost-related challenges

Participants identified the high operational costs of doing business as a motivator for incorporating elements such as renewable energy and implementing water stewardship programmes as part of an integral part of business operations. This first order category was mentioned by participants across the data set, with a high number of mentions coming from participants in Group 2 and the lowest mentions coming from participants in Group 1.

Cross-group and within-group analysis

One participant in Group 2 noted that "*our energy utilisation in our plants has been growing year on year for the last seven years*," while another participant in Group 2 referred to increasing electricity costs and stated the following: "*I want to get off the grid as much as possible. Eskom has had increases of how much over the past 5 years? It's incredible*". The general theme around high operational costs therefore related to energy costs. Another participant in Group 2 highlighted the use of renewable energy to counter these high energy costs: "*So they use solar energy as well. Just to protect and preserve the environment as also a cost-saving exercise*".

However, high energy costs were not the only concern. Another participant in Group 2 also expressed concerns about both electricity and water costs: "*the other one is the electricity, water pricing issue etc. So, we are very concerned about the availability and pricing of water*". These challenges around the costs of energy and water are therefore driving companies to implement water stewardship initiatives and renewable energy SBMI initiatives. Additionally, one of the participants in Group 3 indicated that packaging-related sustainability initiatives may also save costs for companies: "*It also reduces costs because if you use less packaging, you will be lighter and kinder on nature*".

5.4.1.2. Financial and commercial benefits

Some participants acknowledged that implementing SBMI and ultimately moving to more SBMs have financial and commercial benefits for companies, which is a factor that is motivating companies to implement SBMI. This category received the highest number of mentions from participants in Group 2 and no mentions from participants in Group 1.

<u>Cross-group and within-group analysis</u>

One participant in Group 2 made the following point: "*I think that there is a very strong reality that there is also a financial or commercial theme to this whole discussion*", while another participant in Group 2 echoed this sentiment by stating that "*it's really about us ensuring that there's sustainable profit, even for generations to come, you know, by protecting our environment and the planet".* This participant introduced the concept of sustainable profit, while other participants stressed that moving to more SBMs makes business sense, with a participant in Group 3 stating: *"All of that makes good business sense, it is not like a separate way of doing business; it's all good practices".* Another participant in Group 3 also made specific reference to <u>circular economies</u> (an example of an SBM) making business sense: *"It's also the realisation that working in a circular economy is also just making business sense".*

5.4.1.3. Attracting capital

Another driver that came through from the analysis of the data relates to attracting capital. This category received an equal number of mentions from participants in Group 2 and Group 3, and received no mentions from participants in Group 1.

<u>Cross-group and within-group analysis</u>

One of the participants in Group 3 expressed that "*sustainability also helps with a few levers… it helps you to attract capital*". This was supported by the views expressed by other participants on this point. For example, a participant in Group 2 asked the following question when referring to this particular driver: "*How do you attract investors, shareholders, whatever people to come and invest in Company X?*" and that "*people look at ESG [Environmental, Social and Governance] performance. They ask for it*". Similarly, a participant in Group 2 stated that "*investors, so, capital investors, they're becoming more and more aware of what environmental sustainability is and the requirements".*

5.4.1.4.   Creating competitive advantage

While this driver was mentioned across the data set, it did not emerge as a major driver of SBMI implementation, receiving a low frequency of mentions across the data set. One participant in Group 3 was of the view that sustainability provides you with competitive advantage: "*I think sustainability has always been a side of what gives you the competitive advantage*". However, the view that was generally portrayed by participants is that this is not the case, as exemplified by the following quote from a participant in Group 1: "*I think that once you start making sustainability a marketing issue and competitive issue, then you are sort of losing the plot*".

5.4.1.5.   Conclusion regarding financial and commercial drivers

As appears in Table 8 above, the financial and commercial drivers theme was cited more frequently by participants in Group 2 than any other participant group, while the theme received a low number of mentions from the participants in Group 1. It is not clear from the data provided by participants why there is a low frequency of mentions of this theme by participants in Group 1 compared to participants in other groups, but it is a point worth noting. Perhaps the frequent number of mentions by Group 2 of this theme may be linked to the role of participants in Group 2 being linked to environmental performance and operations.

Looking within the particular categories within the theme, while cost-related challenges were highlighted as a main driver across the data set, financial and commercial benefits and attracting capital received an equal number of mentions across the data set. An interesting finding, however, is that financial and commercial benefits and attracting capital were only referred to by participants in Group 2 and Group 3, and no participants from Group 1 made reference to these aspects. Creating competitive advantage was the least-mentioned category across the groups within the financial and commercial drivers theme.

A summary of the major first-order categories across the different groups appears in Table 9 below. Items that appear in bold text are aspects that are either consistently cited across the three participants groups, or are quite dominant within a particular group and may therefore potentially provide new insights. These bolded items are carried over to Chapter 6 for further discussion.

Table 9: Summary: Financial and commercial drivers

Financial and commercial drivers	Group_1	Group_2	Group_3
Cost related challenges	Low	**Frequent**	Some
Financial and commercial benefits	None	**Frequent**	Low
Attracting capital	None	Some	Some
Creating competitive advantage	Low	Low	Low

5.4.2. Risk and compliance drivers

There were three first-order categories that were identified within the risk and compliance drivers theme. The first-order categories identified based on the frequency of mentions by participants are as follows: (i) maintaining a company's reputation and brand image; (ii) risk management and compliance; and (iii) survival of the company in the long term. Each of these aspects is dealt with below.

5.4.2.1. Reputation and brand image

As appears in Table 8, the first-order category that was more frequently mentioned across the data set relates to maintaining a company's reputation and brand image. This first-order category was mentioned more by participants in Group 2 and Group 3 and received a very low number of mentions from participants in Group 1.

Cross-case and within case analysis

A view expressed by one of the participants in Group 3 is that "*there are many ways to promote your brand image, and sustainability is a big one of those ways*". However, another participant in Group 3 also made the point that "*some companies might be doing it just so that they look good*". This therefore shows alternative perspectives on how participants view brand image as a driver of the SBMI process.

Some of the other participants were more concerned about the reputational impact of not incorporating sustainability into their business in certain instances. For example, a participant in Group 1 noted that "*reputation is a very fragile thing and it will take just one wrong thing [to destroy a company's reputation]*". Another participant in Group 2 noted that *"there's vast reputational risk if you get it wrong. Something as basic as waste handling – that can destroy your company".* Another participant in Group 2, while speaking about embedding supplier-related sustainability initiatives within their business, noted that what is driving those initiatives is that "*if something goes wrong, it comes back to my reputation as Company X*".

5.4.2.2. Risk management and compliance

The second factor that was frequently identified across the data set as a motivator for SBMI within companies is risk management and compliance. This driver received the highest number of mentions from participants in Group 2, followed by Group 1 and received a very low frequency of mentions from participants in Group 3.

Cross-case and within case analysis

In answering the question posed to her regarding the drivers that are motivating SBMI in her company, one participant in Group 1 made the following comment: *"And it's incorporating sustainability in everything that we do in the business, right, because we, as businesses, businesses need to answer one question, what is their risks that could actually cause their demise?"*

Similarly to this concept of incorporating sustainability into the business being important for risk management that ensures the long-term viability of a business, a participant in Group 3 noted: "*So all these policies and documents of sustainability in a way de-risk the business model*" and also that "*sustainability also helps with a few levers, it helps you to manage risks better*". Therefore, embedding sustainability into the business is regarded as a risk management tool for companies. Linked to the concept of risk management is the concept of survival of the company.

5.4.2.3. Survival of the company

A number of the participants made reference to incorporating sustainability into the business as being important for the long-term viability of the business. This driver received the highest number of mentions from participants in Group 1, with very low mentions from participants in Group 2 and Group 3.

Cross -group and within-group analysis

In discussing the drivers of SBMI implementation, a participant in Group 1 explained this particular driver as follows: "*Put simply, it is survival into the future*" and she further elaborated that it is about looking at "*what are the things that would actually make a business not survive into the future or not be…let's use sustainability… sustainable into the future?*" Another participant in Group 1 described the concept in the following manner: *"To make it more sustainable, and I mean sustainable not just in the environmental sense of the word, but in the business continuity sense of the*

word". Similarly, a participant in Group 2 stated that "*I think it's sustainability in itself, right? And you just want longevity of your business as well*".

5.4.2.4. Conclusion on risk and compliance drivers

As appears in Table 8, the risk and compliance drivers theme received the highest frequency of mentions from participants in Group 2. This may be linked to the compliance-related aspect of the role of participants in this category. The theme received the same number of mentions from participants in Group 1 and Group 3.

When looking at the particular categories in the theme, maintaining a company's reputation and brand image and risk management and compliance were mostly cited by participants in Group 2 as drivers. Group 3 cited reputation and brand image as a driver more than the other categories in the theme, while Group 1 seemed to place more emphasis on risk management and compliance and survival of a company. However, it is not clear from the data why this is the case. For participants in Group 3, a company's brand image and reputation play a big role in driving the shift to more SBMs. In contrast, for Group 2 participants, the main drivers from a risk and compliance perspective relate to reputation and brand image, as well as risk management and compliance. Long-term survival of a company did not receive frequent mentions from any of the three participant groups. A summary of the major first-order categories across the different groups as discussed in this paragraph appear in Table 10 below:

Table 10: Summary: Risk and compliance drivers

Risk and compliance drivers	Group_1	Group_2	Group_3
Reputation and brand image	Low	**Frequent**	Some
Risk management and compliance	Some	**Frequent**	Low
Long-term survival of company	Some	Low	Low

5.4.3. Values-based drivers

Based on an analysis of the data, three first-order categories were identified as part of the values-based drivers that motivate companies to implement the SBMI process: (i) organisational purpose and values; (ii) employee values and requirements; and (iii) the adoption of SBMs being considered the right thing to do. Each of these drivers is considered below.

5.4.3.1. Organisational purpose and values

The driver that has been mentioned frequently by participants in the values-based drivers theme relates to organisational purpose and values. This first-order category was mentioned by participants across the data set.

<u>Cross-group and within-group analysis</u>

Participants have emphasised the importance of organisational purpose and values as a motivator within the company for the implementation of the SBMI process. The following quotes from participants highlight this point. A participant in Group 2 stated: "*It is our vision, it is our purpose, and that's ultimately what is steering us*". Similarly, a participant in Group 3 stated that "*the beauty I would say within Company X is that it's directly in our purpose statement and therefore people can very easily see the link on why are we asking to do this*". This was echoed by a participant in Group 1 who made the point that *"the business has, over a number of years, talked a lot about purpose, and that purpose agenda is very deeply ingrained in the business in a lot of the senior leadership of the business".* In contrast, a participant from Group 1 linked the driver to a company's values and mission: "*First of all it's your own values and mission as an organisation, your value system should drive your quest towards being a sustainable organisation as a business*".

5.4.3.2. Employee requirements and values

Another values-based driver that has been identified in the data is employee requirements and values. In this regard, employee expectations are driving the shift to more SBMs. This category was largely mentioned by participants in Group 2, followed by those in Group 1 and received only one mention from participants in Group 3.

<u>Cross-group and within-group analysis</u>

One participant in Group 1 noted that *"the employees expect that of us, and they want to see that we are doing something",* while another point was made by the participant that *"the expectation from our employees is that we not only do something, but that we do it quickly. It keeps raising the bar and we are trying to meet that bar."* Similarly, a participant in Group 2 made the point that "*I think our own employees are demanding it because… they will be proud if their organisation is leading the charge on these things, on these very important issues".* Furthermore, a participant in Group 3 noted that this expectation by employees also makes

employees more interested in working on these types of initiatives. In this regard, the participant made the following statement *"our employees obviously become more and more concerned and therefore also more and more interested to work on it"*.

5.4.3.3.   Right thing to do

The last driver that has been identified in the data is the concept of companies implementing SBMI on the basis that it is merely the right thing to do. This particular phrase was stated by a few participants. For instance, one participant in Group 3 stated that "*you should be doing it because it's the right thing to do*". A participant in Group 2 made a similar point by stating that "*we do it because it's right, so I think that part is we almost don't even think about that piece. It is the right thing to do.*" Another participant in Group 3 did not make reference to the phrase itself, but emphasised companies taking responsibility as being a driver "*one has to say well hang on here, we are as brand owners are responsible ultimately for the packaging that we put out there*".

5.4.3.4.   Conclusion regarding values-based drivers

As appears in Table 8, the frequency of mentions of this theme was not dramatically different across the participant groups. The theme was mentioned as a driver across the three participant groups. However, as appears in Table 11 below, compared to the other groups, the theme received low mentions from Group 1 participants.

When looking at the particular categories within the theme, organisational purpose and values was cited mostly by participants in Group 3, followed by participants in Group_2. Participants in Group 2 also placed emphasis on employee values and requirements driving change within the company. The right thing to do was mostly cited as a driver by Group 3 participants. A summary of the first-order categories across the different groups as discussed in this paragraph appear in Table 11 below. As appears in Table 11, there were no frequently mentioned drivers within any of the participant groups in relation to this theme.

Table 11: Summary: Values-based drivers

Values-based drivers	Group_1	Group_2	Group_3
Organisational purpose	Low	Some	Some
Employee values	Low	Some	Low
Right thing to do	Low	Low	Some

5.4.4. Summary on internal drivers of SBMI implementation

When considering drivers that are internal to the company that motivate companies to implement SBMI, financial and commercial drivers was the more prominent theme across the data set. However, data within the different participant groups points to risk and compliance being a dominant themes for Group 1, while financial and commercial drivers are the more prominent themes for Group 2 and Group 3. A summary of the dominant themes and first-order categories across the three groups as discussed in detail in the preceding paragraphs is set out in Table 12 below.

Table 12: Summary: Internal drivers

Internal Drivers				
	Financial and commercial drivers	Group_1	Group_2	Group_3
	Cost-related challenges	Low	**Frequent**	Some
	Financial and commercial benefits	None	**Frequent**	Low
	Attracting capital	None	Some	Some
	Creating competitive advantage	Low	Low	Low
	Risk and compliance drivers	Group_1	Group_2	Group_3
	Reputation and brand image	Low	**Frequent**	Some
	Risk management and compliance	Some	**Frequent**	Low
	Long-term survival of company	Some	Low	Low
	Values-based drivers	Group_1	Group_2	Group_3
	Organisational purpose	Low	Some	Some
	Employee values	Low	Some	Low
	Right thing to do	Low	Low	Some

5.5. Findings: External drivers that motivate the implementation of SBMI

As appears in Table 13 below, the main external driver theme that was identified based on frequency of mentions across the data set is increasing external stakeholder pressure. The external stakeholder pressure referred to by participants has been split between external stakeholder pressure, consumer expectations, and general sustainability awareness. While consumer pressure can be regarded as external stakeholder pressure, this category warranted analysis separately from the external stakeholder pressure category, as it was frequently mentioned by participants as a category in its own right. For example, in answering this question about external drivers, one participant stated that *"it is about consumer criticism, about external stakeholders putting pressure on the company,"* while another participant stated that *"there are external voices and consumers".*

In addition to the increasing external stakeholder pressures, two other drivers were identified which have been grouped under the theme "other external drivers" as these categories are not related. The first driver in this category is linked to South Africa specific challenges that are motivating companies to implement SBMI, while the second driver relates to the responsibility placed on companies to reduce their negative environmental impact. Each of the two themes is dealt with in detail below.

Table 13: Themes and first-order categories: External drivers

Theme	B_1_External drivers that motivate the implementation of SBMI	Frequency of mentions in category	Group_1	Group_2	Group_3
	First Order Category				
Increasing External Stakeholder Pressure		92	29	41	22
	B_1_External stakeholder pressure	50	18	22	10
	B_1_Consumer expectations	28	6	13	9
	B_1_General sustainability awareness	14	5	6	3
Other External Drivers		55	6	38	11
	B_1_Driven by South Africa specific challenges	28	3	25	0
	B_1_Reducing environmental impact	27	3	13	11

5.5.1. Increasing external stakeholder pressure

As set out above, there were three first-order categories that were identified within the increasing external stakeholder pressure theme. The first-order categories identified based on the frequency of mentions by participants are as follows: (i) external stakeholder pressure; (ii) consumer expectations; and (iii) general sustainability awareness. Each category is considered below.

5.5.1.1. External stakeholder pressure

In comparison to the other two drivers, this driver was the more prominent driver within the increasing stakeholder pressure theme based on frequency of mentions by participants across the data set (as appears in Table 13). External stakeholder pressure was consistently cited as an external driver across all three participant groups. There were multiple similarities and differences in the data relating to the discussions on this driver. These similarities and differences are dealt with below.

Cross-group and within-group analysis

A participant in Group 2 stated that "*stakeholders are starting to expect that of us. Um, you know be it NGOs [non-governmental organisations], partners, retailers, etc.*" From this it is clear that there is a broad range of external stakeholders that are putting pressure on companies to implement SBMI. Similarly, a participant in Group 1 indicated that "*stakeholders are beginning to engage on the topic, and demand that*

organisations pay attention to these sustainability issues. I think also, you know, kind of pressure from the community and from society". A few participants in Group 3 also mentioned pressure from NGOs as a driver of SBMI. For instance, a participant in Group 3 stated that *"there's more pressure from non-governmental organisations, NGOs, you know, they're saying: What are you doing about these issues?"*

Other participants mentioned pressure from shareholders being a driver. For instance, a participant in Group 1 indicated that *"externally, you are beginning to see shareholder activism that is beginning to develop where they are trying to force companies to pay attention to these things".* Similarly, a participant in Group 3 made reference to shareholder pressure being a driver of SBMI implementation. In this regard, the participant stated that *"the shareholders expect you to do good – they expect you to look after the community, partner with government, and at the same time look after their money and be green at the same time".* The participants in Group 2 did not make reference to shareholder pressure in their analysis. While it is not clear from the data why this is the case, it is a point worth noting.

Participants across the three participant groups made reference to pressure from activists. For instance, a participant in Group 3 referred to pressure from packaging activists: *"So I've had some, some big packaging activists complaining about certain things we do in the organisation".* In contrast, a participant from Group 1 made reference to another category of activists that has both a local and international presence: *"but there are third-party voices that are often activists on environment, health… some of them are more localised and others are global entities that speak to the overall health impacts of sugar, fat and salt".*

The role of retailers as drivers of the implementation of SBMI was also touched on in the three participant groups. Group 1 made reference to retailers as a driver: *"I think that the retailers have a major responsibility because they're dealing with many multiple, multiple brands with their own nuances and what they could contribute to in terms of environmental issues… they're putting more and more pressure".* A participant in Group 2 stated that *"stakeholders are starting to expect that of us. Um, you know be it NGOs, partners, retailers, etc.".* Additionally, a participant from Group 3 stated that *"one can argue that retailers do have an amount of influence".*

In contrast, when dealing with the role of competitors as drivers of SBMI implementation, this aspect was only mentioned by participants in Group 2 and Group 3 and not mentioned by participants in Group 1. A participant in Group 2

stated that "*I mean Unilever, Nestlé , Coke, PepsiCo, all the big guys…all the global big guys are doing something for the environment and **big** stuff (emphasis)*". Similarly, a participant in Group 3 stated that "*the other one is your competitors. So often, you know, when your competitors are doing it, people want to know why you are not doing the same. So your competitors also drive you to do it.*"

Another aspect that came through from Group 2 and Group 3 is the influence of social media as a driver of SBMI implementation. A participant in Group 2 stated that "*social media is driving this whole thing, rigorously as well*", while a participant from Group 3 also mentioned that "*I think with the advent of social media, internet and all these vocal campaigns, such as Greta, one of the youngest women in Europe talking about climate change*". This aspect was not identified as a driver by participants in Group 1.

In contrast, one aspect that was mentioned as a driver by Group 1 that was not mentioned by the other participant groups is government legislation and awareness. In this regard, a participant in Group 1 indicated: *"So, governments are putting in regulations to ensure that corporates and private entities and all of that abide by these standards in order to create a sustainable world in the long term*".

5.5.1.2. Consumer expectations

Consumer expectations was cited more by participants in Group 2, but there was no substantial difference in frequency of mentions in respect of this driver between participants in Group 2 and Group 3. While it is not clear from the data why this is the case, it is a point worth noting.

<u>Cross-group and within-group analysis</u>

The main discussion point that came through regarding consumer expectations across the three participant groups is that there is increasing awareness and importance placed by consumers on sustainability-related issues, resulting in consumers agitating for change. For example, a participant in Group 2 indicated that "*and then the other one which is the last leg is because it's becoming more important to consumers now*", while another participant in Group 2 argued that "*consumers are becoming very aware of it*". Similarly, a participant within Group 1 stated that "*consumers are agitating for certain changes*", while another participant from Group 1 stated that "*the consumer is now taking a very active role – the consumers want to know that whatever they buy has a societal impact*". Lastly, within Group 3,

a participant said that "*I think the customer really, really drives what they need*", and another participant stated that "*they are now also wanting to see what's behind the brands, what's behind the company and how do they operate*".

A nuance that came through between the participants in the different groups is what they stated in respect of the socio-economic situation of consumers. In this regard, some participants in Group 3 were of the view that consumers have started to "*also more and more put their money where their mouth is*" and that "*sustainability also helps with a few levers… it attracts new consumers – the millennials and the centennials*". Both these participants are suggesting the creation of new value propositions based on sustainability elements. Another participant in Group 1 made a similar statement: "*the new consumers, the Gen Ys are looking out for sustainable organisations who will produce their products in a sustainable way, emitting less carbon and all of that*".

However, an interesting view was posed by participants in Group 2, that consumer expectations are based on their socio-economic status. For instance, one participant stated that "*if you were to look at your [Living Standards Measures] LSMs 8 to 10 then they expect – they want to feel good about their purchase. If you sell any product, they expect that you are a responsible stakeholder in society, that you do your part not only to make profit but that you actually make South Africa a better place to live in*". Similarly, another participant within Group 2 indicated that "*some things, it's about consumer pressure, so even if our customer base, I would say more than 95% of our customer base isn't at the moment at least that focused on sustainability issues, but the remaining 5% are the very vocal type of customers that would criticise the company for not doing anything*".

Lastly, an interesting point that was made by a participant in Group 3 is that "*consumers and society at large feels a little bit let down by the lack of action from the governments and as a result they are turning towards the companies to also be a force for good*". This suggests that consumers feel that government is not doing enough from a sustainability perspective and they are now turning to companies to provide assistance on these types of issues.

5.5.1.3.   General sustainability awareness

This driver received lower mentions across the three participant groups compared to other drivers within the external drivers theme. However, the main points made by

participants relating to this driver were similar and are worth noting. These points are discussed below.

<u>Cross-group and within-group analysis</u>

When responding to the questions around drivers of SBMI, a participant in Group 1 mentioned "*I would also say the citizens, because their quest for sustainable models is driving economic activity in the business*", while a participant in Group 2 stated that "*So I think that the expectations of society and continual increase in awareness in the importance of sustainability*". Similarly, a participant in Group 3 stated that "*more and more public understanding around issues around plastic, issues around climate change, issues around water. So there's pressure from them – people are asking the questions*". Lastly, another participant in Group 3 made a similar point but linked it to an understanding of sustainability over time: "*The population at large is much more sensitive to sustainability issues than it was 15 years ago*".

5.5.1.4. Conclusion regarding increasing external stakeholder pressure

Overall, the increasing external stakeholder pressure theme was the more prominent theme for all three participant groups from an external drivers perspective. The theme received a high frequency of mentions from participants in Group 2, followed by participants in Group 1and Group 3 respectively. The theme was consistently referred to by participants across the three participant groups.

Within this theme, external stakeholder pressure was the dominant driver across the three participant groups, with general sustainability awareness receiving the least mentions across the participant groups. As set out above, consumer expectations were referred to by participants separately from external stakeholder pressure, with Group 2 mentioning consumers as a driver more than the participants in the other groups. A summary of the major first-order categories across the different groups as discussed in this paragraph appears in Table 14 below:

Table 14: Summary: Increasing external stakeholder pressure

Increasing external stakeholder pressure	Group_1	Group_2	Group_3
External stakeholder pressure	**Frequent**	**Frequent**	**Frequent**
Consumer expectations	Some	**Frequent**	Some
General sustainability awareness	Some	Some	Low

5.5.2. Other external drivers

There are two specific first-order categories which have been identified under this theme: (i) South African specific challenges as drivers; and (ii) the responsibility placed on companies to reduce their negative environmental impact as a driver of SBMI implementation. These first-order categories are unrelated, but have both been recognised as external drivers by participants. Interestingly, the most mentions of the drivers within this theme were by Group 2 participants. The noteworthy aspects relating to this theme have been noted below.

5.5.2.1. South African specific challenges

This relates to South African specific challenges that have been identified by participants as driving their respective companies to implement SBMI. As appears in Table 13, the most mentions under this driver were from Group 2, with only a few mentions coming from Group 1 and none coming from Group 3.

Cross-group and within-group analysis

Perhaps the reason for the difference in frequency of mentions is that the challenges identified relate to challenges that affect a company's operations, which is an aspect that participants in Group 2 are particularly responsible for as part of their role. For example, one participant stated that "*if you look at some of the more South African themes like you just look at energy costs. I mean, year on year the business falls prey to dramatic increases in energy. We're obviously, you know, heavily reliant on fossil fuels and coal generating energy".* From this it is clear that there are energy cost-related challenges in South Africa. Similarly, another participant noted that "*the second point is that we are and still are faced with an extremely high inflation rate in South Africa. In terms of our energy costs, be it coal, fuel costs, electricity costs, water costs and the costs of all of those resources are increasing much higher than the rate of inflation. So businesses would actually become bankrupt very quickly."* While this particular aspect overlaps with the cost related challenges described in the internal drivers section, it has been included in this section as participants specifically made reference to these aspects as being South African challenges.

Another aspect that was pointed out by a participant within Group 2 is that where municipalities do not comply with waste management legislation, this forces companies to come up with solutions on how they will handle the problem: "*For us it becomes a problem from external [to the] factory point of view that now the*

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municipality is not adhering to the regulations. So if we were to use the municipal service to process our waste, then it becomes a societal risk".

In a similar vein, another participant expressed concern at municipalities and the impact they have on businesses "*that particular municipality as an example, consistently, it's on the top 10 List of Eskom defaulters. So what happens is that every single year, we get a high double-digit increase; last year it was 38% in terms of municipal increases. That's a huge impact in terms of our P&L [profit and loss]*".

These specific challenges motivate companies to implement SBMI initiatives such as renewable energy initiatives in order to decrease dependency on non-functioning municipalities. This point was demonstrated by one of the participants in Group 2 who stated that "*using solar energy assists as well in terms of in the event of load shedding, as we know, here in South Africa, and that you are able to have backup energy to keep your plant running or else it's just going to result in product losses*".

5.5.2.2. Reducing environmental impact

Like with the previous driver, this driver received more mentions from Group 2 than the other two groups. As set out above, this is perhaps linked to the fact that the role of these participants is linked to improving environmental performance. The driver also received a number of mentions from participants in Group 3.

Cross-group and within-group analysis

One participant in Group 2 stated that "*so you have to reduce your intensity, and if I'm 100%, it has the benefit that you can use that because you are improving your environmental performance*". The participant also stated that "*so part of that is to ensure that you are not... that you do your part in reducing pollution, that you do your part in not only good quality packaging, but recyclable packaging, that you adhere to all legislation*".

In contrast, some participants in Group 1 made reference to an awareness of the depletion of resources as being a driver: "*there is more and more people, the populations are growing, there is more demand for those finite resources, those things are going to get more expensive*".

5.5.2.3. Conclusion regarding other external drivers

Overall, both the South African specific challenges and reducing environmental impact were more prominent drivers for participants in Group 2. As set out above,

this is perhaps linked to the functions of Group 2 participants within companies. The drivers received quite a low mention from participants in Group 1. Participants in Group 3 frequently mentioned reducing environmental impact as a driver, while no participants in Group 3 made reference to the South Africa specific challenges as a driver of SBMI. A summary of the major first-order categories across the different groups as discussed in this paragraph appears in Table 15 below:

Table 15: Summary: Other external drivers

Other external drivers	Group_1	Group_2	Group_3
South Africa specific challenges	Low	**Frequent**	None
Reducing environmental impact	Low	**Frequent**	**Frequent**

5.5.3. Summary on external drivers of SBMI implementation

When considering drivers that are external to the company that motivate companies to implement SBMI, the increasing external stakeholder pressure theme was the more prominent theme across the participant groups. However, for the participants in Group 2, both the increasing stakeholder pressure theme and the other external drivers theme were dominant themes.

Looking within the categories in each theme, external stakeholder pressure was a dominant driver across the three participant groups. Increasing consumer expectations were also frequently cited by participants in Group 2 as a driver. In respect of the other external drivers theme, South Africa specific challenges were dominantly cited by Group 2 participants, while reducing environmental impact was cited frequently by participants in Group 2 and Group 3. A summary of the dominant themes and first-order categories across the three groups as discussed in this paragraph is set out in Table 16 below.

Table 16: Summary: External drivers

External Drivers				
	Increasing external stakeholder pressure	Group_1	Group_2	Group_3
	External stakeholder pressure	**Frequent**	**Frequent**	**Frequent**
	Consumer expectations	Some	**Frequent**	Some
	General sustainability awareness	Some	Some	Low
	Other external drivers	Group_1	Group_2	Group_3
	South Africa specific challenges	Low	**Frequent**	None
	Reducing environmental impact	Low	**Frequent**	**Frequent**

5.5.4. Conclusion regarding Research Question 1

There are various factors that have been identified by participants as being drivers of SBMI implementation in companies. A summary of the various <u>internal and external drivers</u> identified based on the analysis set out in this chapter is set out in Table 17 below.

Table 17: Summary of Drivers of SBMI Implementation

Internal Drivers				
Financial and commercial drivers		Group_1	Group_2	Group_3
Cost related challenges		Low	**Frequent**	Some
Financial and commercial benefits		None	**Frequent**	Low
Attracting capital		None	Some	Some
Creating competitive advantage		Low	Low	Low
Risk and compliance drivers		Group_1	Group_2	Group_3
Reputation and brand image		Low	**Frequent**	Some
Risk management and compliance		Some	**Frequent**	Low
Long-term survival of company		Some	Low	Low
Values based drivers		Group_1	Group_2	Group_3
Organisational purpose		Low	Some	Some
Employee values		Low	Some	Low
Right thing to do		Low	Low	Some
External Drivers				
Increasing external stakeholder pressure		Group_1	Group_2	Group_3
External stakeholder pressure		**Frequent**	**Frequent**	**Frequent**
Consumer expectations		Some	**Frequent**	Some
General sustainability awareness		Some	Some	Low
Other external drivers		Group_1	Group_2	Group_3
South Africa specific challenges		Low	**Frequent**	None
Reducing environmental impact		Low	**Frequent**	**Frequent**

5.6. Findings: Challenges faced by companies on SBMI implementation

The second question that was considered in this study is the following:

> **Research Question 2: What are the challenges that incumbent companies are encountering when moving towards sustainable business models?**

The purpose of this question was to assist the researcher to gain an understanding of the barriers or challenges that managers in companies are experiencing during the SBMI process, i.e. while transitioning from traditional business models to SBMs. Overall, there were various challenges that were cited by participants. There were three main theoretical categories of challenges that emerged based on the participants' responses: (i) challenges that were both internal and external to the

company; (ii) challenges within the company; and (iii) channels that were external to the company. Based on the analysis that follows below, internal challenges were more predominantly cited by participants as compared to the other two theoretical categories. Each of the three theoretical categories is considered below.

5.6.1. Challenges (internal and external) that inhibit SBMI implementation

Within this particular theoretical category, there was one particular theme that was identified: general challenges. Within this theme, two first-order categories were identified: (i) communicating value of SBMI implementation to stakeholders; and (ii) balancing interests. As appears in Table 18 below, while communicating value to stakeholders received more mentions from participants than balancing interests, there was not much difference in mentions of the two first-order categories across the data set. Each of the two first-order categories are dealt with below.

Table 18: Themes and first-order categories: Internal and external challenges

Theme	First order category	Frequency of mentions in category	Group_1	Group_2	Group_3
	A_2_ Challenges (internal and external) that inhibit implementation of SBMI				
General Challenges		43	20	14	9
	A_2_Inability to communciate value to stakeholders	26	12	8	6
	A_2_Balancing interests	17	8	6	3

5.6.1.1. Inability to communicate value to stakeholders

Inability to communicate value to stakeholders refers to the inability to communicate the value that would be created, delivered and captured in the SBMI process to the different stakeholders of a company (both internal and external) in order to get buy-in from such stakeholders for the relevant company to implement the SBMI process. Based on Table 18 above, this first-order category was mentioned the most by participants in Group 1 compared to the other two participant groups. This is perhaps because of the roles of these participants being linked to the communication function in their respective companies.

<u>Cross-group and within-group analysis</u>

A participant in Group 2 was more concerned about how to communicate the value of SBMI implementation to consumers, and she stated that "*we need to do that work to also understand how we put words to this value. You know, for some, for the average consumer, they are thinking very much about now and then their families*

and so this concept of sustainability is quite vague and almost impossible to get consumers to buy or pay more for in the short term".

In contrast, a participant in Group 1 viewed the challenge of communicating the value of SBMI from a wider external stakeholder perspective in that she indicated that "*we haven't been historically good at communicating what we are doing externally*" and that "*it's just about how you balance and communicate that in a way that makes people feel that they are on the journey with you. And I think that's probably where we can do a lot more*". This participant also reflected on the shortcomings of their internal communication of the value of SBMI within the organisation by stating that "*what's important to me, is that we get the message and start communicating it internally and start doing something about it*". Another statement was made by a participant in Group 1 regarding the difficulty of framing communications in a way that the different departments in the company understand it: "*I don't believe that anyone doesn't want to do the right thing; I think they haven't been presented with the case in a way that they would internalise it and understand it. And that has been the challenge.*"

The participants in Group 3 in contrast to the other two groups, did not voice any challenges relating to communicating value to stakeholders. In their conversations on this point, this group spoke of this aspect in the context of it being an enabler to SBMI, which has been dealt with below under the analysis of responses provided for Question 3. (Refer to Section 5.7.1.3.)

5.6.1.2.   Balancing interests

This first-order category relates to the challenges that companies face in respect of having to balance multiple interests in the SBMI implementation process. Based on Table 18 above, this category was mentioned across the data set, with it being mentioned the most by Group 1 participants, followed closely by Group 2 participants. While it is not clear from the data provided by the participants why this is the case, it is a point worth noting.

<u>Cross-group and within-group analysis</u>

A participant in Group 1 noted that "*you have to balance the issue of job creation and survival and investment versus environment*". This reflects a concern for balancing economic, environmental and social considerations. Another participant in Group 1 brought in the stakeholder perspective by stating that "*you are constantly trying to do*

the right thing, but at the same time you have a responsibility to the business, the shareholders and broader stakeholders".

Speaking about some of the SBMI initiatives within her company, a participant in Group 2 reflected on the various interests that the company needed to take into account in the SBMI process and mentioned that "*already we're working on big pieces of work, you know, to look at finding obviously what's desirable and what people want versus what the business wants and what makes sense for us, but also with what is feasible and technology advancements*". From this it is clear that there are multiple stakeholder perspectives that need to be taken into account, as well as what would be best for these stakeholders.

Another perspective that was brought by a participant in Group 2 is the one around balancing costs and environmental sustainability: "*So, often you have to do a trade-off between am I going to do the environmentally sustainable thing or am I going to keep my costs as low as possible*". Similarly, a participant from Group 1 asked the following question: "*If you take on something that is five times the cost, does it make absolute business sense to do it now or does it make sense to prioritise something else that is also good but not necessarily what the external person or organisation is asking of you?*" This is an issue that companies need to grapple with in the SBMI implementation process.

Lastly, a perspective that was brought in by a participant in Group 3 highlights that the SBMI process also results in winners and losers in that "*even though it's cheaper and more economically, more sustainably sound, you will have big forces that will push back because it's not in their short-term interest. Yeah, so those are the frustrating things because we know that the world is running out of time on the one end, but we still have very powerful forces that are fighting back and that don't want to change as fast as possible because it kills their business.*"

5.6.1.3. Conclusion: challenges (internal and external)

It is clear from the analysis provided above, that if the value of the SBMI process is not communicated in a manner that various company stakeholders (both internal and external) can relate to the SBMI process and buy into it, then this could inhibit the SBMI implementation process. This is a challenge that was identified across the three participant groups but was frequently cited by participants in Group 1. Furthermore, companies are tasked with balancing multi-stakeholder interests as

well as economic, environmental and social considerations in their quest to implement SBMI. This challenge, however, was not frequently mentioned by participants in the three participant groups. A summary of the dominant first-order categories across the three groups is summarised in Table 19 below.

Table 19: Summary: General challenges

Internal and External challenges				
	General challenges	Group_1	Group_2	Group_3
	Inability to communicate value to stakeholders	**Frequent**	Some	Some
	Balancing interests	Some	Some	Low

5.6.2. Internal challenges that inhibit SBMI implementation

Within this particular theoretical category, there were three particular themes that were identified: (i) operational challenges; (ii) mindset and skills challenges; as well as (iii) strategic organisational elements related challenges. As appears in Table 20 below and based on the frequency of mentions by participants across the data set, the main internal challenges that slow down SBMI implementation in companies relate to operational challenges. However, the theme received a high number of mentions from participants in Group 2 compared to other groups. This may be due to the fact that as stated above, participants in Group 2 are involved in the operational side of the business and they are implementing the sustainability strategy of a company from an operational perspective.

The second theme, which was also a prominent theme based on the frequency of mentions by participants across the data set, relates to challenges around people's mindsets and skills that slow down the implementation of SBMI in companies. Interestingly, the theme was more prominent in Group 3. This is perhaps linked to the role of these participants in implementing sustainability across their respective companies (as explained in the introductory section above). These participants thus have visibility of the sustainability strategy and how it has been implemented across the company.

While the strategic organisational elements theme received lower mentions from participants compared to the other two themes, there are certain points within this theme that were worth noting and are explored below. Each of the three themes is explored below.

Table 20: Themes and first-order categories: Internal challenges

Theme	First order category	Frequency of mentions in category	Part_Cat 1	Part_Cat 2	Part_Cat 3
	B_2_Internal challenges that inhibit the implementation of SBMI				
Operational Challenges		55	2	33	20
	B_2_Financial considerations	31	2	21	8
	B_2_Commercial challenges	24	0	12	12
Mindset and Skills		50	16	13	21
	B_2_Changing mindsets	32	11	10	11
	B_2_Lack of sustainability understanding and skills	18	5	3	10
Strategic Organisational Elements		35	18	12	5
	B_2_Ad hoc approach to sustainability	19	11	3	5
	B_2_No clear performance measurement of sustainability elements	16	7	9	0

5.6.2.1. Operational challenges

There are two first-order categories that have been identified within this theme based on the frequency of mentions by participants: (i) financial considerations; and (ii) commercial challenges. Each of the two categories is dealt with below.

5.6.2.1.1. Financial considerations

Financial considerations relate to the financial factors that have been identified as posing challenges to the implementation of SBMI in companies. Overall, financial considerations were more frequently cited than commercial challenges. However, as appears in Table 20, financial considerations were a more prominent theme for participants in Group 2 than for the other two participant groups who seldom mentioned financial considerations.

<u>Cross-group and within-group analysis</u>

Participants in Group 2 expressed a concern regarding finding ways to fund the sustainability initiatives that form part of their SBMI implementation process, while at the same time ensuring that their businesses remain commercially viable. In this regard, one participant expressed the following: "*That's a bit we are grappling with is how do we bring all of these initiatives on, but also keep a commercially viable business running and a P&L [profit and loss statement] that can absorb all these various commitments that we've made*".

Linked to this is the notion that sustainability comes with additional costs. In this regard, a participant in Group 2 stated that "*sustainability often comes with additional audits, additional certifications and processes and things like that, that all come with extra costs. The suppliers have to implement more and more stricter policies and*

they have to undergo these audits and things like that. And all of that comes with extra costs."

One of the extra costs identified by participants in this Group 2 are the investment costs associated with SBMI implementation, with one participant arguing that "*so it's some of the challenges where you have to now spend on the capital investment*" and another participant arguing that "*this technology, when it is new or reasonably new, it is very expensive*". Another participant in Group 2 pointed out that such investments compete with other investments in the business, and there is a challenge with getting these types of investments approved "*because your amount of CapEx [capital expenditure] is limited as a company, then it competes with a lot of projects that has a payback period of 2 to 3 years. Even though the benefits are huge over a 10-year period, you lose out because the return on capital only gives you the payback in a 5 to 10-year period and then it doesn't get funded.*"

There was also a concern expressed by participants in Group_2 regarding how these additional costs could be absorbed. For example, one participant expressed the following concerns: "*We want to move to this responsible palm but it comes with an on-cost of 29%. And then it then means that well, if we adopt that, that means that the change needs to be absorbed, which means that I need to go elsewhere in the value stream to find that money because I'm almost sure that in a high elastic category like that my consumer won't absorb it.*" There is therefore a concern among this Group 2 participants regarding the costs of investing in new technology required to implement SBMI in some instances, coupled with the socio-economic status of consumers in the country not permitting such companies to pass the additional costs on to the consumers.

Participants in Group 1 expressed similar concerns to those of Group 2 participants regarding the costs of new technology and the on-cost challenge, with one participant stating that "*if you wanted to go to a different packaging choice, then it is expensive because you have to overhaul your entire equipment in the factory to run such packaging. So again, you go back into investing, and then if you choose more recyclable packaging then the cost has to be passed on to somebody and that is the consumer.*"

In contrast to the views expressed by the participants in Group 2 and Group 1, some participants in Group 3 expressed a willingness to pay a premium if it meant that in the long-run the costs would go down. For example, a participant in Group 3, while

speaking about innovation required to come up with more sustainable packaging solutions, stated that "*and in that grade of plastic we don't have yet recyclable options and therefore we're kind of for now forced to use what they call this Virgin plastic in our production. And so, because there is no market yet, Company X has even publicly announced that we're willing to pay a price premium if it becomes available, so in other words, we want to become what you call a market maker that we incentivise entrepreneurs to find a solution, even if it is quarter more expensive, but at least it gets started and then we know that Company X with the weight and the size that we have, once it gets started, very quickly the volumes become such that the cost will also go down*". This statement points to a willingness by companies to invest in the development of new products that would result in the creation of new value propositions and new value creation, delivery and capture mechanisms.

5.6.2.1.2. Commercial challenges

Commercial challenges refer to non-financial challenges that affect companies from an operational perspective in their quest to implement SBMI in their companies. As appears in Table 20, this challenge received an equal number of mentions from participants in Group 2 and Group 3 and received no mentions from participants in Group 1. It is not clear from the data why participants of Group 1 did not refer to commercial challenges being a barrier to SBMI implementation.

<u>Cross-group and within-group analysis</u>

Looking at the responses provided by participants in Group 2, their main concerns were around the risk involved as well as the difficulty of practical implementation of some of the sustainability initiatives linked to SBMI. For example, one participant noted that "*some of the other problems is that if you really want to go big and go off the grid and stuff, it is not easy huh? The technology is new, so you've got to be a front runner in terms of testing out brand new technology.*"

Another participant made reference to the difficulty of implementation of such initiatives: "*When it comes to actual implementation of sustainability projects it's difficult*", while another participant stated that "*I think a bit of the pressure now when we're going out and trying to see if some of these solutions are working or not, it's not as easy as just quickly doing the conversion*". Lastly, acknowledging the experimentation required as part of the SBMI process, one participant noted that "*the one is for instance that in your product design, sometimes having a good quality*

product and having a sustainable product is not the same thing". From these statements it is clear that from a commercial perspective, there is commercial risk involved and experimentation required, which sometimes poses a challenge to companies proceeding with some SBMI-related initiatives.

Two main points came out of the analysis of data from Group 3 participants. One participant in Group 3 like participants in Group 2 commented as follows when considering the SBMI process: "*So is it easy? No, because we need to experiment and learn*" and that "*there are also still technologies that are not yet existing that need to be born*". Another participant in Group 3 highlighted data as being a challenge from a commercial perspective. In this regard, the participant stated the following: "*I think data in every organisation is still your most powerful tool but your biggest challenge is to find the data and then to find it in a format that makes sense and then lastly, it is to use it actually to your benefit to be able to make a difference; that's the biggest thing. So I think data is a challenge and that's number one.*"

5.6.2.1.3. Conclusion regarding operational challenges

Financial considerations were a dominant aspect that was identified by participants in Group 2. Additionally, commercial challenges were identified by both participants in Group 2 and Group 3 as being a challenge. However, the participants in Group 1 did not generally mention any of these first-order categories as being a barrier to SBMI. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 21 below.

Table 21: Summary: Operational challenges

Operational challenges	Group_1	Group_2	Group_3
Financial considerations	Low	**Frequent**	Some
Commercial challenges	None	**Frequent**	**Frequent**

5.6.2.2. Mindset and skills

There are two first-order categories that have been identified within the mindset and skills theme: (i) the challenge of changing mindsets within the company to be more sustainability and SBMI oriented; and (ii) the lack of sustainability understanding and skills within companies. Each of these two categories is discussed below.

5.6.2.2.1. Changing mindsets

The challenge associated with changing the mindsets of people within a company was frequently mentioned across the data set, with Group 3 participants being the ones who mentioned the first-order category most frequently. This suggests that this is one of the challenges consistently experienced across the participant groups.

<u>Cross-group and within-group analysis</u>

The participants in Group 1 expressed the view that some organisations believe that sustainability sits within a particular function, and that there needs to be a mindset shift where sustainability thinking permeates throughout their respective companies in a more pro-active manner. For example, one participant made the following statement: "*I think the other challenge is that sometimes sustainability is viewed as a nice to have, like shining your shoes and that kind of thing. I think more work needs to be done for it to permeate to all levels of the organisation.*" Similarly, another participant stated that "*it needs to become more obvious, more conscious. And I know it's not going to be the only thing. That's why they've got someone like me to keep saying, 'Are you thinking about it?'*" However, there was an acknowledgment by one participant that the status quo was shifting: "*I think the business unit mindset and the sustainability mindset: There's still a way to go, but I think we are getting there*". This suggests that the mindsets within companies are shifting in a positive direction that will assist with enabling the implementation of SBMI within companies.

In contrast to the participants in Group 1, the participants in Group 2 and Group 3 specifically made reference to change-management-related challenges as being a barrier to SBMI implementation. In this regard, one participant stated: "*I think, as with any change, there's obviously, you know, change work that needs to be done, so a lot of the mindset",* while another participant in Group 2 also stated that *"sometimes it's behavioural; people generally don't want to change what they're doing when they've been doing it for a number of years".* This was echoed by a participant from Group 3 who stated that "*well, I mean people are reluctant to change… always. For people to do something differently is not so easy*".

However, some participants in Group 3 also noted that the resistance to change by people within the organisation presents an opportunity to teach people new ways of doing things. In this regard, one participant was of the view that "*so you're trying to change people's mindset. So that's always… it's always a challenge. But at the same time, it's an opportunity, right? It's a good challenge*". Another participant expressed

a similar view by stating the following: *"I think it's a bit a paradigm shift, that you need to educate from within and get everybody on the same page".*

5.6.2.2.2. Lack of sustainability understanding and skills

The second challenge that was identified by participants within this theme is the lack of sustainability understanding and skills. While this first-order category has one of the lower frequencies of mentions by participants compared to the other first-order categories related to internal challenges that inhibit the SBMI process, the noteworthy points that have been made regarding this category, which received the highest number of mentions from participants in Group 3, are set out below.

<u>Cross group and within-group analysis</u>

A participant in Group 3 noted that *"it's the sustainability skills and understanding of the whole world that needs to improve"* and that *"it's the fact that it's highly technical and not always understood. So it's not a simple straightforward subject and therefore you really have to spend time to understand the ins and outs and the different solutions in order to optimise holistically".* Another participant in Group 3 stated that *"the other challenge is around the understanding of the executive committee or the executive team, the Exco on what is environment, what is climate change, what is water, what is packaging".* From this, it is clear that in some instances, even senior executives within companies lack understanding of sustainability and their roles within the SBMI process. This could hinder efforts made towards SBMI in a company. Lastly, a participant in Group 3 also made an important point that *"you will always have some people who don't get it, you know a lot of people don't understand sustainability; they see it as a grudge activity, and a side activity, they see it as disruptive and complicating the business, they see it as adding costs".* It is therefore important for managers implementing SBMI to be mindful of this aspect to build strategies to overcome such resistance and lack of understanding.

5.6.2.2.3. Conclusion regarding mindset and skills challenges

Based on an analysis of the data, changing mindsets was a dominant challenge identified across the participant groups. In contrast, lack of sustainability understanding and skills was recognised more as a challenge among participants in Group 3. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 22 below.

Table 22: Summary: Mindset and skills challenges

Mindset and Skills	Group_1	Group_2	Group_3
Changing mindsets	**Frequent**	**Frequent**	**Frequent**
Lack of sustainability understanding and skills	Some	Low	**Frequent**

5.6.2.3. Strategic organisational elements

There are two first-order categories that have been identified within this theme: (i) where sustainability initiatives are seen as an ad hoc issue instead of being embedded in a company's business and strategy; and (ii) where there are no clear performance measurements for initiatives implemented as part of the SBMI process. The noteworthy points relating to each category are considered below.

5.6.2.3.1. Ad hoc approach to sustainability

As appears in Table 20 and based on a frequency of mentions across the participant groups, this first-order category was identified as a challenge across the data set. However, the category was more prominent in Group 1 than in the other groups and it was cited least by the participants in Group 2. This category relates to the challenge posed by sustainability being regarded as an ad hoc consideration in a company.

Cross-group and within-group analysis

A participant in Group 1 raised the following concern *"some companies look at shared value as CSI [corporate social investment], CSR [corporate social responsibility] or philanthropy and ad hoc donations here and there. I think that doesn't really help in the long term"*. Another participant in Group 1 provided examples of situations where sustainability was approached in an ad hoc manner in her company: "*There was a lot of money spent but it was spent in an ad hoc manner and not necessarily supporting the company's overarching goals globally or locally*". The points made by these participants were quite similar.

A participant in Group 3 made a similar point about how sustainability has previously been perceived, which also has an impact on getting buy-in within companies for implementing SBMI: *"It's not something that a few people in the corner do and give donations to tick a box".* Similarly, a participant in Group 1 stated that "*when I first started in the space, we were probably looked at as the greenies*", which had an impact on her ability to implement SBMI in the company.

A participant in Group 2, while reflecting on the current state of affairs, made a comment about companies who are doing this exercise as a tick-box exercise, which has an impact on the actual value ultimately derived from the SBMI process: *"If you're offering a service or selling a product, there's going to come a point where evaluating the additional negative or positive impacts of that particular product or service is going to be part of your business statement".* The reflection offered by this participant suggests that some companies are not at a point where they are embedding sustainability into their business models, which although is an internal challenge within companies, poses a challenge to the speed of adoption of SBMI implementation across companies.

5.6.2.3.2. Lack of sustainability performance measurements

This particular category received the lowest frequency of mentions by participants across the data set compared to the other categories related to internal challenges that inhibit the SBMI process. The noteworthy points that have been made regarding this category, which received some mentions from participants in Group 1 and Group 2 and none from Group 3, are set out below.

Cross-group and within-group analysis

The participants in Group 1 emphasised the importance of reworking the performance measures within companies in order to enable SBMI implementation. One participant stated that "*I think the KPIs [key performance indicators] of business needs to be relooked at*", while another participant stated that "*a lot of detail, a lot of actionable timelines and target setting and a lot more focus is what I think is required*".

Participants in Group 1 identified various problems with the current performance measurement systems in many companies, including short-termism and a financial focus. One participant expressed the view that "*when we look at the performance of companies, we measure their performance on a year-to-year, quarter-to-quarter basis. We don't plan a long-term game. That's one of the impediments to getting sustainability going through*", while another participant stated that "*the short-termism of how we look at business success and business impacts. And that we are focusing, you know, externally there's focus on the financial results."* A participant in Group 2 echoed the sentiments of the Group 1 participants by stating that "*and then there are the social aspects of sustainability which don't necessarily always cost people money*

– and that's where there are flaws in terms of making differences". This suggests that non-financial measures associated with the social element of sustainability are currently not sufficiently considered within companies.

Another point that was made by a participant in Group 2 is around the challenges of measuring performance where there are multiple stakeholders involved. For instance, the participant stated that "*I think one of the challenges that we have potentially had is how do we, how do you measure our relationships and partnerships with our suppliers, right, which influences what are we doing from a sustainability perspective*".

Interestingly, although this category was not highlighted as a challenge by participants in Group 3, these participants highlighted this aspect as an enabler, which is dealt with in the analysis relating to Research Question 3 below (see section 5.7.2.2.1 below).

5.6.2.3.3.   Conclusion regarding strategic organisational elements

Based on an analysis of the data, none of the categories within this theme was dominant across the participant groups. The ad hoc approach to sustainability was identified by more participants in Group 1 as a challenge than any other participant group. In contrast, the lack of clear performance measurement of sustainability management was consistently cited by participants in Group 1 and Group 2 and was not mentioned at all by participants in Group 3. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 23 below.

Table 23: Summary: Strategic organisational elements

Strategic organisational elements	Group_1	Group_2	Group_3
Ad hoc approach to sustainability	**Frequent**	Low	Some
No clear sustainability performance measures	Some	Some	None

5.6.2.4.   Conclusion: Internal   challenges   that   inhibit   SBMI implementation

The more dominant theme regarding external challenges is operational challenges. This theme was dominant across Group 2 and Group 3 and the frequency of mentions of it among Group 1 participants was low. In contrast, the theme around

mindset and skills was more dominant in participants in Group 3, but was also consistently cited as a challenge by participants across the three groups. Strategic organisational elements were cited as a challenge mostly by the participants in Group 1, followed by the participants in Group 2. A summary of the dominant themes and first-order categories across the three groups as discussed in this paragraph is set out in Table 24 below.

Table 24: Summary: Internal challenges

Internal Challenges				
	Operational challenges	Group_1	Group_2	Group_3
	Financial considerations	Low	**Frequent**	Some
	Commercial challenges	None	**Frequent**	**Frequent**
	Mindset and Skills	Group_1	Group_2	Group_3
	Changing mindsets	**Frequent**	**Frequent**	**Frequent**
	Lack of sustainability understanding and skills	Some	Low	**Frequent**
	Strategic organisational elements	Group_1	Group_2	Group_3
	Ad hoc approach to sustainability	**Frequent**	Low	Some
	No clear sustainability performance measures	Some	Some	None

5.6.3. *External challenges that inhibit SBMI implementation*

There were two themes identified within this theoretical category: (i) country-specific challenges; and (ii) other external challenges. As appears in Table 25 below, the main theme that has been identified from an external company perspective based on the frequency of mentions across the data set is the country-specific challenges theme. Compared to this theme, the other external challenges theme received a lower frequency of mentions across the data set. However, the latter theme received a high frequency of mentions from participants in Group 1 compared to the other two groups. The noteworthy aspects relating to these themes are discussed below.

Table 25: Themes and first-order categories: External challenges

Theme	First Order Category	Frequency of mentions in category	Group_1	Group_2	Group_3
	C_2_External challenges that inhibit the implementation of SBMI				
Country Specific Challenges		97	24	54	19
	C_2_Legislation and regulation	40	11	25	4
	C_2_Lack of government stakeholders involvement	28	10	12	6
	C_2_Socio economic considerations	16	0	11	5
	C_2_Infrastructure challenges	13	3	6	4
Other External Challenges		33	21	7	5
	C_2 Behavioural challenges	17	13	4	0
	C_2_Partner related challenges	16	8	3	5

5.6.3.1. Country-specific challenges

Country-specific challenges refer to aspects within the country that slow down the implementation of SBMI in companies. There are four first-order categories that were identified based on the responses received from participants in respect of this theme: (i) legislation and regulation challenges; (ii) lack of involvement by government stakeholders; (iii) socio-economic considerations; and (iv) infrastructure challenges. The noteworthy points relating to each category are set out below.

5.6.3.1.1. Legislation and regulation challenges

Legislative and regulatory challenges were mentioned by participants across the data set as a hurdle to SBMI implementation. As appears in Table 25, while this category received the highest number of mentions compared to other categories in this theme, a majority of the participants that mentioned this theme belonged to Group 2, with the lowest number of mentions coming from participants in Group 3.

Cross-group and within-group analysis

Some participants in Group 1 and Group 2 expressed a few challenges with legislation and regulation. One participant in Group 1 stated that *"sometimes we find that the complexity of legislation also scares away organisations from doing the right thing".* In contrast, a participant from Group 2 expressed frustration with increased regulation by stating that "*every time we make new regulations we divert resources from the actual business improvement aspect towards a compliance aspect*". While the first participant considered legislation as preventing companies from doing the right thing, the second participant viewed it as making companies adopt a compliance approach.

Another participant in Group 2 referred to impediments relating to incorporating renewable energy within a company's operations and stated that "*a very important one is also legislative barriers*". This was echoed by a participant in Group 1 who stated that "*you want to go as far as possible with renewable energy, but the government puts a hurdle where you can only go up to one megawatt… you want to be able to do the best. But then you've got these policies that are not so good*". Similarly, a participant in Group 2 made the following point: "*Even though green energy is cheaper, in South Africa for example, the government has very specific regulations because they want to protect their Eskom business that's already in trouble, and therefore they don't want to get more competition to Eskom, which is this green energy. So they're making it really hard and they are kind of disincentivising people and companies from adopting those kinds of green energies for you can say political reasons.*"

Another point that was made by a participant in Group 2 relates to the challenges posed by the inconsistency in targets set out in legislation versus the manner in which the targets are actually measured by companies in practice: "*To a large extent, sometimes those savings or achievement of those targets and how you actually measure it in your business versus what the legislation requires of you could also be deemed as a bit of a challenge*". This was echoed by a participant in Group 1 who stated that "*so they have their own standards, which may not be the right standards because they are not born out of deep research like we've done as organisations with the community. So they put in place restrictions and impediments that make it hard for us to go ahead and achieve those programmes.*" This therefore creates confusion for companies and results in situations where legislation hinders SBMI implementation.

Interestingly, participants in Group 3 only referred to legislation and regulation as enablers. The views expressed by Group 3 in this regard are dealt with in the analysis relating to Research Question 3 below (see section 5.7.3.2.1).

5.6.3.1.2. Lack of government involvement

Lack of involvement by government stakeholders was mentioned by participants across the data set as being a challenge to SBMI implementation. As appears in Table 25, similarly to the frequency of mentions relating to legislation and regulatory challenges, a majority of the participants that mentioned this theme are the ones in Group 2, with the lowest number of mentions coming from participants in Group 3.

<u>Cross-group and within-group analysis</u>

Some participants in Group 2 and Group 3 expressed frustration with the role played by government in the SBMI process. For example, a participant in Group 2 noted that "*you don't always get buy-in from the government. Again, it depends on who is the lead and how seriously they are taking their role in government*", while a participant in Group 3 stated that "*when we started the project [X] it was foreign government's involvement, not local government's, but they [local government] have been quite slow to respond and to really become part of the project*". These participants have therefore highlighted challenges relating to collaborating with government on SBMI implementation.

Another concern that was noted by a participant in Group 2 relates to government not holding companies to account in respect of sustainability-related matters: "…*and I think the government also needs to change themselves in terms of how they structure themselves to hold us to account. Be bold and to walk into some of those organisations and say, you will fix that.*" In contrast, another participant in Group 2 was more concerned about holding government to account and stated that "*it's easy having a rural factory if you have a working municipality and you've got a municipal waste processing site that adheres to the waste processing legislation. But for us it becomes a problem from external [to the] factory point of view that now the municipality is not adhering to the regulations.*"

In contrast to the views expressed above, participants in Group 1 made reference to government involvement in the context of it being an enabler. For instance, one participant stated that "*you can't just expect government and civil society to fix everything. You are also a citizen, and you can be part of the solution.*"

5.6.3.1.3.   Socio-economic considerations

Challenges relating to socio-economic conditions in the country were also referred to by participants as an element that slows down SBMI implementation. However, as appears in Table 25, this category received a lower number of mentions than the other categories across the data set, with participants in Group 1 not referring to this category at all and the discussion being largely driven by the participants in Group 2.

<u>Cross-group and within-group analysis</u>

Participants in Group 2 pointed out that in South Africa, there are high-income earners and low-income earners, which also has an impact on the extent to which

such consumers prioritise sustainability-related elements and thus has an overall impact on the incentive for companies to implement SBMI. The challenge for companies comes in balancing the interests of these different sets of consumers. For example, one participant mentioned that "*if you were to look at your LSMs [Living Standard Measures] 8 to 10 then they expect – they want to feel good about their purchase. If you sell any product, they expect that you are a responsible stakeholder in society*". However, another participant noted that "*in the upper LSMs the consumer that's conscious and recycling and very, very aware of impact on the planet and impact on value stream, carbon emissions things like that*" and that "*but if you had to come into the middle [LSM], arguably there are many other urgent life priorities that supersede this discussion: fight for jobs, unemployment, household income, education, all sorts of other very big and significant topics*".

This sentiment was echoed by a participant in Group 3 who argued that *"if you look at the higher LSM customers, they are more concerned about the mitigation part. How do we reduce energy use? Do you have solar infrastructure?"* Therefore, depending on where a company's consumers fall within the LSM ranges, this aspect may be an enabler of or hindrance to SBMI implementation.

5.6.3.1.4.   Infrastructure challenges

Infrastructure challenges relate to challenges referred to by participants regarding the lack of infrastructure required to implement some of the SBMI initiatives they would like to implement in the country. Although the category received a low number of mentions compared to other categories, it was mentioned across the participant groups. The noteworthy points relating to this element are touched on below.

Cross-group and within-group analysis

A participant in Group 2 stated that *"the other external constraints to sustainability, are things like South Africa doesn't have all the infrastructure and services available that make it easier for us to pursue sustainability".* An example that was provided relates to packaging-related initiatives, and the participant stated that *"we've got targets and all sorts of things to make our packaging more recyclable so that the industry can actually collect and recycle items but a massive proportion of South Africans don't even have access to formalised waste management services, not even talking about recycling services. So that means that we're doing all this work to make our packaging recyclable but the services for most South Africans don't exist to*

collect and recycle items." A participant in Group 3 also expressed a similar concern when speaking about alternatives that have been found for plastic packaging and stated that *"something like bagasse looks good on paper but when you really go and have a look at it, it's not that good in terms of the lack of infrastructure [to recycle it]".*

5.6.3.1.5. Conclusion: Country-specific challenges

Based on an analysis of the data, legislation and regulation was a dominant challenge that was identified across the data set. However, it was largely mentioned by participants in Group 2 and received minimal mentions from participants in Group 3. Lack of government involvement was consistently cited as a challenge across the data set, with this category being mentioned more frequently by participants in Group 2, followed by the participants in Group 1. Socio-economic considerations were largely mentioned by participants in Group 2 as a challenge, while infrastructure challenges received the lowest mentions across the data set. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 26 below.

Table 26: Summary: Country-specific challenges

Country specific challenges	Group_1	Group_2	Group_3
Legislation and regulations	Frequent	Frequent	Low
Lack of government involvement	Frequent	Frequent	Some
Socio-economic considerations	None	Frequent	Some
Infrastructure challenges	Low	Some	Low

5.6.3.2. Other external challenges

There were two other aspects that were categorised as other external challenges: (i) behavioral challenges; and (ii) partner-related challenges. These aspects received a very low frequency of mention across the data sets compared to other categories. Accordingly, a detailed cross-group and within-group analysis of these challenges was not conducted, but an overall analysis of each one was conducted to understand the main concerns that were cited under each category.

5.6.3.2.1. Behavioural challenges

The behavioural challenges cited by participants in Group 1 and Group 2 relate to certain behaviour of individuals posing a challenge to the SBMI process. For example, a participant in Group 1 made the following point: "*We're very clear on the responsibilities of business but what is the responsibility of individual citizens in*

contributing to the sustainability agenda?". Another participant in Group 1 made a similar observation: "*It's the people's psyche of our country that needs to be addressed. So it's almost like industries will keep doing what they can do, but we need the other side to play ball as well*". These participants were highlighting the behaviour of individuals, i.e. the lack of ownership taken by individuals in respect of sustainability-related issues as being a challenge for businesses implementing SBMI. A participant in Group 2 echoed this sentiment by stating that the following is a challenge: "*How people think and what they think about and how serious the environmental sustainability is actually taken*".

5.6.3.2.2. Partner-related challenges

The first-order category of partner-related challenges relates to challenges linked to finding the right partners and collaborating in a way that enables a company to successfully implement its SBMI process. In this regard, a participant in Group 1 made the following statement: "*There are different interests and different incentives, and different motivations, and different politics when you form partnerships generally*". Similarly, a participant in Group 2 mentioned that "*it's a very complex partnership model. I think agreeing on the interests, to see the common goals instead of the differences is important.*" Navigating the interests of different partners therefore sometimes poses a challenge to the SBMI process.

5.6.3.2.3. Conclusion: Other external challenges

Based on an analysis of the data, this theme was largely mentioned by participants in Group 1, with minimal mentions from participants in Group 2 and Group 3. As appears in the summary in Table 27 below, there was one dominant first-order category, which was only frequently mentioned by Group 1 participants.

Table 27: Summary: Other external challenges

Other external challenges	Group_1	Group_2	Group_3
Behavioural challenges	**Frequent**	Low	None
Partner related challenges	Some	Low	Some

5.6.3.3. Conclusion: External challenges that hinder SBMI Implementation

A summary is set out in Table 28 below of the dominant themes and first order categories that have been identified by participants as external challenges to SBMI implementation, which have been discussed in detail in the preceding paragraphs.

Table 28: Summary: External challenges

External Challenges				
Country specific challenges		Group_1	Group_2	Group_3
Legislation and regulations		**Frequent**	**Frequent**	Low
Lack of government involvement		**Frequent**	**Frequent**	Some
Socio-economic considerations		None	**Frequent**	Some
Infrastructure challenges		Low	Some	Low
Other external challenges		Group_1	Group_2	Group_3
Behavioural challenges		**Frequent**	Low	None
Partner related challenges		Some	Low	Some

5.6.4. Conclusion regarding Research Question 2

There are various challenges or barriers that have been identified by participants that hinder their attempts to implement the SBMI process within their companies. These challenges are both internal and external to the relevant companies. A summary of the various internal and external factors based on the analysis set out in this chapter is listed in Table 29 below.

Table 29: Summary of challenges that inhibit SBMI implementation

Internal and External challenges				
General challenges		Group_1	Group_2	Group_3
Inability to communicate value to stakeholders		**Frequent**	Some	Some
Balancing interests		Some	Some	Low
Internal Challenges				
Operational challenges		Group_1	Group_2	Group_3
Financial considerations		Low	**Frequent**	Some
Commercial challenges		None	**Frequent**	**Frequent**
Mindset and Skills		Group_1	Group_2	Group_3
Changing mindsets		**Frequent**	**Frequent**	**Frequent**
Lack of sustainability understanding and skills		Some	Low	**Frequent**
Strategic organisational elements		Group_1	Group_2	Group_3
Ad hoc approach to sustainability		**Frequent**	Low	Some
No clear sustainability performance measures		Some	Some	None
External Challenges				
Country-specific challenges		Group_1	Group_2	Group_3
Legislation and regulations		**Frequent**	**Frequent**	Low
Lack of government involvement		**Frequent**	**Frequent**	Some
Socio-economic considerations		None	**Frequent**	Some
Infrastructure challenges		Low	Some	Low
Other external challenges		Group_1	Group_2	Group_3
Behavioural challenges		**Frequent**	Low	None
Partner related challenges		Some	Low	Some

5.7. Findings: Enablers of SBMI implementation

The third question that was considered by this study is the following:

> **Research Question 3: What are the enablers that make the implementation of sustainable business models work?**

This research question was intended to provide insights into the enablers that assist managers in companies with implementing SBMI, i.e. with transitioning from traditional business models to SBMs. Three main theoretical categories of enablers were identified based on the participants' responses: (i) enablers (both internal and external to the company) that assist with the implementation of SBMI; (ii) internal enablers that assist with the implementation of SBMI; and (iii) external enablers that assist with the implementation of SBMI. Each of the three theoretical categories is considered in greater detail below.

5.7.1. Enablers (internal and external) that aid SBMI implementation

One theme was identified within this theoretical category: general enablers that are both internal and external to the respective companies that aid SBMI implementation. As appears in Table 30 below, three first-order categories were identified within this theme: (i) educating people (both within and outside the company); (ii) digital innovation developments; and (iii) communicating value of SBMI to stakeholders. These first order categories are dealt with below.

Table 30: Themes and first-order categories: internal and external enablers

Theme	First order category	Frequency of mentions in category	Group_1	Group_2	Group_3
	A_3_Internal and external enablers that aid the implementation of SBMI				
General Enablers		84	25	40	19
	A_3_Educating people	34	8	13	13
	A_3_Digital innovation developments	25	5	20	0
	A_3_Communicating value to stakeholders	25	12	7	6

5.7.1.1. Educating people

Educating people relates to providing people from inside the company and outside the company with sustainability-related education, which would ultimately aid implementation of SBMI within companies. As appears in Table 30 above, the category was mentioned consistently across the three participant groups, with the highest number of mentions coming from Group 2 and Group 3 participants.

<u>Cross-group and within-group analysis</u>

A participant in Group 1 acknowledged the lack of sustainability understanding as being a challenge (as was discussed in Research Question 2 above) and that for example "*most people would equate sustainability with environmental sustainability, which is just one aspect of it*". A participant in Group 1 proposed that sustainability education should be provided to executives within companies. In this regard, the participant stated that "*I think also exposing executives like I was exposed to some of these academic kind of programmes, like the Cambridge Institute of Sustainability Leadership, so that they can also have an academic and intellectual understanding of this*".

In contrast, a participant in Group 2 expressed the need to provide education to all people within the company *"and they also need to sort of understand what sustainability is because sometimes when a company just starts on its sustainability journey, the perception is almost like, it's these sappy, positive projects that you work on that you can use in your marketing that you can talk about how good your company is externally".* Similarly, a participant from Group 3 stated that *"I think it's a bit a paradigm shift, that you need to educate from within and get everybody on the same page".*

A participant in Group 2 took the discussion further and indicated the importance of education across society and at earlier stages of the education journey. In this regard, she stated that "*if we can start earlier on in our education system to educate and empower people about the importance of sustainability, it would go a long way.*" A participant in Group 3 also made a similar statement but commented on the speed with which education would need to be provided: "*So it's important that we all start and that we start fast, so the whole education on the whole sustainability topic needs to also kick into high gear, so that people know more and therefore can help more effectively as well*". This would therefore enable the adoption of SBMI implementation at a faster pace.

Another point that was made by a participant in Group 2 is the importance of educating partners and service providers. In this regard, the participant stated that "*training service providers in order for us to transform people within the organisation, employees working within the supplier range. Plus, even over and above that, anyone else that we partner with.*"

5.7.1.2.   Digital innovation developments

The first-order category of digital innovation developments relates to developments that have occurred from a digital perspective that have aided the implementation of SBMI within companies. This category was a dominant one for participants in Group 2, but received no mentions from participants in Group 3 and only a few mentions from participants in Group 1.

Cross-group and within-group analysis

A participant in Group 1 referred to using artificial intelligence to connect the value chain in order to aid implementation of SBMI across the value chain. In this regard, the participant stated that *"I think using artificial intelligence to better connect processes within the whole value chain, from raw material to finished product and then having sensors, for example, to actively measure waste and where our weak points are in an organisation"*.

Some of the participants in Group 2 also expressed similar sentiments regarding linking different parts of the value chain digitally, with one participant recommending "*the use of digital transformation as an enabler to support sustainability – definitely on the agricultural front*". Another example of how developments in digital innovation can be used as an enabler of SBMI implementation includes the use of machine learning to optimise operations from an environmental perspective. In this regard, one participant posed the question: "*So, how do we get our machine usage and electricity usage more efficient, but using an online application of Digital Solutions? Machine learning? Things like that.*" In a similar vein, another participant within Group 2 mentioned that "*we have done a huge amount of work in secondary distribution using artificial intelligence to optimise routing so that your total diesel consumption to make a delivery is optimised on a day-to-day, case-by-case basis because our diesel bill is astronomical.*" While this solution reduces environmental harm, it also saves money for the business. It therefore serves as an SBMI enabler.

5.7.1.3.   Communicating value to stakeholders

This theme can be considered as both an enabler and a challenge to SBMI implementation. Inability to communicate the value of the SBMI process, which poses as a challenge to the SBMI process, has been dealt with in the analysis for Research Question 2 above (see section 5.6.1.1). In contrast, the ability to communicate the value of SBMI implementation to internal and external stakeholders

has been identified by participants as an enabler of SBMI implementation. As appears in Table 30 above, this category received the highest number of mentions from participants in Group 1.

<u>Cross-group and within-group analysis</u>

Participants across all three participant groups stressed the importance of being able to communicate the SBMI agenda in a language that different members of a company understand in order to get buy-in from all those people for the purposes of SBMI implementation. In this regard, a participant in Group 1 stated that "*you need to be able to make a case that appeals to someone with a commercial mindset. So, it really depends on how that message is framed up".* Similarly, another participant in Group 1 indicated: "*So you need to tell the story in a way that the guy in finance will understand, the guy in in marketing will understand, the guy in supply will understand so that they believe in it, so that they know the impact of your programme and how it supports the business agenda*" and that "*people do not really do a deep dive into business impacts when it comes to a lot of sustainability programmes, and that is why it gets shut down in the business".*

A participant in Group 2 also expressed similar sentiments by stating that you need to "*make sure that you are the person who's able to outline that narrative in such a way that whilst you are being profitable, you're able to also share how you have landed your profitability in terms of making a difference in the communities or in whatever it is that you partake in*". Another participant in Group 2 simply stated: "*you really gotta sell these types of projects to people".* Linked to selling the projects to people, a participant in Group 3 stated that "*if you can create a collection of wins, it becomes a platform to carry on".* This suggests that part of the communication to internal stakeholders involves communicating the wins to provide evidence to people that the initiatives are serving the required purpose. One of the participants in Group 3 believed that part of communicating the wins is linked to communicating them in a commercial way: "*So, you know, all of the measures and indicators that I have now in terms of environmental performance, I've related all that back down to cost. And that's what these guys understand – Rands and cents."*

Another participant in Group 3 made a similar point and summarised the conversation regarding communicating value to internal stakeholders as follows: "*I think you need to partner with various divisions within the company and walk in their shoes instead of expecting them to walk in your shoes… So you talk their*

language instead of trying to push your language onto them, because your sustainability agenda can speak to every side of the business. If you talk their language, they will say, 'Yes, come help me, come help me, we will do it together'."

With reference to communicating value of SBMI to external stakeholders, a participant in Group 3 argued that *"the other thing that we want to do is not just to do the work and do the sustainability projects, but also talk about it to the consumers so that they get answers to their demands of knowing what's behind the brand".* This participant therefore points to focusing on how the SBMI process is communicated to consumers. A participant in Group 1 took the discussion further by stating that *"it's about the story that you tell that impacts in terms of your sustainability approach and how it impacts the business and also impacts society".* This participant therefore focused on how value is communicated to society as a whole regarding a company's SBMI process.

5.7.1.4. Conclusion: Enablers (internal and external) aiding SBMI implementation

Based on the analysis set out above, the main general enabler to SBMI implementation is educating people regarding sustainability. This category was consistently mentioned across the participant groups. In contrast, digital innovation was largely cited by participants in Group 2 and cited by no participants in Group 3. Communicating value to stakeholders received an equal number of mentions to digital innovations across the data set, and was mentioned by participants across the three groups. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 31 below.

Table 31: Summary: General enablers

General enablers	Group_1	Group_2	Group_3
Educating people	Some	**Frequent**	**Frequent**
Digital innovation developments	Some	**Frequent**	None
Communicating value to stakeholders	**Frequent**	Some	Some

5.7.2. Internal enablers that aid SBMI implementation

Three themes were identified within this theoretical category: (i) people-related enablers; (ii) strategic organisational elements; and (iii) other internal factors. As appears in Table 32 below, the main enabler that was identified based on the

frequency of mentions across the data set is the people-related enablers theme, followed by strategic organisational elements. These two themes are dealt with in detail below, while only certain noteworthy elements of the third theme are discussed.

Table 32: Themes and first-order categories: Internal enablers

Theme	First order category	Frequency of mentions in category	Group_1	Grup_2	Group_3
	B_3_Internal enablers that aid the implementation of SBMI				
People related enablers		123	36	56	31
	B_3_Internal involvement and support	62	19	24	19
	B_3_Leadership buy-in and support	61	17	32	12
Strategic Organisational Elements		89	33	38	18
	B_3_Clear sustainability performance targets and metrics	34	17	14	3
	B_3_Organisational design and governance structures	31	10	14	7
	B_3_Reporting and incentives	24	6	10	8
Other Internal Factors		75	12	38	25
	B_3_Resources and capacity	29	2	21	6
	B_3_Company-specific attributes	30	6	12	12
	B_3_Organisational purpose and values	16	4	5	7

5.7.2.1.   People-related enablers

The theme of people-related enablers refers to the people-specific elements from within the relevant companies that have been regarded by participants as assisting with the SBMI process. Two specific categories have been identified within this theme: (i) involvement and support from people within the company; as well as (ii) leadership buy-in and support. Each of these two categories is dealt with below as they were both prominent enablers of SBMI implementation based on participant feedback.

5.7.2.1.1. Internal involvement and support

Internal involvement and support refer to involvement in and support by people within the company for SBMI implementation within their respective companies. The category received consistently high mentions across the three participant groups.

<u>Cross-group and within-group analysis</u>

A point that came across from participants across all three groups is that sustainability should be embraced across the whole company in order to enable effective implementation of the SBMI process. In this regard, a participant in Group 1 stated that "*there are individuals across the whole organisation who contribute to our agenda around sustainability; it doesn't just sit in the sustainability function*". Another

participant in Group 1 echoed this view and stated that "*it's a cross-functional responsibility and you have a cross-functional team that supports the process*".

In a similar vein, a participant in Group 2 mentioned the importance of "*the integration in production, commercial sales, all the different divisions in the company and ensuring that it is a collaborative approach – working together within a firm framework of where we are going*". A participant from Group 3 also stated that "*I think to me it's around having the full buy-in from the organisation*". Another point made by a participant in Group 3 relates to both employee participation and understanding being an enabler of SBMI implementation. In this regard, the participant stated that "*the other enabler is employee understanding and employee participation. So you know, if you're writing up procedures and processes and systems and things like that, and the people on the shop floor, whether it's in a factory, whether it's in a supermarket, are not supporting it, then you're wasting your time*".

From the evidence presented above, it is clear that across all three participant groups there is a view that buy-in from the whole company and involvement from all people within the company is a very important enabler for SBMI implementation. This is therefore an important point worth noting.

5.7.2.1.2. Leadership buy-in and support

The first-order category of leadership buy-in and support relates to the role played by leaders in the SBMI process. In this regard, participants across the three groups expressed consistent views regarding the role of leaders in the SBMI process.

Cross-group and within-group analysis

A participant in Group 1 made the following statement regarding the role of leaders in the SBMI process: "*I think one big enabler is the tone from the top, and what I mean by that is, if the CEO and the executives truly believed in this, they would set the right tone at the top*". This view was echoed by several participants within Group 1, with another participant making the following statement regarding the role of leadership within companies that have a global presence: "*Buy-in from the leaders of the organisation, starting from the global CEO to the local CEO. If we don't have that buy-in and commitment in a very deliberate way I think you will not find implementation.*" The participants from Group 3 also expressed similar views, with one participant stating that "*I think leadership support is important*". Similarly, a participant in Group 2 made the following point: "*I would say the leadership is very*

important. We have got a lot of support from our chairman and from the various different senior executives on sustainability. That makes things much easier because then it's easier to get the company to sign up to certain initiatives, to set certain targets and commitments."

Leadership support and buy-in was often also referred to by participants with reference to public global commitments made by companies with a global presence. In this regard, a participant in Group 2 stated that *"I think in our case, we're very fortunate that we've had the board and the executive leadership go out and make long-term commitments."* A participant in Group 1 also made a similar statement about the approach employed by globally present companies and noted the following about a particular global food and beverage company: "*They have their global CEO leading their agenda and embedding it throughout the business, and that's how come they have been able to surmount some of the challenges of people and the employees understanding the narrative around their sustainability programmes*".

5.7.2.1.3. Conclusion: People-related enablers

Based on an analysis of the data, this theme was dominant across the participant groups. As appears in Table 33 Both internal involvement and support and leadership buy-in and support were dominant across the three groups. A summary of the dominant first-order categories across the three groups is set out in Table 33.

Table 33: Summary: People-related enablers

People related enablers	Group_1	Group_2	Group_3
Internal involvement and support	Frequent	Frequent	Frequent
Leadership buy-in and support	Frequent	Frequent	Frequent

5.7.2.2. Strategic organisational elements

The theme of strategic organisational elements relates to certain elements linked to a company's strategy that enable SBMI implementation. Based on the responses provided by participants, these elements were broken down into the following first-order categories: (i) clear sustainability performance targets and metrics; (ii) organisational design and governance structures; and (iii) reporting and incentives. Each of these elements are dealt with below.

5.7.2.2.1. Clear sustainability performance targets and metrics

This category relates to ensuring that there are clear sustainability performance targets and metrics in place to enable effective SBMI implementation. This category received consistent mentions from participants in Group 1 and Group 2, but interestingly, received a low frequency of mentions among participants in Group 3.

<u>Cross-group and within-group analysis</u>

Participants generally noted the importance of setting appropriate sustainability measures within companies to drive the correct behaviours that drive SBMI implementation. In this regard, a participant in Group 1 noted that putting in place appropriate measures ensures that sustainability is not regarded as a side issue within companies. The participant noted that "*we've overcome that challenge by putting this into our strategic house and saying that we've got to entrench it across the business. So every department had a KPI to commit to… they conceive their own KPIs, and then they will deliver their own KPIs on this.*" A participant in Group 2 made a similar point by stating that "*there has to be action plans, and then people can then work to meeting those objectives, so that the overall business improves. But then without that, it would be extremely difficult to make any sustainable improvements because it is not a business objective*". Echoing the point about measurement of sustainability being an enabler, a participant in Group 3 stated that "*sustainability is much more of an exact science now; it's not like it's just a goody two shoe thing where you help people; it's very numeric*".

A few other noteworthy points were made by participants based on the specific sustainability measurement-related aspects that enable SBMI implementation in their respective contexts. For example, a participant in Group 1 who works for a company that is listed on the Johannesburg Stock Exchange (JSE) mentioned that "*I think in SA, if you look at the JSE, fortunately there are indicators in place to make sure that the triple bottom line is considered*".

In contrast, another participant in Group 1, who works for a private company, stated that "*we also have internal reporting in terms of you know, what are we achieving here, what are we tracking here*". A participant in Group 2, who works for a company that has a global presence made reference to the measurable global commitments made by her company as being an enabler: "*I think that you know those big commitments against our group, commitments like those are very straightforward*".

From this it is clear that all these companies, regardless of whether they are publicly listed or private or whether or not they have a global presence, they are all finding that the availability of sustainability metrics within their respective contexts is an important enabler of the SBMI process.

5.7.2.2.2. Organisational design and governance structures

Based on the responses provided by participants, there were diverging views provided regarding whether it is better to have a separate sustainability function or to embed the sustainability function in the whole organisation. Another aspect that was discussed as being an enabler is having governance structures within the company that enable SBMI implementation. These issues were mentioned by participants across the three groups.

Cross-group and within-group analysis

A participant in Group 1 was of the view that *"the implementation of sustainability doesn't rest in a department that happens to have sustainability in its name, the implementation of sustainability rests with every single individual in the organisation".* Another participant in Group 1 echoed this sentiment by stating that *"it's those kinds of things where there is a strategy, there are targets, there are individuals across the whole organisation who contribute to our agenda around sustainability; it doesn't just sit in the sustainability function."* This view was further echoed by participants in Group 2 and Group 3. For instance, one participant in Group 3 stated that *"if sustainability becomes successful, there shouldn't be any sustainability managers in organisations; it should be entrenched fully into the organisation in such a way that it's a role that's no longer needed".*

In contrast, a participant from Group 2 was of the view that it is important to have a separate sustainability department. In this regard, the participant stated: "*If you don't have a separate department – and let's say it reports to production division, or commercial sales division or distribution division, etc. – then you continuously sit with poor incentives because you always have every environmental matter or compliance matter becoming a matter of cost trade-offs and 'it makes me look bad' etc. so you don't get compliance and accountability, and you don't get good decision-making because the right information cannot go to management if it is not a separate division*".

From a governance perspective, participants provided examples of how the governance structures that have been set up within their respective companies are enablers of the SBMI process. In this regard, a participant from Group 2 stated that "*we've also just kicked off a sustainability steering committee, chaired by the CEO, and then within each business unit I've just kicked one off now, we also have a business unit Steerco within the business.*" This ensures the creation of accountability and ownership within the company. Another participant in Group 2 made a similar point by stating that *"the CEO is also forming a sustainability committee. In there you will have the likes of the Finance Director (can we make the quick decision and spend the money); Technical and Engineering (we have the technology, can we do it); Business unit owners."* This aspect allows for faster decision-making.

5.7.2.2.3. Reporting and incentives

Participants indicated that the manner in which reporting and incentives are handled in a company can be an enabler of SBMI implementation. This aspect was consistently mentioned by participants across the three groups, and received the highest mentions from participants in Group 2.

Cross-group and within-group analysis

A participant in Group 2 referred to environmental metrics that assist companies to be able to track environmental performance and thus to be able to measure the impact of their SBMI initiatives. In this regard, the participant stated that "*we have international norms like the GRI [Global Reporting Initiative] which endeavours to monitor according to a universal measurement criteria of your carbon emissions, waste to landfill, plastic consumption etc. So, I think these international standards are good to ensure that there is a fair basis with which to evaluate companies.*" Another participant in Group 2 stated that " *you would never have accountability, because no one has to report on it. And if things go wrong, people aren't held accountable.*" This showcases the importance of companies being required to report on their sustainability-related initiatives. Similarly, another participant in Group 2 stated that "*if it's not a tangible matter that has to be reported to the board, then it's always a priority B in the business, it won't be a real priority that is on the agenda.*"

A participant in Group 3 observed that in a company she worked for, the reporting function relating to sustainability initiatives rested with the finance department and

this served as an enabler within the company: *"It's always a hard to sell to them the non-financial indicators, but if they start doing the reporting centrally, and doing it according to the GRI, they have to start reporting on the non-financial indicators and then it reached all reports in the organisation."* This therefore creates a situation where sustainability performance can be measured across the company.

Another enabler that was identified by participants within this category is having the appropriate incentives in the company. For instance, a participant in Group 3 noted that "*a lot of companies' rewards systems are very much short term – when you look at bonuses, they report on a financial year, governments work on an election term, a farmer works on a crop season.*"

In contrast, a participant in Group 1 referred to a company that had appropriate sustainability performance measures and stated: "*So, it's part of their incentive performance, so if they don't deliver on their sustainability targets, that will mean that they will not get bonuses and things like that. So it's part of their long-term incentive. So, that is the new wave of embedded [sustainability] across the business, making sure that every part of the business owns a piece of the sustainability agenda.*" In a similar vein, a participant from Group 2 mentioned that *"the minute you put a reward, then of course you start seeing significant movement. So I'm sure we're going to see a huge pull forward".* Another participant in Group 2 echoed this point by stating: *"So, if your incentives are not right, you can easily generate that sort of decision-making – not because the people are bad, but the structure you set up in your organisational design will lead to that outcome".*

Lastly, a participant in Group 3 noted the importance of having specific incentives within the company in order to incentivise employees to be innovative from a sustainability perspective and to be an active part of a company's SBMI process. In this regard, the participant stated that "*we do other things like the innovation awards, which is not only innovation on new products, but it's also innovation in processes and therefore people that have an idea and that are passionate about doing something for sustainability are being encouraged by the company to try out their idea. We're making funds disposable – If they need funds to try out their ideas*".

5.7.2.2.4. Conclusion: Strategic organisational elements

Based on an analysis of the data, this theme was dominant in Group 1 and Group 2. Clear sustainability performance targets and metrics as well as organisational design

and governance structures were frequently cited as SBMI enablers by Group 1 and Group 2 participants, while no first-order category within this theme was frequently referred to by Group 3 participants. Reporting and incentives as internal enablers were consistently mentioned across the dataset, and were frequently mentioned by participants in Group 2. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 34 below.

Table 34: Summary: Strategic organisational elements

Strategic organisational elements	Group_1	Group_2	Group_3
Clear sustainability performance targets and metrics	Frequent	Frequent	Low
Organisational design and governance structures	Frequent	Frequent	Some
Reporting and incentives	Some	Frequent	Some

5.7.2.3.   Other internal factors

There are various other internal factors that were identified by participants that enable SBMI implementation, including (i) resources and capacity, and (ii) specific company attributes. The noteworthy points relating to resources and capacity and specific company attributes as enablers are dealt with below.

5.7.2.3.1. Resources and capacity

The resources and capacity first-order category relates to the available resources and capacity a company has to implement the SBMI process. This category was mentioned more by participants in Group 2 than any of the other two groups and it received few mentions from participants in Group 1 and Group 3.

Cross-group and within-group analysis

A participant in Group 1 referred to having global sustainability resources supporting the company as being an enabler of SBMI. In this regard, the participant stated that "*I think in our context, fortunately we have a very strong globally centralised sustainability machinery*". Therefore, the resources that companies with a global presence have available to them is an enabling factor. Similarly, a participant in Group 2 stated that "*we have one of the strongest global agronomy networks in the world, and our knowledge of farming and farming transformation*" and the participant also referred to additional global resources being "*all the way up to the global sourcing network, the group, the group procurement team*".

Another participant in Group 2 stated that "*you also need the internal capacity to implement it, because a lot of these projects take time and take resources to do.*" Another participant in Group 2 provided an alternative view relating to how companies can counter challenges relating to lack of financial resources by stating that "*resources are becoming available to it; a lot of finance houses a putting a lot of money towards research and development of innovative technologies".* Similarly, a participant in Group 3 made the point that "*I wouldn't say resources is a challenge because I think Company Y is in the space now where if you can justify well enough what resources you need, in terms of budget or in terms of people, they will allocate it*".

Interestingly, a participant in Group 3 was of the view that budgets and other resources that are generally regarded as enablers are actually not enablers. In this regard, the participant stated that "*you can have a lot of enablers, but you can also get things right without having them: I used to have a budget, I don't have a budget anymore… I need to go and ask for money from whichever department so it's not really an enabler. The budget is not an enabler at all. I think some organisations think it is. But the relationships count a lot.*"

Lastly, speaking about the resources that enable him to perform his function, a participant in Group 3 made the point that "*systems and processes [are] important, particularly from a reporting point of view. So you need good data, you need accurate data. So that's why systems and processes are important."*

5.7.2.3.2. Company-specific attributes

The first-order category of company-specific attributes relates to specific aspects within a company that are unique to that company or type of company that enable it to implement its SBMI process. This category was mentioned consistently across the participant groups.

<u>Cross-group and within-group analysis</u>

A few aspects were identified by participants under this first-order category. For instance, some participants mentioned that the manner in which sustainability objectives are cascaded in companies with a global presence is an enabling aspect. In this regard, a participant from Group 2 stated that "*I think that the structure of the way the objectives are cascaded from global, to department, to cross-department, to business unit; I think for us internally that was a very good enabler*".

Another aspect that was mentioned by participants as part of this category relates to the size of companies as an enabler. In this regard, a participant in Group 1 stated that "*you have to target the bigger companies to create scale or impact if you want to do something*". Similarly, a participant in Group 2 stated that "*thankfully, with Company X we are so big globally, and whatever we do in Europe or America or Australia happens in every other country, which is fantastic.*"

Some participants also noted that their companies had been early adopters, which ultimately became an enabler for further SBMI implementation. For example, a participant in Group 1 stated that "*for an organisation like us where we are already ahead of the curve, we are already thinking about it, we already put it in, it's already packaged neatly in our manifestos ….the big multinationals I feel are already well on their way, they already have a roadmap and they already have a sense of appreciation that this is about license to operate.*" Similarly, a participant in Group 3 stated: "*So other companies were still talking about that, Company X was doing it. But they had actually integrated the entire environment, or creating shared value of which environmental sustainability was one part of and integrated it into their business model*".

5.7.2.3.3. Conclusion: Other internal factors

Based on an analysis of the data, this theme was more dominant within Group 2 and Group 3. Within the theme, resources and capacity were frequently cited as enablers by participants in Group 2, while company-specific attributes were cited frequently by participants in Group 2 and Group 3. None of the first-order categories were frequently cited by participants in Group 1. A summary of the dominant first-order categories across the three groups is set out in Table 35 below.

Table 35:Summary: Other internal factors

Other internal factors	Group_1	Group_2	Group_3
Resources and capacity	Low	**Frequent**	Some
Specific company attributes	Some	**Frequent**	**Frequent**

5.7.2.4. Conclusion: Internal enablers that aid SBMI implementation

A summary is set out in Table 36 below, of the dominant themes and first order categories in each group that have been identified by participants as enabling SBMI

from within a company, which have been discussed in detail in the preceding paragraphs.

Table 36: Summary: Internal enablers

Internal Enablers				
People related enablers		Group_1	Group_2	Group_3
Internal involvement and support		**Frequent**	**Frequent**	**Frequent**
Leadership buy-in and support		**Frequent**	**Frequent**	**Frequent**
Strategic organisational elements		Group_1	Group_2	Group_3
Clear sustainability performance targets and metrics		**Frequent**	**Frequent**	Low
Organisational design and governance structures		**Frequent**	**Frequent**	Some
Reporting and incentives		Some	**Frequent**	Some
Other internal factors		Group_1	Group_2	Group_3
Resources and capacity		Low	**Frequent**	Some
Specific company attributes		Some	**Frequent**	**Frequent**

5.7.3.   *External enablers that aid SBMI implementation*

Three themes were identified within this theoretical category: (i) people-related enablers; (ii) country-specific enablers and (iii) other external enablers. As appears in Table 37 below, the main theme that was identified based on the frequency of mentions across the data set is people-related enablers, followed by the country-specific enablers theme. The other external enablers theme received the least mentions from participants. Accordingly, the two main themes are discussed below, while certain noteworthy aspects relating to the other external enablers theme are considered.

Table 37: Themes and first-order categories: external enablers

Theme	First Order Category	Frequency of mentions in category	Group_1	Group_2	Group_3
	C_3_External enablers that aid the implementation of SBMI				
People Related Enablers		134	40	57	37
	C_3_Importance of external partnerships, relationships and collaboration	87	26	36	25
	C_3_Consumers as enablers	28	8	12	8
	C_3_General sustainability awareness enabling new value propositions	19	6	9	4
Country Specific Enablers		68	21	37	10
	C_3_legislation and regulation	40	11	25	4
	C_3_Government stakeholders involvement	28	10	12	6
Other External Enablers		21	7	9	18
	C_3_Sustainable Development Goals	14	3	3	8
	C_3_Covid 19 impacts	13	4	0	9
	C_3_Media	7	0	6	1

5.7.3.1. People-related enablers

There are three first order categories that were identified within this theme: (i) external partnerships, relationships and collaboration as enablers; (ii) consumers as enablers; and (iii) greater sustainability awareness as an enabler of the creation of new value propositions. The second and third categories are considered first, followed by a detailed discussion on the first category.

From Table 37 it is clear that consumers and general sustainability awareness are regarded as enablers of SBMI. Consumers have also been cited as drivers of SBMI implementation as detailed in the analysis for Research Question 1 above (see section 5.5.1.2 above), and general sustainability awareness was also quoted as being a driver of SBMI implementation in the analysis for Research Question 1 (see section 5.5.1.3 above). Therefore, these categories are not dealt with in great detail in this section as they have already been considered in the analysis relating to Research Question 1. The category that is considered in detail in respect of this theme is the importance of external partnerships, relationships and collaborations as an enabler of SBMI implementation. This category was the most prominent category across the data set in respect of enablers that aid SBMI implementation.

5.7.3.1.1. External partnerships, relationships and collaboration

Based on an analysis of what was stated by participants, external partnerships, relationships and collaboration is one of the main external enablers of SBMI. This is an aspect that was consistently mentioned by participants across the three groups.

Cross-group and within-group analysis

A participant in Group 1 made the following statement: *"This concept of 'collective shared action' is the type of model that really is the only way to go forward in terms of sustainability. There has to be collection in terms of different groups, shared in that each one takes a piece of that job and action in that we have to convert words into action on the ground."* Similarly, another participant in Group 1 emphasised the importance of collaboration in the context of sustainability-related initiatives: *"We can partner and increase scale on these common issues, because when it comes to sustainability, collaboration is the competition. Right. If you collaborate, we can do more, we can do huge, ambitious things."*

Similarly, a participant in Group 2 stated the following: *"As Company X I can stand on my head and save so much of water in my factory, but it's going to be of so little*

impact in the bigger scheme of things. However, if you come on board as a collective with other interested individuals, companies, NGOs and you're connecting in with government, very importantly because a lot of this infrastructure is managed by them, you can start making big drastic changes in terms of different environmental indicators." There is therefore extensive collaboration and partnering required for the successful implementation of the SBMI initiatives. This was echoed by a participant in Group 3 who simply stated that *"you can't do it alone. It's a partnership game"* and another participant in Group 3 argued that *"other enablers are relationships with external third parties, so firstly, relationships – with government, with NGOs, with customers, stakeholders and all of that; you need to have good relationships".*

Some of the participants spoke about the specific partnerships and relationships that have been an enabler in their SBMI implementation process. In this regard, a participant in Group 1 stated that "*civil society [and] sustainability NGOs play a critical role because they are driving expertise, they are driving new knowledge on various thematic areas".* Similarly, a participant in Group 2 stated that *"these problems are complicated and difficult to solve, and we are not really experts in that. For example, if it comes to food waste, you sort of need support from either NGOs or from government or from other academic stakeholders that have more expertise in those fields that support what you're trying to do."*

Partnerships with suppliers were also referred to as quite important by some participants. In this regard a participant in Group 2 stated that "*suppliers play a role as well because A, you deal with them, you sell their products. So, innovations that suppliers can do in terms of environmentally preferable products, whether it's packaging, whether it's products that they sell already, packaged products. I mean that plays a big role as well.*" Similarly, a participant in Group 1 spoke about how her company works with suppliers as part of her company's SBMI process: "*Company X has partnership programmes with suppliers. So especially with like cocoa there's a lot of work that's done in partnering with suppliers ensuring that they have the right seeds, ploughing season takes place etc.*" A participant in Group 2 considered the supplier relationship from a risk perspective and asked: "*How do I make sure that my suppliers are also credible so that it doesn't come back and compromise us? So you always need to have an upstream and downstream view, to say, 'Look, how do we make sure that we adhere to people's expectations?'*" However, an important point about this statement is that you not only have to have relationships with your

suppliers, but you also need to have an upstream view, which implies having a value chain approach.

In order to be able to adopt a value chain approach, a participant in Group 1 noted that *"what's important is taking time to develop those external stakeholder maps and actually understanding who are the critical players, because you may be focusing here, but there's this other voice over here you may have not thought about, and that's not really directly linked to that but it's playing an important role in this space".*

Lastly, a few participants mentioned collaborating with their competitors as being important. For instance, a participant in Group 3 stated that "*more and more there's the realisation that we don't necessarily need to compete on everything, everywhere. And companies are more open now to collaborate where it is noncompetitive fields and therefore it opens up the possibility to create ecosystems and different companies and communities working together and that opens up a whole new series of opportunities to do things differently.*"

5.7.3.1.2. Conclusion: People-related enablers

Based on an analysis of the data, this theme was dominant across the participant groups. Within the theme, importance of partnerships, relationships and collaboration was dominantly cited by participants across the three groups, while consumers as enablers was frequently cited by participants in Group 2. A summary of the dominant first-order categories across the three groups as discussed in this paragraph is set out in Table 38 below.

Table 38: Summary: People-related enablers

People related enablers	Group_1	Group_2	Group_3
Importance of partnerships, relationships and collaboration	Frequent	Frequent	Frequent
Consumers as enablers	Some	Frequent	Some

5.7.3.2. Country-specific enablers

The theme of country-specific enablers refers to country-specific aspects that enable the SBMI process. Two country-specific enablers were cited by participants, being legislation and regulation as well as involvement by government stakeholders in the SBMI process. However, only the legislation and regulation category is dealt with in this section as involvement by government stakeholders was largely cited as a

challenge and has therefore been extensively dealt with under the analysis relating to Research Question 2 (see section 5.6.3.1).

5.7.3.2.1. Legislation and regulation

The legislation and regulation category refers to the legislation and policies available in a country, as well as the regulatory environment in a country, that enable SBMI implementation. This category was mentioned extensively by participants in Group 2, followed by participants in Group 1. The category received a low frequency of mentions from participants in Group 3.

Cross-group and within-group analysis

In contrast to the views expressed by some participants of legislation and regulation being a barrier to SBMI implementation, some participants referred to it as being an enabler of SBMI. For example, a participant in Group 1 stated that "*the other piece is also regulations; governments are leading this agenda in their markets to ensure that they understand the imperative of climate change and its effects on the economy and GDP. And the long-term effects on things like food security and all of that, so governments are putting in regulations to ensure that corporates and private entities and all of that abide by these standards in order to create a sustainable world in the long term.*"

A participant in Group 2 made a similar statement: *"The regulators and legislators, you see quite a lot of evolution that's happening from Department of Environmental Affairs, Department of Water Affairs, the introduction of carbon tax".* The participant also mentioned that *"we are beginning to see a bit more regulation in terms of transformation, and what are we doing around our space from a B-BBEE [Broad-based Black Economic Empowerment] perspective, which touches on sustainability right, so the social pillar".* Similarly, a participant in Group 2 spoke about the evolution of the regulatory landscape and stated that *"regulators are changing and regulation is changing. So there's more and more regulations around, like there's carbon tax, there's a new climate change bill".*

Another point that was made regarding legislation and regulation is that enforcement of legislation is also an enabler of SBMI. In this regard, a participant in Group 3 stated that "*legislation helps, you know, I think that's why you get some countries where you have good environmental performance; it is because they have legislation and enforcement, so not just legislation, but the enforcement part as well".* However, an

important comment made by a participant in Group 2 about legislation as an enabler is that: *"I think it is firstly the legislation. I think it is very important that it is simple and fair"*. This suggests that legislation is an enabler insofar as it is simple and fair.

5.7.3.2.2. Conclusion: Country-specific enablers

Based on an analysis of the data, this theme was dominant in Group 1 and Group 2. Within the theme, both legislation and regulation and involvement by government stakeholders were dominant in both groups. As appears in Table 39 below, this theme was not a dominant theme for participants in Group 3. A summary of the dominant first-order categories across the three groups is set out in Table 39 below.

Table 39: Summary: Country-specific enablers

Country specific enablers	Group_1	Group_2	Group_3
Legislation and regulation	**Frequent**	**Frequent**	Low
Government involvement	**Frequent**	**Frequent**	Some

5.7.3.3. Other external enablers

The other external enablers theme refers to other enablers from outside the company which do not fit into the two themes set out above. The aspects that were identified by participants as enablers in this regard include the Sustainable Development Goals (SDGs) developed by the United Nations, the positive impact of Covid-19 on the sustainability agenda and the media telling the sustainability stories to the public. While this theme received a low frequency of mentions across the data set, it is worth mentioning that these aspects were considered to be enablers. Given the low frequency of mentions, this theme has not been explored in great detail.

5.7.3.4. Conclusion: External enablers that aid SBMI implementation

A summary is set out in Table 40 below, of the dominant themes and first order categories in each group that have been identified by participants as enabling SBMI from outside the company, as discussed in detail in the preceding paragraphs.

Table 40: Summary: External enablers of SBMI implementation

External Enablers		Group_1	Group_2	Group_3
	People related enablers	Group_1	Group_2	Group_3
	Importance of partnerships, relationships and collaboration	Frequent	Frequent	Frequent
	Consumers as enablers	Some	Frequent	Some
	Country specific enablers	Group_1	Group_2	Group_3
	Legislation and regulation	Frequent	Frequent	Low
	Government involvement	Frequent	Frequent	Some

5.7.4. Conclusion regarding Research Question 3

Various internal and external enablers were identified by participants that assist them in their attempts to implement SBMI within their companies. A summary of these factors, based on the analysis set out in this chapter, has been provided in Table 41 below.

Table 41: Summary: Enablers of SBMI implementation

Internal and External enablers		Group_1	Group_2	Group_3
	General enablers	Group_1	Group_2	Group_3
	Educating people	Some	Frequent	Frequent
	Digital innovation developments	Some	Frequent	None
	Communicating value to stakeholders	Frequent	Some	Some
Internal Enablers				
	People related enablers	Group_1	Group_2	Group_3
	Internal involvement and support	Frequent	Frequent	Frequent
	Leadership buy-in and support	Frequent	Frequent	Frequent
	Strategic organisational elements	Group_1	Group_2	Group_3
	Clear sustainability performance targets and metrics	Frequent	Frequent	Low
	Organisational design and governance structures	Frequent	Frequent	Some
	Reporting and incentives	Some	Frequent	Some
	Other internal factors	Group_1	Group_2	Group_3
	Resources and capacity	Low	Frequent	Some
	Specific company attributes	Some	Frequent	Frequent
External Enablers				
	People related enablers	Group_1	Group_2	Group_3
	Importance of partnerships, relationships and collaboration	Frequent	Frequent	Frequent
	Consumers as enablers	Some	Frequent	Some
	Country specific enablers	Group_1	Group_2	Group_3
	Legislation and regulation	Frequent	Frequent	Low
	Government involvement	Frequent	Frequent	Some

5.8. Findings: SBMI Value

> **Research Question 4: In moving to sustainable business models, what value is created and for whom?**

This research question was designed to provide greater insights into the kind of value that is created, delivered and captured through the SBMI process (and the resultant SBMs created through this process) in the food and beverage industry and related supply chains.

Overall, based on the analysis set out below, it is clear that there are multiple forms of value, financial and non-financial, that are created for multiple stakeholders when companies transition to SBMs. This notion of value that is created has been explored by considering the following aspects relating to value that are linked to the business model elements: (i) sustainable value proposition; (ii) value co-creation and co-delivery; and (iii) value capture. Each of these elements as detailed in Table 42 below and dealt with in greater detail below.

Table 42: Business model elements

Theme	First order category	Frequency of mentions in category	Group_1	Grup_2	Group_3
	A_4_Sustainable business model related value				
Sustainable value proposition		81	44	17	20
	A_4_Environmentally-friendly products	41	24	7	10
	A_4_Socially responsible and environmentally-friendly products	40	20	10	10
Value co-creation and co-delivery		133	41	41	51
	A_4_General	13	7	3	3
	A_4_Social responsibility related initiatives	59	19	13	27
	A_4_Environmental responsibility related initiatives	61	15	25	21
Value capture		46	16	19	11
	A_4_Triple bottom line value	46	16	19	11
	A_4_Value for multiple stakeholders	80	36	18	26

5.8.1. Sustainable value proposition

Based on the comments provided by participants, it was clear that transitioning to SBMs requires modification of the value proposition that is presented to consumers. Participants highlighted that value propositions comprised of two or more of the triple bottom line elements, with economic value being a present element across the SVPs referred to below. In this regard, participants across the data set highlighted the following categories of aspects as those on which sustainable value propositions are created by companies when transitioning to SBMs: and (i) predominantly environmentally-friendly products; and (i) socially responsible and environmentally-

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friendly products. These categories receive a similar number of frequency of mentions.

5.8.1.1. *Environmentally-friendly products*

A category relating to the sustainable value proposition that became apparent through the comments made by participants is around the concept of environmentally-friendly products. This relates to both creating products that are environmentally friendly and also embedding environmentally-friendly practices within operations so that products produced in such production facilities are regarded as environmentally friendly. In turn such products would appeal to a wider range of consumers. This particular value proposition was mentioned largely by participants in Group 1 and Group 3.

<u>Cross-group and within-group analysis</u>

A participant in Group 1 made the following statement regarding how the operations are being transformed in order to create the sustainable value proposition: "*If you look at operations or industrial, every new product that we launch at this point in time has a measured carbon footprint to it. Every equipment. Water, we have our you know, water policy. We know that we've got to recycle, reuse. How do we reduce our grey water? How do we sequence our production so we are not using too much water? So the factory is totally on board: solar or renewable energy.*"

Participants in Group 2 also provided examples of environmental value propositions. A participant spoke to how a sustainable value proposition can be created from an environmental perspective, i.e. by finding alternatives to meat-based diets: "*On the innovation front … we're moving towards more plant-based solutions. I've been privy to see that piece of strategy; it's incredible the vegetarian meal solutions all the way through to plant-based beverages. You name it, there is a plant-based solution for it.*" In contrast, another participant in Group 2 considered the sustainable value proposition created by water stewardship initiatives and indicated that "*I think we pushed the technology boundaries to recycle water which would have otherwise been poured down the drains and then also the benefits from a product point of view where consumers can now feel confident and comfortable that they are consuming a product that is water friendly*".

Participants also mentioned the circular economy, indicating that a sustainable value proposition is associated with that as well, with a participant from Group 1 stating the

following: "*The closed-loop economy (circular economy) – so what do we do with our waste that can actually be converted into valuable products so that you have zero to landfill sites*". This would create new value propositions and potentially a new class of consumers for companies.

5.8.1.2. Socially responsible and environmentally-friendly products

There was an emphasis on creating value propositions relating to social and/or environmental elements, as well as those linked to how the products sold by companies are sourced and produced. These types of value propositions were frequently mentioned by participants across the three groups.

<u>Cross-group and within-group analysis</u>

While talking about value created for consumers, a participant in Group 1 stated that "*I feel good because like, in an organisation like Company X, I'm a consumer as well and I know that whatever I'm consuming has been produced responsibly*". This suggests that products that have been produced in a responsible manner is part of the sustainable value proposition.

A participant in Group 2 for example provided sustainable seafood as an example of where a sustainable value proposition is being created. In this regard, the participant stated that "*so, on many of our projects we try and run, especially on sustainable seafood, for example, we try and get the sustainable alternative, we try and work with suppliers to improve what they're doing from a sustainability side of things, but while maintaining the price of the product; so trying to offer something that is sustainable but not at a higher cost. That's how we usually try to approach it.*"

A participant in Group 3, while also referring to sustainable seafood, also referred to the company's approach to other raw materials that are sourced to create products: "*Sustainable seafood initiative, which is another area, that's the WWF [World Wide Fund for Nature] we are doing some more work with them around the procurement of palm oil, coffee and even soy, which is quite a big component of beef production, and obviously beef is quite big in our lives and it's really around coming up with first and foremost, designing a policy around the procurement of those major commodities*".

Another participant in Group 3, while speaking about how business models are modified from a sustainability perspective indicated that "*it could be about social compliance, it could be about responsible drinking, it could be about transformation*

and [B-BBEE]. *All of that are themes about sustainability. It could be about responsible brands."* These are therefore the elements that are being used to build the sustainable value proposition.

Another example that was provided by a participant in Group 3 relates to where a sustainable value proposition is being created by competitors. In this regard, the participant stated that "*we are currently collaborating with all the other retailers on cage free eggs*".

A participant in Group 3 also made reference to the creation of new value propositions in conjunction with suppliers. In this regard, the participant made the following statement: "*Something that I'm looking at is in the supplier development field is how do we create a new stream of products that they would be able to supply to us; that is something that the customer wants? So obviously doing some market research on what's needed. But also what do we need to bring into the market so that it makes sense, that we can make more money out of that specific product?*"

Lastly, another participant in Group 1, while making reference to environmental elements relating to the sustainable value proposition, also referred to certain consumer health-related elements that were considered as part of the sustainable value proposition. In this regard the participant stated that "*there is benefit for the consumers too, if they know that food has been made responsibly and sustainability is not just about water, and soil, and carbon foot-printing. If they know someone's paid careful attention on how much sugar, how much of fat has gone into this product, the consumer benefits.*"

5.8.1.3. Conclusion: Sustainable value propositions

There are various new value propositions that are being created by companies as part of their SBMI implementation process. As appears in the examples provided above, both socially and environmentally conscious-related value propositions are being developed by companies that focus on both short-term and long-term benefits and that strive to create both economic and non-economic value across the value chain. Both of these first order categories are considered in Chapter 6.

5.8.2. Value co-creation and co-delivery

The value co-creation and co-delivery is only considered in this study insofar as it relates to the relationships and partnerships companies have formed in order to

create and deliver value as part of their SBMI implementation journey. In this way, it assists with answering the research question as it considers who is creating the value in the SBMI process and for whom that value is being created.

Considering the different sustainable value propositions (SVPs) referred to above, the manner in which these SVPs result in the co-creation and co-delivery of value was considered with reference to the various initiatives described by participants. The initiatives described below have been categorised in a similar manner to the SVP categories in order to identify the relevant value creation and delivery mechanisms relating to both types of SVPs. Economic value has not been considered as a separate category as it was generally referred to by participants in terms of the value captured, which is considered in detail in the value capture section. Prior to the aforesaid analysis being conducted, a general overview relating to the co-creation and co-delivery of value is conducted.

5.8.2.1. General participant comments

General comments relate to the comments made by participants when introducing the various initiatives they have implemented as part of their SBMI implementation process. These comments generally came from participants across the three groups.

Cross-group and within-group analysis

A participant in Group 2 noted that they work with various stakeholders in order to create and deliver value. In this regard, she listed the following stakeholders as being involved in their initiatives: "*Universities, professors, NGOs, innovation satellite units, suppliers, basically anyone who wants to innovate with us can come in*".

One of the main points arising from the participants across the data set is the importance of prioritising particular initiatives and directing resources towards those initiatives. For example, a participant in Group 1 mentioned that her company is specifically focusing on certain areas: "*We are looking at women, we are looking at water, we are looking at packaging as a whole, we are looking at sustainable next generation agriculture*". Similarly, another participant in Group 1 stated that from a social perspective, her company was focusing on "*enterprise and supplier development, community development and skills development. It's around how do we engage with our own employees, the society around which we operate for us to actually create thriving communities where everybody has the ability to make a livelihood*" and that from an environmental perspective, they are looking at "*the*

environmental and the natural capital. So waste, both manufacturing waste, the reduction of food waste, the reduction of energy intensity and alternative energy sources, the closed-loop economy (circular economy)– so what do we do with our waste that can actually be converted into valuable products so that you have zero to landfill sites."

Another important element that came out is the important role played by industry bodies in these initiatives. A particular industry body that was prominently mentioned across the data set is the Consumer Goods Council of South Africa (CGCSA). For instance, a participant in Group 1 stated that "*we are members of the Consumer Goods Council of South Africa. So there's a lot of initiatives there, either in the field of nutrition, healthier food options, for donations for poverty alleviation especially in the Covid crisis. You know, it's a coming together of likeminded people, where we have technical workgroups – there's a food waste stream, there's an EPR [Extended Producer Responsibility] stream for packaging and recycling*". A participant in Group 2 also stated that they are working with the CGCSA on food waste-related initiatives: "*the South African voluntary food waste initiative, which is being developed by the Consumer Goods Council of South Africa*". Similarly, a participant in Group 3 referred to the CGCSA's involvement in the food waste initiative they are part of: "*Company X has initiated the food waste initiative. But then we pitched it to the Consumer Goods Council of South Africa which combines all the manufacturers as well as retailers*".

Lastly, there were other industry bodies that were also mentioned by participants that assist with the co-creation and co-delivery of value. For example, a participant in Group 1 stated the following: "*The Business Leadership SA (BLSA) is one of the industry associations as well*" while a participant in Group 2 stated that "*I think the partnerships that I'm thankful for in terms of getting to where I am, will be Consumer Goods Council, CSIR [Council for Scientific and Industrial Research], National Business initiative, I think, BUSA to a large extent: Business Unity South Africa*".

5.8.2.2. Primarily environmental responsibility-related initiatives

Environmental responsibility-related initiatives are those initiatives relating to the environmental side of sustainability that are being implemented by companies as part of their SBMI process. These are also linked to the environmental responsibility-related SVP discussed above. Furthermore, they result in the co-creation and co-

delivery of environmental and economic value and in some instances, social value. These initiatives were frequently mentioned by participants across the three groups.

Cross-group and within-group analysis

One of the environmental initiatives that was referred to by participants relates to transforming operations to ensure energy efficiency and environmentally-friendly operations that allow for the creation of the environmental SVP. All these aspects would impact the technology-related element of how value is provided. For instance, a participant in Group 2 stated that "*I think the big ones obviously are how we could move away from coal to renewable [energy], so a lot of digital and tech advancement in battery, renewable battery, long storage battery and things like that*". Similarly, another participant in Group 2 stated that "*from a sustainability point of view, you could convert boilers from coal to gas, and the benefits would be astronomical – both in terms of costs and environmental performance*".

From a circular economy perspective, the participation by companies in the plastics pact was a dominant theme across all three participant groups. As an example, a participant in Group 3 stated that "*we are a founding member of the plastics pact. It's about reducing plastic and the circular economy*". Another participant in Group 3, when referring to the plastics pact, stated that "*and that again, is one of those collaborative type of pacts where you've got all the major retailers sitting on that, as well as producers of packaging as well as even your converters and your waste pickers and these sort of guys where we then tackle common issues around recyclability and how best to resolve that and what types of materials we should and shouldn't be introducing into the South African market*". In this sense, resources from across the value chain are leveraged to come up with new technology to resolve difficult challenges.

An example of how a company is turning waste into value in the manner contemplated in the circular economy (also referred to as the closed-loop economy) was presented by a participant in Group 3, who stated the following about the dairy farm that they are partnering with: "*We're working on them clearing the alien crops like the black wattle, but instead of just throwing it away, converting it into animal feed, which we're working on now would be an animal feed that actually allows the cows to have less development of gas or burping and farting, which is all methane which is bad for the environment*".

Lastly, one of the other environmental initiatives that was referred to by participants relates to water stewardship. For instance, one participant stated that "*in the water space, water is obviously imperative to the business system which we serve, so again saying: What are we doing in that space*?" A participant in Group 2 provided an example of what his company is doing in this space, and stated the following: "*So, water, we work with the SWPN [Strategic Water Partners Network] – we actually chair one of the workgroups. It's the water efficiency production workgroup, and this is really about funding and implementing projects at municipality level that can be rolled out across the whole country. But, what this workgroup will do now, is get these projects working with any municipality that is willing to participate. We will get funding for them from people like IMF [International Monetary Fund], World Bank etc. that are again interested in these projects.*" Based on this, it is clear that there is a lot of national and international collaboration happening in this space, and that participants are taking a whole value chain approach to these types of issues.

5.8.2.3. Primarily social responsibility-related initiatives

Social responsibility-related initiatives are those initiatives relating to the social side of sustainability that are being implemented by companies as part of their SBMI process. While these initiatives were largely centred around the co-creation of social and economic value, in some instances they also result in the co-creation and co-delivery of environmental value These are also linked to the social and/or environmental responsibility-related SVP discussed above. These elements were frequently referred to by participants across the three groups.

Cross-group and within-group analysis

One of the social responsibility-related initiatives that was referred to by participants across the data set is around food waste-related initiatives. For example, a participant in Group 1 stated that "*we are working with our retailers on the war on plastic and food waste and then the issues around hunger and the reduction of hunger*". Similarly, a participant in Group 2 indicated that *"the biggest initiatives that we're working on is the South African voluntary food waste initiative, which is being developed by the Consumer Goods Council of South Africa. So, essentially, it's a big multi-stakeholder initiative that includes companies and organisations throughout the value chain. So it goes from the agricultural sector to the food processors and manufacturers to retailers etc. and it's about reducing food waste by 50% by 2030 – that aligns to the United Nations SDG target on food waste. So it's this big initiative*

that we are working together with the Consumer Goods Council on." This initiative was also referenced by other participants in Group 3. What is clear from this, is that the key operational activities relating to this initiative are across the value chain, and not just within a particular company. While this element has a large social component, it also has an environmental component as detailed in the value capture section below (see section 5.8.3.1).

Another social responsibility-related initiative that was mentioned by participants relates to diversity and inclusion. One participant in Group 1 referred to a partner they are working with to assist them with their diversity and inclusion aspects: *"When it comes to Care International, they help us with our diversity and inclusion agenda and women empowerment programmes".* However, a participant in Group 1 felt that her company was not doing enough in relation to this aspect, stating that *"the women space is one that we haven't fully gotten our heads around"*. A participant in Group 2 also raised a similar concern about her company's progress on this element but also noted an improvement in relation to it: *"I know a lot of organisations are backwards when it comes to this particular one, but I think it's important that I mention it because for the first time I'm seeing Company X also being quite active and vocal about this and being very clear about the measures associated with this in terms of effective participation and equal opportunities for women"*.

Supplier development-related initiatives is one of the aspects that was a prominent theme across the data set. One of the main categories of suppliers that play a big role in the context of the food and beverage industry is farmers. In speaking about one of his company's initiatives, a participant in Group 3 stated: *"And that's really where the Project X comes in, because it's around trying to shorten that supply chain and also while at the same time developing the rural communities where these farms are, and providing an income as well as an off-take for farmers that traditionally would possibly not have a formal off take".* Development of local farmers has therefore been identified as critical as it also impacts distribution channels through shortening the supply chain.

Another participant in Group 3 also mentioned a similar project and described it as follows: *"We work together with the X tribe, we set up a dairy farm where we then purchase 100% of the milk, but then we also set up a training centre and took all their youth and then skill their youth on agri-preneurship skills".* Similarly, a participant in Group 1 stated: *"We work with soil regenerative agriculture, we teach even though*

we are taking milk from farmers. We invest in those farmers to say we know that these farms are not only having herds of cows, and they have, you know, they farm other stuff like potatoes and what have you. So we need to teach them how to be sustainable farmers."

Another initiative that was described by participants that impacts the manner in which value is provided and which also relates to suppliers is responsible sourcing practices. In speaking about this element, a participant in Group 2 stated: "*This concept of firstly going right back to being very aware of where we get what and then you look at these big projects: So, responsible coffee sourcing, responsible palm, going back and using blockchain and in the sustainability story, traceability, transparency, show proof decision-making on sourcing. So, there is, I guess, re-emphasis now on where we get things and why are we getting them from where we are getting them is a big piece and again, that's almost all digitally transformed So, if it's a raw [material], it could go all the way down the value stream down to the farmer, farmer's partners and suppliers, the ergonomists, procurement.*" Once again, this goes back to the idea of key operational activities being considered across the value chain. It also considers the technology-related elements of how value is created.

Similarly, a participant in Group 2 referred to an initiative where they are partnering with various organisations to drive the procurement of responsibly-sourced products: "*Seafood is a good example where in the past we have worked with different types of brands and different suppliers. So, essentially the project entails moving towards more sustainable products. So, if you know about SASSI: the South African Sustainable Seafood Initiative that's run by the WWF. So, a number of the largest retailers in South Africa signed up to SASSI, I think around 2010/2011.*" A participant in Group 3 made a similar comment above regarding partnering with different parties on sustainable seafood, palm oil, coffee and soy (as detailed in the SVP section above).

5.8.2.4. Conclusion: Value co-creation and co-delivery

Arising out of the environmentally and socially responsible SVPs that companies are seeking to create through the SBMI process, as appears in the discussion above, the value contemplated in SBMIs is co-created and co-delivered by multiple stakeholders. Furthermore, the manner in which the value is co-created and co-delivered is dependent on the kind of sustainability initiative being implemented.

5.8.3. Value capture

Based on the responses provided by participants, value capture relates to the value that is provided to various stakeholders in the value chain. This theme came through across the participant groups. The theme has been broken down below to consider: (i) the type of value being created; and (ii) the stakeholders for whom value is created.

5.8.3.1. Type of value

While speaking about the circular economy, a participant in Group 3 expressed the following view: *"There is now an alternative which is this circular economy and that therefore opens up new possibilities and curiosity of the people to rethink how we do business and that is this triple bottom line, that it's not only good from a sustainability perspective, but also what makes sense from your own financial perspective".* In a similar way to how circular economies create environmental, social and economic value (triple bottom line value), participants also expressed a similar view in respect of water initiatives. A participant in Group 1 expressed a view in respect of water stewardship: *"Because A, the water stewardship helps you reassess your use of water, ultimately saving you money and reducing waste".* Similarly, while considering the value created by water stewardship, a participant in Group 2 noted that *"there's an environmental positive for that, because South Africa is a water scarce country, but then there's also a cost saving for the business because you're using less water."* Another participant in Group 2 noted that *"if we come off the grid, we make all that water available for other things like farming, the community or whatever else".*

Speaking of the value of supporting emerging farmers, a participant In Group 1 stated that *"supporting emerging farmers, supporting advancement in technology in agriculture because that becomes a business imperative – so yes, while we are doing things that are better for the environment and communities, that's one of our pillars, we are also doing better for the company because we can then help our supply chain journey and our transformation in that space".* These types of initiatives therefore yield triple bottom line value.

Another example that yields triple bottom line value was identified as food waste initiatives. In this regard, a participant in Group 3 stated that *"if you're wasting food at the retail level, you're actually making a huge environmental impact because you're not really getting the value for what effort you put into that food. So the point*

is, we have to reduce waste, because it has an environmental impact but also, it has an economic impact because you paid for that food." The participant then went on to say: "*…and the social element of food waste is that where we have a country where there's so many people that are hungry, how can you be right to waste food? So, for food waste to me, there's all those three aspects to it.*" This view was echoed by another participant in Group 3. Therefore, by engaging in these types of initiatives there is value created from an economic perspective, for society and for the environment.

Linked to the concept of food waste and food scarcity, while discussing the value from supplier development, and specifically developing local farmers, a participant in Group 1 stated the following: "*If we do not take action around that and there is food scarcity, it will lead to economic instability. It means that we may have to import instead of buying local. It means that the price of food will go up, it means that the cost of producing the product will go really way up, it means that people aren't going to be able to afford it, and then it will hit our bottom line. So there's a clear bottom line impact, even when you talk about going out to teach the farmers around the right agronomic practices.*" These initiatives therefore also have a triple bottom line impact.

While discussing the value created by moving to more greener energies, a participant in Group 3 noted the following: "*You are doing good for the company in the sense that you are spending less and reducing costs and at the same time you are doing good in that you are mitigating climate change, using less electricity from Eskom, which is generated from coal, and is emitting a whole lot of greenhouse gases.*" This therefore suggests environmental and economic value captured.

In addition to the financial/economic value described in the examples above, there is also additional value created for the company that was identified by participants. A participant in Group 2 was of the view that "*there's certainly reputational value that is generated by being involved in those initiatives*". A participant in Group 1 stated a similar view: "*[There is] huge reputational benefit for our business as well*".

In contrast, a participant in Group 1 was of the view that *"the value that we are creating I believe is very much to the continuance of the business."* Similarly, a participant in Group 2 stated that *"you can reduce your impact, but it also gives you a license just to keep producing more".* These participants therefore also considered value from a business continuity perspective.

5.8.3.2. Stakeholders for whom value is created

A participant in Group 1 was of the view that "*value is being created, again, for all the stakeholders*". Similarly, while speaking about value generated from the circular economy, a participant in Group 3 stated that "*if you can out of the same raw material, generate multiple cash flows, that also makes business sense, and it creates employment etc. So back again to this concept of creating shared value.*" In this context, value was regarded as being captured by multiple stakeholders, including society and the environment.

A participant in Group 2 took this discussion further by stating that "*there is value – there should theoretically be more value throughout the value stream*". This was echoed by another participant in Group 2 who stated that "*the value for sustainability is usually throughout the supply chain*". Value linked to SBMI is therefore captured by the entire value chain.

Some participants expressed that value would be captured by future generations. In this regard, a participant in Group 1 stated that "*it's a benefit for industries doing business, but it's definitely, definitely, definitely future-proofing generations and generations to come.*"

Lastly, another expressed view stated that value is created for new businesses and entrepreneurs. In this regard, a participant in Group 3 stated that "*by having smart entrepreneurs that find ways of also making more money in the process, that will also accelerate the adoption of those new practices that are more sustainable because it's in their own best interest*".

5.8.3.3. Conclusion: Value capture

As appears in the analysis above, extensive value in multiple forms is captured by multiple stakeholders within the whole value chain. Economic and other forms of value such as reputational value and business continuity value, are captured by the companies implementing SBMI, while economic, environmental and social value is captured by stakeholders in the whole value chain, as well as by future generations.

5.8.4. Conclusion regarding Research Question 4

As appears in the preceding paragraphs relating to Research Question 4, and based on an analysis of the responses provided by participants, both environmental and social sustainable value propositions are being created by companies as they

transition to more SBMs. In this process, these companies are engaged in the co-creation and co-delivery of value with multiple stakeholders. Ultimately, financial and non-financial value is captured by stakeholders across the value chain (including society and the environment). As appears in Table 43 below, the various elements described above were frequently mentioned across the three participant groups.

Table 43: SBMI value

Sustainable business model related value				
Sustainable value proposition		Group_1	Group_2	Group_3
Environmentally friendly products		**Frequent**	Some	**Frequent**
Socially responsible products		**Frequent**	**Frequent**	**Frequent**
Value co-creation and co-delivery		Group_1	Group_2	Group_3
Primarily environmental responsibility related initiatives		**Frequent**	**Frequent**	**Frequent**
Primarily social responsibility related initiatives		**Frequent**	**Frequent**	**Frequent**
Value capture		Group_1	Group_2	Group_3
Triple bottom line value		**Frequent**	**Frequent**	**Frequent**
Value for mutiple stakeholders		**Frequent**	**Frequent**	**Frequent**

5.9. Summary of findings

There are various similarities and differences that were identified in the responses provided by participants across the three groups in respect of the research questions. Table 44 and Table 45 below respectively set out the main similarities and differences which are taken into Chapter 6 for further discussion. The similarities are discussed first, followed by a discussion of the differences.

5.9.1. Similarities

The participants in this study fell into three functional groups, managers responsible for implementing: (i) social related SBMI initiatives (Group 1 managers); (ii) operations and environmental SBMI initiatives (Group 2 managers); and (iii) the general sustainability strategy in companies (Group 3 managers). When considering the responses of participants in the different functional groups, there are similarities and differences that can be noted in respect of their experience relating to the different aspects considered in this study (as appears in Table 44 below).

The similarities in responses across the function groups are dealt with first with reference to the research questions. As appears in Table 44 below, the drivers of SBMI implementation that were consistently mentioned across the three function groups are the external drivers.

Considering the similarities in responses from participant groups in respect of challenges that hinder SBMI, inability to communicate SBMI value to stakeholders was identified across the function groups as a general challenge to SBMI implementation. Changing mindsets and commercial challenges were identified across the function groups as internal challenges. From an external perspective, country specific challenges such as challenges relating to legislation and government involvement were identified across the function groups as a challenge to SBMI implementation.

With reference to enablers of SBMI implementation, general enablers such as educating people about sustainability and communicating the value of SBMI implementation were identified across the three function groups. From an internal company perspective, the following aspects were mentioned as enablers across the three function groups (i) people related enablers (which include internal involvement and support and leadership buy-in and support); (ii) strategic organisational elements (sustainability performance metrics and targets, organisational design and governance structures and reporting and incentives); and (iii) specific company attributes. From an external perspective, there were people related enablers and country specific enablers that were identified across the three function groups.

Lastly, considering the value elements of SBMI implementation, this is the one area of greatest similarities across the three function groups. The managers in the different functions described the new value propositions created by their SBMI initiatives, which while they had the triple bottom line elements, were primarily geared to creating either environmental or social value. Additionally, the initiatives described by the managers across the three functions also generally either had an environmental focus or incorporated all three elements of the triple bottom line. Lastly, value capture was consistently identified as value capture from a triple bottom line perspective by the managers, with an emphasis being placed on the fact that value was being created for multiple stakeholders across the value chain.

The similarities described in the preceding paragraphs are summarised in Table 44 below. Additionally, similarities in the context of Table 44 below are cases where a particular element has been frequently referred to by two or more participant groups and has also been mentioned by the third participant group (albeit not as frequently as the other two groups). Instances where an element has been frequently mentioned by one participant group and has also received 'some' mentions from the

other two participant groups have also been regarded as instances of similarity across the three groups for the purposes of Table 44 below.

Table 44: Similarities in responses across participant groups

External Drivers		Group_1	Group_2	Group_3
	Increasing external stakeholder pressure			
	External stakeholder pressure	**Frequent**	**Frequent**	**Frequent**
	Consumer expectations	Some	**Frequent**	Some
	Other external drivers			
	Reducing environmental impact	Low	**Frequent**	**Frequent**
Internal and External challenges		Group_1	Group_2	Group_3
	General challenges			
	Inability to communicate value to stakeholders	**Frequent**	Some	Some
Internal Challenges		Group_1	Group_2	Group_3
	Operational challenges			
	Commercial challenges	None	**Frequent**	**Frequent**
	Mindset and Skills			
	Changing mindsets	**Frequent**	**Frequent**	**Frequent**
External Challenges		Group_1	Group_2	Group_3
	Country specific challenges			
	Legislation and regulations	**Frequent**	**Frequent**	Low
	Lack of government involvement	**Frequent**	**Frequent**	Some
Internal and External enablers		Group_1	Group_2	Group_3
	General enablers			
	Educating people	Some	**Frequent**	**Frequent**
	Communicating value to stakeholders	**Frequent**	Some	Some
Internal Enablers		Group_1	Group_2	Group_3
	People related enablers			
	Internal involvement and support	**Frequent**	**Frequent**	**Frequent**
	Leadership buy-in and support	**Frequent**	**Frequent**	**Frequent**
	Strategic organisational elements			
	Clear sustainability performance targets and metrics	**Frequent**	**Frequent**	Low
	Organisational design and governance structures	**Frequent**	**Frequent**	Some
	Reporting and incentives	Some	**Frequent**	Some
	Other internal factors			
	Specific company attributes	Some	**Frequent**	**Frequent**
External Enablers		Group_1	Group_2	Group_3
	People related enablers			
	Importance of partnerships, relationships and collaboration	**Frequent**	**Frequent**	**Frequent**
	Consumers as enablers	Some	**Frequent**	Some
	Country specific enablers			
	Legislation and regulation	**Frequent**	**Frequent**	Low
	Government involvement	**Frequent**	**Frequent**	Some
Sustainable business model related value		Group_1	Group_2	Group_3
	Sustainable value proposition			
	Environmentally friendly products	**Frequent**	Some	**Frequent**
	Socially responsible products	**Frequent**	**Frequent**	**Frequent**
	Value co-creation and co-delivery			
	Primarily environmental responsibility related initiatives	**Frequent**	**Frequent**	**Frequent**
	Primarily social responsibility related initiatives	**Frequent**	**Frequent**	**Frequent**
	Value capture			
	Triple bottom line value	**Frequent**	**Frequent**	**Frequent**
	Value for mutiple stakeholders	**Frequent**	**Frequent**	**Frequent**

5.9.2. Differences

Aside from the above similarities in responses of participants in different function groups, there were a number of differences in the extent to which certain elements identified in this study were considered as drivers, challenges and enablers of SBMI implementation by the different function groups. These areas of difference are highlighted in Table 45 below.

In respect of <u>drivers</u>, both the internal and external factors identified in this study have largely been cited by Group 2 managers. In contrast, in respect of <u>challenges</u> identified, different managers highlighted different aspects as challenges to SBMI implementation based on their experiences. This is clear from the fact that in Table 45, in instances where some factors are cited highly by one function group, they either receive some mentions or no mentions from the other function groups. For instance, with reference to internal challenges, operational challenges were highlighted more by Group 2 but received low mentions from participants in Group 1 and some mentions from participants in Group 3. Similarly, mindset and skills were more frequently cited as internal challenges by participants in Group 3, while challenges relating to strategic organisational elements were frequently cited by participants in Group 1 compared to other groups.

Considering the responses in respect of <u>enablers</u>, digital innovation developments and resources and capacity as enablers were frequently cited by participants in Group 2, but received varying mentions from participants in Group 1 and Group 3.

The differences described in the preceding paragraphs are summarised in Table 45 below. Differences in the context of Table 45 below are cases where a particular element has received varying responses from the three participant groups.

Table 45: Areas of difference in participant responses

Internal Drivers		Group_1	Group_2	Group_3
	Financial and commercial drivers			
	Cost related challenges	None	Frequent	Some
	Financial and commercial benefits	None	Frequent	Low
	Risk and compliance drivers			
	Reputation and brand image	Low	Frequent	Some
	Risk management and compliance	Some	Frequent	Low
External Drivers		Group_1	Group_2	Group_3
	Other external drivers			
	South Africa specific challenges	Low	Frequent	None
Internal Challenges		Group_1	Group_2	Group_3
	Operational challenges			
	Financial considerations	Low	Frequent	Some
	Mindset and Skills			
	Lack of sustainability understanding and skills	Some	Low	Frequent
	Strategic organisational elements			
	Ad hoc approach to sustainability	Frequent	Low	Some
External Challenges		Group_1	Group_2	Group_3
	Country specific challenges			
	Socio-economic considerations	None	Frequent	Some
	Other external challenges			
	Behavioural challenges	Frequent	Low	None
Internal and External enablers		Group_1	Group_2	Group_3
	General enablers			
	Digital innovation developments	Some	Frequent	None
Internal Enablers		Group_1	Group_2	Group_3
	Other internal factors			
	Resources and capacity	Low	Frequent	Some

In conclusion, there are various areas of similarities and differences in respect of the findings that have been discussed in this chapter. The areas of similarity and differences as detailed in the preceding paragraphs, as well as Table 44 and Table 45, are discussed in further detail in Chapter 6 below.

CHAPTER 6: DISCUSSION

6.1. Introduction

This chapter provides a discussion of the findings compared to the literature. It follows a similar structure to the one adopted in Chapter 5 and the research questions formulated in Chapter 3 are used as an organising framework. Table 44 and Table 45 in Chapter 5 form the basis of this discussion. The findings (as summarised in Table 44 and Table 45 in Chapter 5) are compared and contrasted with the literature (as summarised in Figure 11 below) in order to identify similarities and differences. During the comparison process, the literature in Chapter 2 was updated to reflect literature that had previously not been identified by the researcher, and the SBMI conceptual framework in Figure 8 in Chapter 2 was updated accordingly.

Through the comparison, this chapter's discussion of the findings in relation to the literature, developed the research outcomes. The comparison culminates in the creation, in Chapter 7, of an updated conceptual framework (Figure 16) detailing the insights gained from this study.
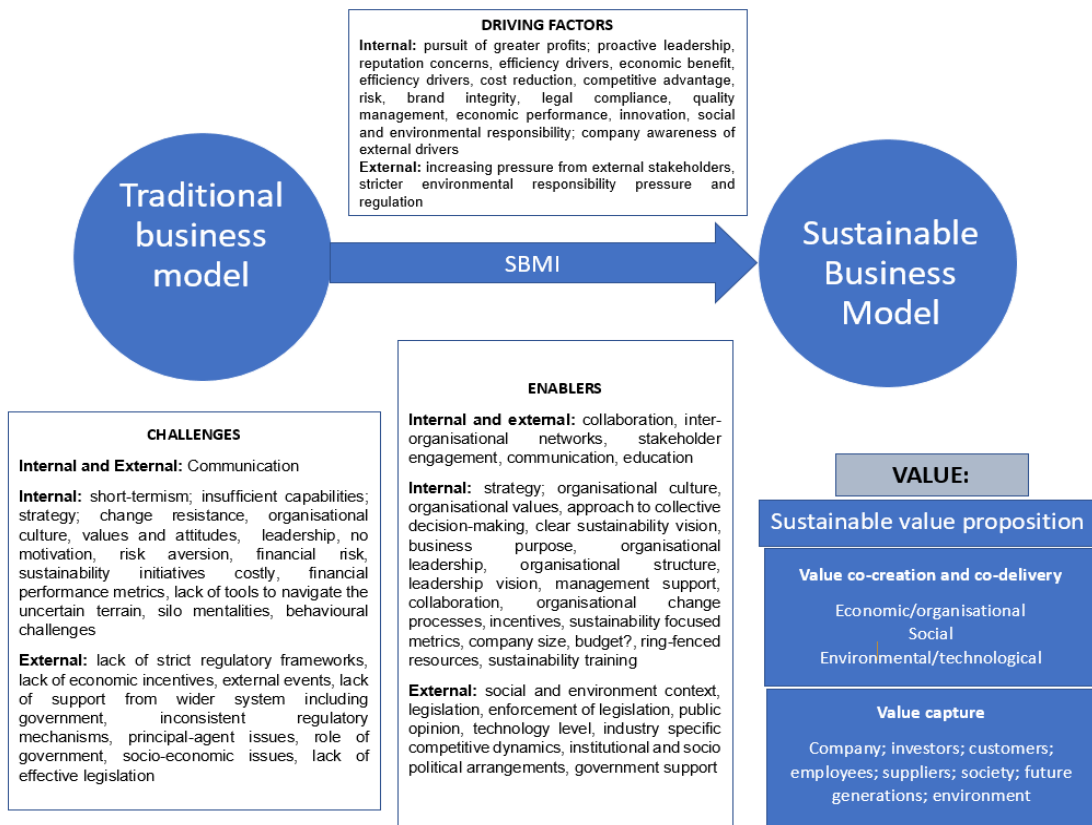
Figure 11: Conceptual framework of the study

6.2. Discussion of results for research question 1: Drivers

Research Question 1: What are the driers that are motivating incumbent companies to move towards sustainable business models?

Research Question 1 was aimed at gaining an understanding of the drivers that are making companies move towards implementing SBMI in their respective companies. The insights provided by the three participant groups in respect of the drivers of SBMI implementation are set out in Table 46 below, which is from the summary in Chapter 5. The findings set out in **Error! Reference source not found.** and Table 45 are discussed with reference to literature in Chapter 2 in order to highlight the similarities and differences between the findings in Chapter 5 and the literature.

Table 46: Summary of relevant findings: Drivers

Internal Drivers		Group_1	Group_2	Group_3
	Financial and commercial drivers			
	Cost related challenges	None	Frequent	Some
	Financial and commercial benefits	None	Frequent	Low
	Risk and compliance drivers			
	Reputation and brand image	Low	Frequent	Some
	Risk management and compliance	Some	Frequent	Low

External Drivers		Group_1	Group_2	Group_3
	Increasing external stakeholder pressure			
	External stakeholder pressure	Frequent	Frequent	Frequent
	Consumer expectations	Some	Frequent	Some
	Other external drivers			
	South Africa specific challenges	Low	Frequent	None
	Reducing environmental impact	Low	Frequent	Frequent

6.3. Internal drivers of SBMI implementation

As appears in Table 46, two main sets of internal drivers were identified as requiring further discussion in this chapter: (i) financial and commercial drivers; and (ii) risk and compliance drivers. The outcomes relating to these sets of internal drivers are discussed below.

6.3.1. Financial and commercial drivers

As appears in Table 46, two main drivers within this set of drivers were identified as requiring further discussion in this chapter: (i) cost-related challenges; and (ii) financial and commercial benefits. These drivers are dealt with below.

6.3.1.1. Cost-related challenges

As appears in Table 46, cost-related challenges in the South African operational context, including high energy and water costs, were frequently mentioned by managers in Group 2 as being a driver of SBMI implementation. In this regard, companies are being driven to innovate the manner in which they conduct business in order to avoid the high operational costs and to increase efficiency. Long et al. (2018) referred to efficiency drivers from sustainability initiatives as playing an important role in driving businesses to engage with sustainability concerns. While the wording used by managers is not identical to the wording in the literature, cost-related challenges as described by managers were linked to efficiency and reducing high operational costs. Based on this comparison, the findings of this study are consistent with what is contained in existing literature in respect of cost-related challenges being a driver of SBMI.

However, based on the literature reviewed, it appears that the findings have an additional insight, namely, that cost-related challenges that are specific to a particular country are also driving SBMI implementation. In the context of South Africa these challenges include high energy costs and water costs.

Another key outcome of this study relating to this aspect is that participants indicated that SBMI saves costs for the business, which is an additional aspect that drives SBMI. Schaltegger et al. (2012) identified cost reduction as a driver of SBMI implementation. Accordingly, the findings of this study are consistent with existing literature in this respect.

6.3.1.2. Financial and commercial benefits

A key aspect that was mentioned, particularly by managers in Group 2, is that financial and commercial benefits are a driver of SBMI in companies. Long et al. (2018) identified economic benefits as a driver of SBMI. Accordingly, the findings of this study are consistent with existing literature in respect of this aspect.

Another outcome of this study as identified by the managers is that financial performance is a driver of SBMI implementation. Engert et al. (2016) identified economic performance as a driver of incorporating corporate sustainability into the business from a corporate strategy perspective. Given that business models also form part of corporate strategy, the drivers identified by Engert et al. (2016) can also

be linked to SBMI implementation. The findings of this study are therefore consistent with existing literature on this point.

6.3.2. Risk and compliance drivers

A key outcome of this study is that there are several risk and compliance-related aspects that drive SBMI implementation. These include: (i) reputation and brand image; and (ii) risk management and compliance.

6.3.2.1. Reputation and brand image

Managers in Group 2 and Group 3 highlighted reputation and brand image as drivers of SBMI implementation. Both Engert et al. (2016) and Long et al. (2018) referenced reputation as a key driver of SBMI. However neither Engert et al. (2016) nor Long et al. (2018) referred to brand image as being a driver. However, Kiron et al. (2012) make reference to brand integrity as being a driver for SBMI. Accordingly, the findings of this study are consistent with existing literature in respect of this point.

6.3.2.2. Risk management and compliance

Risk management and compliance were largely identified as a driver of SBMI implementation by managers in Group 2. Engert et al. (2016) identified risk management and legal compliance as some of the drivers of incorporating corporate sustainability into the business from a corporate strategy perspective. Accordingly, the findings of this study are consistent with existing literature.

6.3.3. Conclusion: Internal drivers

Following a comparison between the findings of this study and existing literature on internal drivers of SBMI implementation, specific similarities, insights and differences were identified. These aspects are considered below.

The findings of the study are largely similar to what is contained in extant literature. In this regard, all the internal drivers identified in the study (as appears in Table 47 below) are drivers that have been identified in existing literature. The similarities with existing literature are highlighted in Table 47 below.

This study adds a nuance to extant literature by providing potential insights into cost-related challenges that drive SBMI implementation. In this regard and as appears in Table 47 below, the study refers to country-specific cost challenges that drive SBMI implementation as an enabler of SBMI.

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as internal drivers of SBMI. Based on the analysis, all the internal drivers referred to above were identified more by managers responsible for operations and environmental sustainability (Group 2), than managers in the other groups. Therefore, this is a potential point of difference from the literature, as the findings in the literature are at a general level and do not consider drivers from the perspective of specific functions within the company.

Table 47: Comparison between findings and literature: Internal drivers

Internal Drivers		Similarities	Insights	Differences
	Financial and commercial drivers			
	Cost-related challenges	Efficiency drivers, cost reduction	Country-specific costs	
	Financial and commercial benefits	Econmic benefits, economic performance		
	Risk and compliance drivers			
	Reputation and brand image	Reputation, brand image		
	Risk management and compliance	Risk management, legal compliance		

6.4. External drivers of SBMI implementation

Increasing external stakeholder pressure as well other external drivers were identified as the two sets of external drivers of SBMI implementation that required further discussion in this chapter. These two sets of external drivers are considered in detail below.

6.4.1. Increasing external stakeholder pressures

In the context of increasing external stakeholder pressures, two main factors were considered to be drivers of SBMI: (i) external stakeholder pressure; and (ii) consumer expectations. The outcomes relating to these drivers are dealt with below.

6.4.1.1. External stakeholder pressure

One of the key outcomes, based on discussion by managers across the three groups, is that external stakeholder pressure that is being placed on companies to transition to more SBMs is one of the main external drivers of SBMI implementation. This factor was also identified in literature by Lüdeke-Freund (2020) and Orji (2019) as driving companies to implement SBMI. The findings in this study in respect of this aspect are therefore consistent with existing literature.

6.4.1.2. Consumer expectations

Consumer expectations as a driver of SBMI implementation was largely discussed by managers in Group 2. However, it was also mentioned as a driver by the other two manager groups. Consumer expectations have been identified by Lüdeke-Freund (2020), Orji (2019) and Grekova et al. (2014) as a driver of SBMI implementation. The findings in this study in respect of this aspect are therefore consistent with existing literature.

6.4.2. Other external drivers

A key outcome of this study is that there are certain external drivers other than the ones specified above that drive SBMI implementation: (i) South African specific challenges; and (ii) reducing negative environmental impact. Each of these drivers is dealt with below.

6.4.2.1. South African specific challenges

A few challenges were referred to by managers under this driver. South African specific cost-related challenges, which are dealt with above, were one of the main areas of discussion. Additionally, one of the other main aspects that was frequently discussed by managers in Group 2 relates to non-operational municipalities that are unable to provide an enabling environment for companies to conduct business. This forces companies to innovate from a sustainability perspective to reduce their reliance on municipalities. No specific literature was found dealing with the challenges relating to non-functioning municipalities as a driver of SBMI. Accordingly, this may potentially be an area of difference from the existing literature.

6.4.2.2. Reducing negative environmental impact

Another key outcome of the study based on discussions by various managers across the three groups is that there is pressure on companies to reduce their environmental impact. A manager in Group 2 referred to improving environmental performance and reducing pollution as being a driver of SBMI, while a participant in Group 1 referred to the pressures that come with the depletion of resources and the implications thereof as a driver of SBMI. Reducing negative environmental impact is largely discussed as an outcome of SBMI in the literature. For instance, Bocken et al. (2014) as well as Schaltegger, Hansen and Lüdeke-Freund (2016) have referred to it in this light. However, Grekova et al. (2014) referred to external pressures regarding

environmental responsibility as a driver of SBMI. Accordingly, the findings of this study are consistent with existing literature regarding this aspect.

6.4.3. Conclusion: External drivers

There were some similarities identified between the findings and existing literature. In this regard, the findings in this study regarding external stakeholder pressure and consumer expectations being drivers of SBMI implementation are consistent with extant literature. Furthermore, the reduction of a negative environmental impact as a driver of SBMI implementation is consistent with extant literature.

Considering South African specific challenges as a driver of SBMI, challenges relating to non-functioning municipalities do not seem to have specifically been identified in literature as a driver of SBMI. This therefore presents a potential point of difference from the literature.

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as external drivers of SBMI. Based on the analysis, all the external drivers referred to above were identified more by managers responsible for environmental and operations elements (Group 2) than managers in the other groups. Therefore, this is a potential point of difference from the literature.

The summary of the comparison appears in Table 48 below. In this regard, similarities and the potential point of difference have been highlighted in Table 48.

Table 48: Comparison between findings and literature: External drivers

External Drivers		Similarities	Insights	Differences
	Increasing external stakeholder pressure			
	External stakeholder pressure	Increasing external stakeholder pressure		
	Consumer expectations	Consumer expectations		
	Other external drivers			
	South African specific challenges			Non-functioning municipalities
	Reducing environmental impact	Environmental responsibility pressures		

6.4.4. Conclusion regarding Research Question 1: Drivers

As set out above, there were various similarities found between the findings of this study and literature in respect of the drivers of SBMI implementation. Additionally, there are instances where the findings of this study introduce new insights. A summary relating to the similarities, potential refinements and potential extensions

of literature is given in Table 49 below. The drivers that have been identified in Table 49 as potentially providing additional insights and as potential points of difference from the literature are discussed further in Chapter 7.

Table 49: Comparison between findings and literature: Drivers

Internal Drivers		Similarities	Insights	Differences
	Financial and commercial drivers			
	Cost-related challenges	Efficiency drivers, cost reduction	Country -specific costs	
	Financial and commercial benefits	Econmic benefits, economic performance		
	Risk and compliance drivers			
	Reputation and brand image	Reputation, brand image		
	Risk management and compliance	Risk management, legal compliance		
External Drivers		Similarities	Insights	Differences
	Increasing external stakeholder pressure			
	External stakeholder pressure	Increasing external stakeholder pressure		
	Consumer expectations	Consumer expectations		
	Other external drivers			
	South African specific challenges			Non-functioning municipalities
	Reducing environmental impact	Environmental responsibility pressures		

6.5. Discussion of results for Research Question 2: Challenges

> **Research Question 2: What are the challenges that incumbent companies are encountering when moving towards sustainable business models?**

Research Question 2 was aimed at providing insights regarding the challenges, both internal and external to the company, that inhibit SBMI implementation. Table 50 below sets out the similarities and differences in challenges identified in Chapter 5 across the different participant groups. A comparison of the findings in Chapter 5 and the literature in Chapter 2 follows below.

Table 50: Summary of relevant findings: Challenges

Internal and External challenges		Group_1	Group_2	Group_3
	General challenges			
	Inability to communicate value to stakeholders	Frequent	Some	Some
Internal Challenges		Group_1	Group_2	Group_3
	Operational challenges			
	Financial considerations	Low	Frequent	Some
	Commercial challenges	None	Frequent	Frequent
	Mindset and Skills			
	Changing mindsets	Frequent	Frequent	Frequent
	Lack of sustainability understanding and skills	Some	Low	Frequent
	Strategic organisational elements			
	Ad hoc approach to sustainability	Frequent	Low	Some
External Challenges		Group_1	Group_2	Group_3
	Country specific challenges			
	Legislation and regulations	Frequent	Frequent	Low
	Lack of government involvement	Frequent	Frequent	Some
	Socio-economic considerations	None	Frequent	Some
	Other external challenges			
	Behavioural challenges	Frequent	Low	None

6.5.1. Internal and external challenges that hinder SBMI implementation

Managers across the three groups identified the inability to communicate the value of SBMI to various stakeholders, both internal and external to a company, as being a general challenge to SBMI. The details relating to this key outcome are discussed below.

Managers in Group 2 referred to the challenge of communicating the new value propositions created by the SBMI process to consumers, while managers in Group 1 raised challenges relating to communicating the value of SBMI to the wider external stakeholder group. Viciunaite (2020) has argued that communicating sustainable business models (SBMs) to external stakeholders, including consumers, is a challenge. The findings of this study are therefore consistent with existing literature on this issue.

The managers in both Group 2 and Group 1 also referred to the challenges of communicating the value of SBMI implementation to internal stakeholders in a language they understand. They argued that failure to communicate the value of

SBMI ultimately impedes a company's ability to get buy-in for and support of SBMI implementation from stakeholders. Viciunaite (2020) has argued that communicating SBMs to stakeholders and framing them in terms that are relevant to a stakeholder is challenging. The findings of this study are therefore consistent with existing literature in this respect.

Based on the outcomes set above, the findings of this study were consistent with existing literature in respect of this general challenge. A summary of the similarities discussed in the preceding paragraphs is given in Table 51 below.

Table 51: Comparison between findings and literature: General challenges

Internal and External challenges		Similarities	Insights	Differences
	General challenges			
	Inability to communicate value to stakeholders	Communication: internal and external stakeholders		

6.5.2. *Internal challenges that hinder SBMI implementation*

A few sets of internal challenges identified by managers in this study were highlighted as requiring further discussion in this chapter: (i) operational challenges; (ii) mindset and skills; and (iii) strategic organisational elements. The outcomes relating to these sets of challenges are discussed below.

6.5.2.1. *Operational challenges*

(i) Financial considerations and (ii) commercial challenges were the two main challenges identified under this set of challenges as discussed below.

6.5.2.1.1. *Financial considerations*

Financial considerations as discussed by managers relate to the challenge of SBMI initiatives being costly and concerns around funding sustainability initiatives. Schaltegger et al. (2016) have mentioned that SBMI initiatives are costly and easy to imitate. However, Schaltegger et al. (2016) did not seem to refer to concerns around obtaining funding for such initiatives. Accordingly, the findings of this study suggest a potential insight that suggests that funding sustainability initiatives is a challenge that companies face when implementing SBMI.

Additionally, a factor that was identified by managers in Group 2 is the fact that investments in SBMI implementation have a longer payback period when compared to other projects within the company, which sometimes makes it difficult for managers to motivate such projects. Lüdeke-Freund et al. (2016) identified short-termism within

companies, i.e. valuing short-term results over long-term results, as a barrier to SBMI implementation. Similarly, Laukkanen and Patala (2014) raised the issue of short-termism and financial risk as being barriers to SBMI implementation. Accordingly, the findings of this study reflect what is contained in existing literature on this point.

6.5.2.1.2. Commercial challenges

Commercial challenges are the non-financial challenges within companies that were identified by managers as hindering SBMI implementation. Managers in Group 2 expressed concerns about the risk involved in implementing SBMI which is brought on by the need to experiment with new technologies as part of the process. Managers in Group 2 and Group 3 also noted the difficulty of implementing some SBMI initiatives in practice.

Kennedy and Bocken (2020) identified the SBMI process as a risky, challenging and uncertain process for companies and argued that there is a lack of tools to assist managers with this uncertain, risky and challenging process. In contrast, Lüdeke-Freund et al. (2016) have referred to risk aversion arising from the fear of jeopardising the existing business as a challenge. However, it is important to note that managers in this context were more concerned about the risk associated with experimenting with new technologies, as opposed to the risk of jeopardising their existing business as proposed by Lüdeke-Freund et al. (2016). This study is therefore consistent with what was proposed by Kennedy and Bocken (2020) and takes the discussion further by providing an example (that of experimenting with technology) of the risky, challenging and uncertain process posed by SBMI on companies.

An additional commercial challenge that was identified by a participant in Group 3 is the challenge of using data within a company in a format that makes sense and that will make a big impact. There does not appear to be specific literature that touches specifically on this point. This therefore represents a potential difference between the findings of this study and the literature, and presents an opportunity for extension of the literature.

6.5.2.2. Mindset and skills

(i) Changing mindsets and (ii) lack of sustainability understanding and skills were the two main challenges identified under this set of challenges as discussed below.

6.5.2.2.1. Changing mindsets

The difficulty of changing mindsets within a company has been identified as one of the main challenges to SBMI implementation by managers across the three participant groups. Some managers in Group 1 specifically stated that one of the challenges they are dealing with relates to the mindset shift that is required within companies to ensure that sustainability is regarded as a company-wide responsibility, as opposed to it being part of a particular function. Bocken and Geradts (2020) found silo mentalities to be a barrier to SBMI implementation. Accordingly, this finding is similar to extant literature.

The managers in Group 2 and Group 3 also referred to the mindsets of people within their respective companies posing a challenge to SBMI implementation. These managers specifically mentioned change management-related mindset challenges as being a barrier to SBMI implementation. This related to people being reluctant to change the way they do things. Lüdeke-Freund et al. (2016) argued that resistance to change/ inertia is one of the barriers of SBMI implementation. There is therefore a similarity between the findings of this study and the existing literature on this point.

6.5.2.2.2. Lack of sustainability understanding and skills

This challenge was not dominant across the three manager groups but was dominant within managers in Group 3. It was included in the discussion in Chapter 6 as it could potentially yield new insights. Managers in Group 3 expressed that the lack of sustainability understanding of people within the company, including executive management, poses a challenge to SBMI implementation. One of the main points that were made is that, in some instances, even senior executives within companies lack a general understanding of sustainability and their roles within the SBMI process, which then becomes a barrier to SBMI implementation.

In their study relating to barriers and enablers that impact the successful implementation of sustainability practices in lean small and medium-sized enterprises (SMEs), Caldera, Desha and Dawes (2019) identified lack of knowledge as one of the barriers, and specifically lack of knowledge of employees in general as being a barrier. Although the study by Caldera et al. (2019) was set in the context of SMEs, the outcomes of this study in respect of lack of knowledge as a barrier of SBMI implementation are similar. Furthermore, the outcomes of this study potentially provide an additional insight by placing an emphasis on the lack of sustainability

knowledge of executives who would be responsible for implementing a company's sustainability strategy.

Lack of sustainability expertise was identified by managers in this study as being a barrier. Similarly, Caldera et al. (2019) identified lack of technical expertise as a barrier for successful implementation of sustainability practices. Accordingly, the findings of this study are consistent with existing literature in this regard.

6.5.2.3. Strategic organisational elements

Strategic organisational elements are strategy-related elements within a company that hinder SBMI implementation. The outcome of this study in relation to this aspect relates to the challenge posed by instances where sustainability initiatives are regarded as an ad hoc issue instead of being embedded in the company's business and strategy. An example of this challenge that was provided by managers is instances where sustainability initiatives were being conducted by some companies as a tick box exercise or as a once-off donation exercise. Linked to this, a manager in Group 1 discussed a company engaging in ad hoc sustainability initiatives that are not linked to the company's overarching goals. Where this is being done within companies, it may serve as a barrier to the SBMI implementation process. Lüdeke-Freund et al. (2016) have argued that divorced business and sustainability strategies constitutes a major barrier to SBMI implementation. There is therefore a similarity between the findings of this study and the existing literature in respect of this point.

However, an interesting point about this finding is that it was only largely discussed by managers responsible for the implementation of social-related SBMI initiatives. It is not clear from the data why this is the case and this may potentially represent a point of difference from the literature.

6.5.2.4. Conclusion on internal challenges that hinder SBMI implementation

Based on a comparison between the findings of this study and existing literature on internal challenges that hinder SBMI implementation, the findings of the study are largely similar to what is contained in extant literature. The similarities identified between the findings of this study and the literature are set out in Table 52 below.

This study provides potential insights in respect of the following challenges that have been identified in existing literature: financial considerations, commercial challenges

and lack of sustainability understanding and skills. The potential insights provided by this study are set out inTable 52 below.

The findings of the study also present a potential difference from existing literature by proposing data challenges as a commercial challenge to SBMI implementation. This point of difference is set out in Table 52 below.

Table 52: Comparison between findings and literature: Internal challenges

Internal Challenges		Similarities	Insights	Differences
Operational challenges				
	Financial considerations	Cost-related challenges: costly to implement, short-termism, financial risk	Difficult to fund	
	Commercial challenges	SBMI as risky, challenging and uncertain - no tools	Experimenting with technology	Data challenges
Mindset and Skills				
	Changing mindsets	Silo mentalities, resistance to change		
	Lack of sustainability understanding and skills	Lack of knowledge: employees, lack of skills	Lack of knowledge: executives	
Strategic organisational elements				
	Ad hoc approach to sustainability	Divorced business and sustainability strategy		

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as internal challenges that inhibit SBMI implementation. For instance, changing mindsets was consistently regarded as a challenge across the three manager groups. However, operational challenges were identified more by managers responsible for environmental and operations elements than any other groups. In contrast, strategic organisational elements were identified as a challenge largely by managers responsible for social-related SBMI initiatives. Lastly, lack of sustainability understanding and skills was identified as a challenge more by managers responsible for general sustainability strategy. This represents a potential difference from existing literature as there does not appear to be literature that explains the differences highlighted in this paragraph.

6.5.3.   External challenges that hinder SBMI implementation

Two sets of external challenges were identified as requiring further discussion in this chapter: (i) country specific challenges; and (ii) other external challenges. The outcomes relating to these sets of challenges are considered below.

6.5.3.1. *Country-specific challenges*

Country-specific challenges were identified as being a challenge to SBMI implementation by managers across all three groups. Within this category of challenges, three particular challenges were highlighted by managers: (i) legislation and regulation; (ii) lack of involvement by government stakeholders; and (iii) socio-economic considerations. The outcomes relating to each of these challenges are dealt with below.

6.5.3.1.1. *Legislation and regulation*

Challenges relating to having appropriate legislation and an enabling regulatory environment were raised by managers across the three groups. Hasan (2016) referred to lack of effective legislation as being a barrier of incorporating sustainability into the business of SMEs in Bangladesh. Although the study by Hasan (2016) was set in the context of SMEs, the outcomes of this study in respect of the lack of effective legislation as a barrier of SBMI implementation are similar.

A participant in Group 1 expressed the view that the complexity of legislation scares a company away from doing the right thing. Additionally, a participant in Group 2 expressed the view that the implementation of new legislation moved the business to more of a compliance approach and diverted resources from actual business improvement and the innovation required in terms of the SBMI process. Laukkanen and Patala (2014) identified the absence of strict regulatory frameworks as a barrier to SBMI implementation. In contrast, Caldera et al. (2019) argued that strict regulatory frameworks inhibit SMEs from focusing on innovating their processes towards SBM and instead result in them focusing on adhering to regulations. There are therefore different views in literature regarding what constitutes appropriate legislation to enable SBMI. Similarly to what is proposed by Caldera et al. (2019), the findings of this study indicate that where legislation is regarded as merely being a compliance driver, it is considered to be a challenge by managers who are responsible for SBMI implementation. These managers consider it as diverting away resources that could be used for SBMI. Although the study by Caldera et al. (2019) was set in the context of SMEs, the outcomes of this study in respect of strict regulatory frameworks as a barrier of SBMI implementation are similar.

Another point that was made by managers in Group 1 and Group 2 relates to the situation that is unique to South Africa, where legislative policies aimed at protecting

the revenue of a state-owned energy-generating business are disincentivising companies from investing in cleaner energy and thus innovating the manner in which they are creating value from an operational perspective. Lüdeke-Freund et al. (2016) have argued that socio-political arrangements, which include routines of government bodies as well as the political climate, have an impact on SBMI success. The findings of this study in respect of this aspect are therefore consistent with what is contained in literature.

Another challenge posed by legislation that was highlighted by managers in Group 1 and Group 2 relates to the inconsistency in the targets set out in legislation versus the manner in which the targets are actually measured by companies in practice. This may have the effect of creating confusion and thus frustrating the SBMI implementation process. While there does not seem to be much literature addressing this aspect directly, Laukkanen and Patala (2014) have referred to inconsistent regulatory mechanisms as a barrier to SBMI implementation. The outcomes of this study therefore propose an additional insight by providing an example of the inconsistent regulatory mechanisms referred to by Laukkanen and Patala (2014).

6.5.3.1.2. *Lack of involvement by government stakeholders*

Lack of government stakeholders' involvement in sustainability-related initiatives was most frequently cited as a challenge by managers in Group 1 and Group 2, but was also mentioned by managers in Group 3. The managers that referred to this challenge were of the view that government has been slow to respond and to partner with companies in order to assist with SBMI implementation. Long et al. (2018) identified lack of support from the government as a barrier with reference to SMEs implementing SBMI. Although the study by Long et al. (2018) was set in the context of SMEs, the outcomes of this study in respect of lack of government support as a barrier of SBMI implementation are similar.

Another point that was made by a participant in Group 2 is the fact that government also does not hold companies to account with regard to ensuring that they comply with sustainability-related legislation. In contrast, another participant in Group 2 pointed to government not being accountable to provide functioning municipalities that adhere to legislation in order to enable businesses to implement SBMI. Sousa-Zomer and Cauchick-Miguel (2017) have made general reference to governments in developing countries playing a role as an enabler or hindrance of SBMI. While the findings of this study are consistent with existing literature in this respect, the

outcomes of this study propose an additional insight by providing specific details on how government's lack of involvement can be a challenge to SBMI implementation.

6.5.3.1.3. Socio-economic considerations

The main point of discussion on this point from managers in Group 2 and Group 3 was the fact that due to the socio-economic conditions of consumers in South Africa, sustainability-related considerations are not at the forefront of most consumers' purchasing decisions. This in turn disincentivises companies from implementing SBMI at the pace required to effect impactful change. This is due to the fact that, as set out above, SBMI implementation is a costly exercise, and it becomes even more costly if consumers cannot absorb some of the associated costs.

The issue of the socio-economic considerations of consumers has been dealt with in literature dealing with the 'base of the pyramid' consumers from poorer countries. Scholars such as Evans et al. (2017) and Gebauer, Haldimann and Jennings Saul (2017) have argued that innovating business models to cater for consumers with limited financial resources poses a barrier to SBMI in that it presents a trade-off between the long-term profitability of a company and implementing SBMI to cater for those customers. The findings of this study are therefore consistent with existing literature on this point.

However, the interesting point is that this aspect was identified as a challenge to varying degrees when comparing responses across the three manager groups. This outcome does not seem to be dealt with in literature and therefore presents a potential difference from existing literature.

6.5.3.2. Other external challenges

There was one particular external challenge within this set of challenges that was highlighted as requiring further discussion in this chapter: behavioural challenges. The outcomes relating to this challenge are discussed below.

6.5.3.2.1. Behavioural challenges

Managers highlighted the behaviour of individual citizens and lack of ownership taken by individuals in society as a barrier to SBMI implementation by companies. Although some studies deal with behavioural issues, these studies generally deal with behavioural issues internal to a company. For instance, this includes studies by Caldera et al. (2019), Abdelkafi and Tauscher (2016) and Laukkanen and Patala

(2014). However, there seems to be no mention in literature regarding behavioural challenges that are external to the company. This therefore potentially presents a point of difference from existing literature.

An interesting point about this outcome is that it was identified as a challenge primarily by managers that are responsible for implementing social-related SBMI initiatives in a company (Group 1). This aspect was not identified as a challenge by managers responsible for the general sustainability strategy.

6.5.3.3. Conclusion on external challenges that hinder SBMI implementation

As set out above, there were various similarities found between the findings of this study and literature in respect of the challenges that hinder SBMI implementation. These similarities are summarised in Table 53 below.

Additionally, there are instances where the findings of this study potentially refine existing literature or introduce new insights, and this is in the context of legislative and regulatory challenges, as well as to challenges posed by lack of government involvement. The insights proposed by this study in relation to these aspects are set out in Table 53 below.

The study presents a potential point of difference from the literature in that it considers external individual behaviour as a challenge to SBMI implementation within companies. This potential area of difference is referred to in Table 53 below.

Table 53: Comparison between findings and literature: External challenges

External Challenges		Similarities	Insights	Differences
	Country-specific challenges			
	Legislation and regulations	Lack of effective legislation, strict regulatory frameworks, socio political arrangements	Inconsistent regulatory mechanisms -metrics	
	Lack of government involvement	Lack of government support	Lack of enforcement and accountability	
	Socio-economic considerations	Consumers with limited financial resources		
	Other external challenges			
	Behavioural challenges			External individual behaviour

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as external challenges that inhibit SBMI. Based on the analysis, the country-specific challenges referred to above were identified more by managers responsible for operations and environmental sustainability (Group 2), followed by managers

responsible for the social SBMI initiatives implementation (Group 1). Additionally, challenges relating to external individual behaviour were identified more by managers responsible for the implementation of social SBMI initiatives (Group 1). Therefore, this is a potential point of difference from the literature, as the findings in the literature are at a general level and do not consider challenges from the perspective of specific functions within the company.

6.5.4. Conclusion regarding Research Question 2: Challenges

As set out above, there were various similarities found between the findings of this study and literature in respect of the challenges that inhibit SBMI implementation. Additionally, there are instances where the findings of this study refine existing literature or introduce new insights. Lastly, the outcomes of this study also introduce some points of difference between this study and existing literature. A summary relating to the similarities and potential insights and differences discussed in the preceding paragraphs are set out in Table 54 below. The challenges identified in Table 54 below as potentially providing new insights or as potential points of difference from the literature are discussed further in Chapter 7.

Table 54: Comparison between findings and literature: Challenges

Internal and External challenges		Similarities	Insights	Differences
	General challenges			
	Inability to communicate value to stakeholders	Communication: internal and external stakeholders		
Internal Challenges		Similarities	Insights	Differences
	Operational challenges			
	Financial considerations	Cost-related challenges: costly to implement, short-termism, financial risk	Difficult to fund	
	Commercial challenges	SBMI as risky, challenging and uncertain - no tools	Experimenting with technology	Data challenges
	Mindset and Skills			
	Changing mindsets	Silo mentalities, resistance to change		
	Lack of sustainability understanding and skills	Lack of knowledge: employees, lack of skills	Lack of knowledge: executives	
	Strategic organisational elements			
	Ad hoc approach to sustainability	Divorced business and sustainability strategy		
External Challenges		Similarities	Insights	Differences
	Country-specific challenges			
	Legislation and regulations	Lack of effective legislation, strict regulatory frameworks, socio political	Inconsistent regulatory mechanisms -metrics	
	Lack of government involvement	Lack of government support	Lack of enforcement and accountability	
	Socio-economic considerations	Consumers with limited financial resources		
	Other external challenges			
	Behavioural challenges			External individual behaviour

6.6. Discussion of results for Research Question 3: Enablers

Research Question 3: What are the enablers that make the implementation of sustainable business models work?

Research Question 3 was aimed at gaining insights into the enablers that aid the implementation of SBMI in companies. Table 55 below sets out the similarities and differences in enablers identified in Chapter 5 across the different manager groups. A comparison of the similarities and differences between the findings in Chapter 5 and the literature in Chapter 2 follows below.

Table 55: Summary of relevant findings: Enablers

Internal and External enablers	Group_1	Group_2	Group_3
General enablers			
Educating people	Some	Frequent	Frequent
Digital innovation developments	Some	Frequent	None
Communicating value to stakeholders	Frequent	Some	Some
Internal Enablers	Group_1	Group_2	Group_3
People related enablers			
Internal involvement and support	Frequent	Frequent	Frequent
Leadership buy-in and support	Frequent	Frequent	Frequent
Strategic organisational elements			
Clear sustainability performance targets and metrics	Frequent	Frequent	Low
Organisational design and governance structures	Frequent	Frequent	Some
Reporting and incentives	Some	Frequent	Some
Other internal factors			
Resources and capacity	Low	Frequent	Some
Specific company attributes	Some	Frequent	Frequent
External Enablers	Group_1	Group_2	Group_3
People related enablers			
Importance of partnerships, relationships and collaboration	Frequent	Frequent	Frequent
Consumers as enablers	Some	Frequent	Some
Country specific enablers			
Legislation and regulation	Frequent	Frequent	Low
Government involvement	Frequent	Frequent	Some

6.6.1. Internal and external enablers that aid SBMI implementation

There were three main general enablers that were identified as requiring further discussion in this chapter: (i) educating people; (ii) digital innovation developments;

and (iii) communicating value to stakeholders. The outcomes relating to these enablers are discussed below.

6.6.1.1. Educating people

A participant in Group 1 proposed that sustainability education should be provided to executives. This could counter the challenge referred to above where executives are not sure of their role in the SBMI process due to their lack of understanding of sustainability-related issues. Bocken and Geradts (2020) identified providing sustainability-related training as an enabler of SBMI. Accordingly, the outcomes of this study in respect of this aspect are consistent with existing literature.

Educating people about sustainability was mentioned across the three manager groups as being an enabler to SBMI implementation. As set out above, lack of sustainability understanding has been highlighted as a challenge, and this challenge could be overcome by educating people on sustainability and the benefits of SBMI. In this regard, managers in Group 2 pointed to the importance of educating all the people within a company as well as those outside the company, including suppliers and partners, about sustainability. Laukkanen and Patala (2014) also referred to providing education both within and outside a company as an enabler of SBMI implementation. The findings of this study in respect of this aspect are therefore consistent with extant literature.

6.6.1.2. Digital innovation developments

Developments in digital innovation being an enabler of SBMI was discussed largely among managers in Group 2. Managers in this group were of the view that technology developments, such as artificial intelligence and machine learning, could assist with linking parts of the value chain digitally. This could provide companies with efficiencies, but also allow for a value chain approach to SBMI implementation. It could therefore result in co-creation and co-delivery of value by stakeholders across the value chain. Morioka et al. (2017) have argued that technological innovation is an enabler of SBMI. The findings of this study in this respect are therefore consistent with what is set out in literature.

However, the interesting point is that this aspect was identified as an enabler primarily by managers responsible for environmental and operations-related SBMI aspects. It is not clear from the data why this is the case. This outcome does not

seem to be dealt with in literature and therefore presents a potential difference from existing literature.

6.6.1.3. Communicating value to stakeholders

While the ability to communicate value to stakeholders was discussed as being a challenge to SBMI implementation in the discussion above, it was also discussed as an enabler to SBMI implementation by managers across the three groups. Long et al. (2018) referred to a clear narrative and vision as a key enabler of SBMI that encourages employee involvement. The findings of this study are therefore consistent with what is contained in the literature in relation to this aspect.

The emphasis from the managers related to the importance of being able to communicate the SBMI agenda in a language that different members of a company understand in order to get buy-in from all those people for the purposes of SBMI implementation. Engert et al. (2016) have argued that appropriate internal communication is essential in order to ensure that employees trust and understand the company's sustainability strategy. The findings of this study are therefore consistent with what is contained in the literature in relation to this aspect.

Managers in Group 1 and Group 3 emphasised the importance of communicating the value of SBMI to external stakeholders, such as consumers and society at large. Caldera et al. (2019) have identified stakeholder engagement, both internal (employees, managers and shareholders) and external (customers, society, suppliers, academia and government), as being a key enabler of SBMI implementation. While the study by Caldera et al. (2019) was set in the context of SMEs, the findings of this study in respect of this point are similar to those of Caldera et al. (2019).

Additionally, a participant in Group 3 referred to the importance of communicating successful initiatives to stakeholders within the company in order to get continued support of SBMI implementation from internal stakeholders. However, there seems to be no mention in literature regarding communicating successful initiatives to stakeholders. This therefore potentially presents a point of difference from existing literature.

6.6.1.4. Conclusion: Internal and external enablers

The findings of this study were largely similar to existing literature in respect of general enablers that aid SBMI implementation. The points of similarities are highlighted in Table 56 below.

The study presents a potential point of difference from the literature in respect of communicating value of SBMI implementation to stakeholders as an enabler of SBMI implementation. This potential area of difference is given in Table 56 below.

Table 56: Comparison between findings and literature: General enablers

Internal and External enablers		Similarities	Insights	Differences
	General enablers			
	Educating people	Sustainability training, education internal and external		
	Digital innovation developments	Technological innovation		
	Communicating value to stakeholders	Clear narrative and vision, appropriate internal communication		Communicating successful SBMI initiatives

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as general enablers that aid SBMI implementation. Based on the analysis, educating people about sustainability was identified more by managers responsible for operations and environmental sustainability (Group 2) and those managers responsible for the implementation of social SBMI initiatives (Group 1). Additionally, digital innovation developments as enablers were identified more by managers responsible for operations and environmental sustainability (Group 2), while communicating value of SBMI to stakeholders as an enabler of SBMI was identified more by managers responsible for the implementation of social SBMI initiatives (Group 1). Therefore, this is a potential point of difference from the literature, as the findings in the literature are at a general level and do not consider enablers from the perspective of specific functions within the company.

6.6.2. Internal enablers that aid SBMI implementation

There are three sets of internal enablers that have been identified as requiring further discussion in this chapter: (i) people-related enablers; (ii) strategic organisational elements; and (iii) other external factors. The outcomes relating to these sets of enablers are discussed below.

6.6.2.1. People-related enablers

People-related enablers refer to the people-specific elements from within the relevant companies that have been regarded by managers as assisting with the SBMI process. There were two particular enablers within this category that required further discussion in this chapter: (i) internal involvement and support; and (ii) leadership buy-in and support.

6.6.2.1.1. Internal involvement and support

Managers across the three groups identified the involvement of internal stakeholders as well as their support for a company's SBMI implementation as an important enabler. The main point that emerged from the managers across the three groups is that there should be full company buy-in and that all internal stakeholders should be involved in SBMI implementation to enable the process to be effective. Lüdeke-Freund et al. (2016) discussed collective decision-making as an enabler of SBMI. Similarly, Bocken and Geradts (2020) referred to fostering collaboration internally across business functions as an enabler of SBMI. The findings of this study are therefore consistent with extant literature in respect of this aspect.

6.6.2.1.2. Leadership buy-in and support

Managers across the three groups identified leaders who buy into SBMI and support a company's SBMI implementation efforts as an important enabler to SBMI implementation. Managers in all three groups referred to CEOs and executives being key role players in setting the tone from the top in respect of SBMI implementation in a company. Bocken and Geradts (2020) discussed organisational leadership and management support as being enablers of SBMI. Similarly, Morioka et al. (2017) have argued that board and senior leadership vision influences the adoption of SBMI implementation and organisational alignment to SBMI-related initiatives. The findings of this study are therefore consistent with existing literature in this regard.

An additional insight that was provided by managers in Group 1 and Group 2 related to the role played by global executive leadership and board members in companies that have a global presence. By setting global targets, these senior leaders set the tone for what is required from a sustainability perspective from companies within their respective groups worldwide, which serves as an enabler of SBMI implementation. However, there seems to be no mention in literature regarding this aspect. This therefore potentially presents a point of difference from existing literature.

6.6.2.2. Strategic organisational elements

Strategic organisational elements are those strategy-related elements within a company that aid SBMI implementation. Three specific enablers were identified within this set of enablers that warranted further discussion in this chapter: (i) clear sustainability performance targets and metrics; (ii) organisational design and governance structures; and (iii) reporting and incentives. The outcomes relating to these categories are discussed below.

6.6.2.2.1. Clear sustainability performance targets and metrics

Having clear sustainability performance targets and metrics was identified as an enabler of SBMI implementation across the three manager groups. Managers in all three groups pointed to the importance of setting appropriate sustainability measures within a company to drive the correct behaviour regarding SBMI implementation. Bocken and Geradts (2020) discussed sustainability-focused metrics as being an enabler of SBMI. The findings of this study are therefore consistent with existing literature on this aspect.

Managers in Group 1 and Group 2 referred to specific ways to measure sustainability performance within their respective operating contexts which have served as enablers to SBMI. In this regard, a participant in Group 1 referred to metrics that are contained in the Johannesburg Stock Exchange requirements that publicly-listed companies are required to report; these are legislative measurement requirements. Similarly, a participant in Group 2 who works in a private company referred to reporting and measuring tools that her company uses to track their sustainability performance; these are voluntary reporting and measuring tools. The aspects referred to by the managers can be regarded as sustainability-related metrics as referred to by Bocken and Geradts (2020). However, these metrics are specific to the type of company to which they apply. The findings of this study therefore potentially provide an insight by pointing out that the actual sustainability measurement tools used by a company are sometimes dictated by whether a company is a public or private company and whether sustainability metrics in its context are regulated by legislation or are voluntary.

A participant in Group 2 who works for a global company referred to the global commitments made by their company as an important enabler of SBMI implementation, as managers within the company are measured based on their

achievement of the global commitments. Bocken and Geradts (2020) have argued that the inclusion of SBMI targets in corporate targets is an enabler of SBMI. The findings of this study are therefore consistent with existing literature in that global commitments can be regarded as corporate targets that enable SBMI implementation.

6.6.2.2.2. Organisational design and governance structures

There were diverging views provided by managers regarding whether it is better to have a separate sustainability team or to embed the sustainability function in the whole organisation. While some managers in the three groups were of the view that SBMI implementation should rest with all people within a company, a manager in Group 2 expressed the view that it was better to have a separate sustainability department. Some scholars have argued for decentralising the sustainability responsibility in companies away from independent 'sustainability silos' (Bocken & Geradts, 2020) and ensuring that all managers within the company are involved in SBMI implementation as an enabler of SBMI (Laasch, 2018). Similarly, Caldera et al. (2019) emphasised the importance of employees across different functions sharing responsibility for implementing sustainability into the business. The findings of this study therefore potentially provide an additional insight relating to the difference in experience of managers regarding whether or not having a standalone sustainability function is an enabler of SBMI.

Another aspect that was discussed as being an enabler by managers in Group 2 is having governance structures within the company that enable SBMI implementation. In this regard, an argument was made that having a sustainability steering committee that was representative of the different functions in the company is an important enabler of SBMI implementation as it allows for quicker decision-making and involvement of key internal stakeholders in the decision-making process. Kiron et al. (2012) have discussed organisational structure at a general level as being an enabler of SBMI. The findings of this study are therefore in line with existing literature in this respect.

6.6.2.2.3. Reporting and incentives

Having the appropriate reporting and incentive structures was identified by managers across the three groups as being an enabler of SBMI implementation. Managers in Group 2 stressed the importance of reporting as a tool to ensure accountability for

SBMI implementation within a company. They also argued that reporting ensures that SBMI implementation is regarded as a priority within companies. Maas et al. (2016) discussed sustainability reporting as an enabler that allows the measurement of sustainability performance. The outcomes of this study are therefore consistent with existing literature in this respect.

A manager in Group 3 also made a point that having a central function as the custodian of a company's sustainability reporting, ensures that both financial reporting and non-financial reporting are prioritised across the company. As set out above, sustainability reporting has been identified as an enabler of SBMI in existing literature (Maas et al., 2016). However, the findings of this study present a potential insight by suggesting that having a central reporting function that prioritises both financial and non-financial reporting is an enabler of SBMI implementation.

Lastly, managers across the three groups expressed the view that having appropriate incentives within a company is an enabler to SBMI implementation. In this regard a manager in Group 1 stressed the importance of having long-term incentives linked to sustainability performance, while a manager in Group 2 alluded to incentives as driving behaviour that enables SBMI implementation. A manager in Group 3 referred to putting in place incentives at an individual employee level that drive sustainability thinking and behaviour as being an enabler for SBMI. Bocken and Geradts (2020) discussed incentives as being an enabler of SBMI. In this regard, they have argued for rewarding champions of SBMI initiatives and putting in place long-term sustainability incentives. The findings of this study in respect of this aspect are therefore consistent with existing literature.

6.6.2.3.   Other internal factors

Other internal factors that have been identified as requiring further discussion in this chapter include: (i) resources and capacity; and (ii) specific company attributes that enable SBMI implementation. The outcomes relating to these factors are discussed below.

6.6.2.3.1. Resources and capacity

Having the relevant resources and capacity available within a company has been identified mostly by managers in Group 2 as an enabler of SBMI implementation. Bocken and Geradts (2020) referred to ring-fencing resources for SBMI as an

enabler of SBMI. The findings of this study are therefore consistent with existing literature in this respect.

Some managers in Group 1 and Group 2 referred to the global resources that they have access to that enable SBMI implementation in their respective companies, such as dedicated sustainability experts and global sourcing networks. The findings of this study therefore provide a potential insight by including globally-managed resources as enablers within companies that have a global presence.

In contrast, a manager from Group 3 expressed the view that resources that are regarded as enablers, such as budgets, are not actual enablers and that one can attain SBMI without these enablers. Luthra et al. (2016) have argued that having a sufficient budget for sustainability-related initiatives is an enabler. In contrast, the study conducted by Orji (2019) indicated that having a budget was not a big enabler in the context of their study. The findings of this study therefore potentially contribute to this discussion in literature regarding whether or not having a sustainability budget is an enabler of SBMI.

Lastly, a manager from Group 3 referred to systems and processes being an important resource for reporting purposes and thus for SBMI implementation. Lüdeke-Freund et al. (2016) discussed operational processes as being an enabler of SBMI. The findings of this study are therefore consistent with existing literature on this point.

6.6.2.3.2. Company-specific attributes

There are certain aspects that are unique to particular companies that have been identified as enablers to SBMI mostly by managers in Group 2 and Group 3. These enablers are discussed below.

Managers in Group 1 and Group 2 referred to the *size* of their respective companies as being an important enabler for achieving scale from an SBMI perspective. Hussnain (2019) has argued that larger companies have more resources to carry out the extensive experimentation required by SBMI processes. The findings of this study are therefore consistent with existing literature on this point.

Another main point that came from managers in Group 1 and Group 3 is that *early adoption* of SBMI implementation in companies has been an enabler for further SBMI implementation within such companies. There appears to be no literature that specifically considers this point. This therefore represents a potential difference

between the findings of this study and the literature, and presents an opportunity for potential extension of the literature.

6.6.2.4. Conclusion: Internal enablers

Based on a comparison between the findings of this study and existing literature on internal enablers that aid SBMI implementation, the findings of the study are largely similar to those contained in extant literature. These similarities as discussed in the preceding paragraphs are summarised in Table 57 below.

As appears in Table 57 below, this study potentially adds nuances to extant literature linked to most of the internal enablers identified in Table 57. These proposed new insights relating to these enablers are summarised in Table 57 below.

The study also presents two potential points of differences from the literature. These potential areas of difference are summarised in Table 57 below.

Table 57: Comparison between findings and literature: Internal enablers

Internal Enablers		Similarities	Insights	Differences
	People related enablers			
	Internal involvement and support	Collective decision-making, internal collaboration		
	Leadership buy-in and support	Leadership and management support, senior leadership vision	Global executive leadership: companies with a global presence	Global executive leadership: companies with a global presence
	Strategic organisational elements			
	Clear sustainability performance targets and metrics	Sustainability focused metrics, corporate targets	Company context specific metrics	
	Organisational design and governance structures	Entire company involvement, enabling organisational structure	Standalone sustainability function	
	Reporting and incentives	Sustainability reporting, long-term sustainability incentives, incentivising employees	Central reporting function	
	Other internal factors			
	Resources and capacity	Ring fenced resources, sustainability budget, operational processes	Globally managed resources	
	Specific company attributes	Company size		Early SBMI adoption

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as internal enablers of SBMI. Based on the analysis, people-related enablers were consistently regarded as enablers by managers across all three groups. Strategic organisational elements were largely described as enablers by managers responsible for operations and environmental sustainability (Group 2) and managers responsible for the implementation of social-related aspects of SBMI. Other internal factors were largely identified as enablers by managers in Group 2 and managers responsible for implementing general strategy in the company (Group 3). Therefore,

this is a potential point of difference from the literature, as the findings in the literature are at a general level and do not consider internal enablers from the perspective of specific functions within the company.

6.6.3. External enablers that aid SBMI implementation

Two sets of external enablers have been identified as requiring further discussion in this chapter: (i) people-related external enablers; and (ii) country-specific enablers. The outcomes relating to these sets of external enablers are discussed below.

6.6.3.1. People-related external enablers

People-related external enablers are the people-specific elements external to the relevant companies that are regarded by managers as assisting with the SBMI process. These enablers have been identified as: (i) importance of external partnerships, relationships and collaboration, as well as (ii) consumers. Each of these enablers is dealt with below.

6.6.3.1.1. Importance of external partnerships, relationships and collaboration

Managers across the three groups stressed the importance of collaboration as an enabler for SBMI implementation. Some managers in Group 3 further highlighted that collaborating with competitors is also important in the SBMI process. Bocken and Geradts (2020) discussed collaboration with stakeholders as being an important enabler of SBMI. Additionally, Karlsson et al. (2018) have argued that collaboration with competitors in the context of SBMs can enable success of sustainability initiatives. The findings in this study are therefore in line with existing literature on this point.

Managers in Group 1 and 2 recognised inter-organisational networks as being important and referred to the important stakeholders with whom they have been collaborating to achieve their goals in respect of SBMI implementation. The stakeholders most commonly referred to by managers include non-governmental organisations, suppliers and industry bodies. Managers in Group 2 also mentioned government and academic stakeholders, while managers in Group 1 referred to civil society as being an important stakeholder. Morioka et al. (2017) have argued that inter-organisational networks are critical for the SBMI process as solving sustainability challenges requires thinking and engagement at a system level.

Accordingly, the findings of this study in relation to this aspect are in line with existing literature.

Managers in Group 1 and Group 2 stressed the importance of taking a value chain approach and developing stakeholder maps to identify stakeholders that are key to a company's SBMI implementation process. Lüdeke-Freund et al. (2016) have argued that it is important to create extended stakeholder maps in order to graphically depict the entire value network of an industry and thus be able to identify stakeholders that are likely to block or enable SBMI implementation efforts. Similarly, Biloslavo et al. (2020) have argued that companies need to consider the different interest-driven realities of influential stakeholders, such as consumers, business partners, investors, governments, regulatory and professional institutions, as these stakeholders play an important role in enabling and promoting SBMI. The findings of this study are therefore consistent with existing literature on this point.

6.6.3.1.2. *Consumers as enablers*

Consumer expectations were considered by managers across the three groups to be both drivers and enablers of SBMI implementation. However, more managers considered consumer expectations to be drivers than enablers. The literature refers to consumer expectations being drivers of SBMI implementation (Lüdeke-Freund, 2020; Orji, 2019 and Grekova et al., 2014). However, this aspect has not been discussed in the context of it being an enabler of SBMI implementation. The findings of this study therefore potentially provide an additional insight by suggesting that consumer expectations are also an enabler of SBMI implementation.

6.6.3.2. *Country-specific enablers*

Country-specific enablers are the specific country-related aspects that enable SBMI implementation. Similar to those identified as part of challenges to SBMI implementation, (i) legislation and regulation, as well as (ii) involvement by government stakeholders, were identified as enablers requiring further discussion in this chapter. The outcomes relating to these aspects are discussed below.

6.6.3.2.1. *Legislation and regulation*

Having appropriate legislation and an enabling regulatory environment were discussed as enablers by managers across the three groups. For instance, the introduction of new regulations and legislation relating to sustainability-related

issues, such as climate change and diversity and inclusion, was highlighted as an enabler by managers in Group 1 and Group 2. However, a participant in Group 1 pointed out that legislation has to be simple and fair in order for it to be an enabler of SBMI implementation. Morioka et al. (2017) referred to having appropriate legislation in place as an enabler of SBMI. The findings of this study are consistent with the existing literature, but potentially provide additional insights by suggesting that legislation should be simple and fair in order for it to be an enabler of SBMI implementation.

Another point that was raised as an enabler of SBMI implementation by a manager is the ability to enforce legislation and ensure companies' compliance. The enforcement of legislation was referred to by Orji (2019) as a factor that supports sustainable performance in the metal manufacturing industry. Although the study by Orji (2019) was set in the context of the metal manufacturing industry, the outcomes of this study in respect of enforcement of legislation as an enabler of SBMI implementation are similar.

6.6.3.2.2.   Involvement by government stakeholders

Lack of involvement by government stakeholders in sustainability-related initiatives was raised as a challenge mostly by managers in Group 2 and Group 3. However, government involvement was also raised as an enabler of SBMI by a few managers across the three groups. The literature discussed relating to government involvement relates to this aspect as being a challenge (as discussed in the section above). However, government support has been expressed as being an important enabler in the base of the pyramid context (Dentchev et al., 2018). Given the socio-economic conditions of some of the consumers in South Africa as discussed in this study, the findings of this study are therefore consistent with the findings in literature in this regard.

6.6.3.3.   Conclusion regarding external enablers

Based on a comparison between the findings of this study and existing literature on external enablers that aid SBMI implementation, the findings of the study are largely similar to what is contained in extant literature. The summary of the similarities are set out in Table 58 below.

This study also provides additional potential insights in certain respects. The insights proposed by this study in relation to external enablers are listed in Table 58 below.

Table 58: Comparison between findings and literature: External enablers

External Enablers		Similarities	Insights	Differences
	People related enablers			
	Importance of partnerships, relationships and collaboration	Collaboration with external stakeholders and competitors, inter-organisational networks, creation of stakeholder maps		
	Consumers as enablers		Consumer expectations enable SBMI	
	Country specific enablers			
	Legislation and regulation	Appropriate legislation, enforcement of legislation	Simple and fair legislation	
	Government involvement	Government support		

Comparing the findings in respect of the different groups of managers, there were differences in the extent to which different managers identified specific aspects as external enablers that aid SBMI implementation. Based on the analysis, country-specific enablers were largely identified by managers responsible for operations and environmental sustainability (Group 2) and those managers responsible for the implementation of social SBMI initiatives (Group 1). Interestingly, the importance of partnerships, relationships and collaborations was consistently mentioned across the three manager groups. Therefore, this is a potential point of difference from the literature, as the findings in the literature are at a general level and do not consider external enablers from the perspective of specific functions within the company.

6.6.4. Conclusion regarding Research Question 3: Enablers

As appears in Table 59 below, and as explained in great detail in the preceding paragraphs, various similarities were found between the findings of this study and literature in respect of the enablers that aid SBMI implementation. Additionally, there are instances where the findings of this study introduce new insights that potentially extend the literature. A summary relating to the similarities, insights and differences discussed in the preceding paragraphs are set out in Table 59 below. The enablers identified in Table 59 below as potentially providing new insights or as potential points of difference from the literature are discussed further in Chapter 7.

Table 59: Comparison between findings and literature: Enablers

Internal and External enablers	Similarities	Insights	Differences
General enablers			
Educating people	Sustainability training, education internal and external		
Digital innovation developments	Technological innovation		
Communicating value to stakeholders	Clear narrative and vision, appropriate internal communication		Communicating successful SBMI initiatives
Internal Enablers	**Similarities**	**Insights**	**Differences**
People related enablers			
Internal involvement and support	Collective decision-making, internal collaboration		
Leadership buy-in and support	Leadership and management support, senior leadership vision	Global executive leadership: companies with a global presence	Global executive leadership: companies with a global presence
Strategic organisational elements			
Clear sustainability performance targets and metrics	Sustainability focused metrics, corporate targets	Company context specific metrics	
Organisational design and governance structures	Entire company involvement, enabling organisational structure	Standalone sustainability function	
Reporting and incentives	Sustainability reporting, long-term sustainability incentives, incentivising employees	Central reporting function	
Other internal factors			
Resources and capacity	Ring fenced resources, sustainability budget, operational processes	Globally managed resources	
Specific company attributes	Company size		Early SBMI adoption
External Enablers	**Similarities**	**Insights**	**Differences**
People related enablers			
Importance of partnerships, relationships and collaboration	Collaboration with external stakeholders and competitors, inter-organisational networks, creation of stakeholder maps		
Consumers as enablers		Consumer expectations enable SBMI	
Country specific enablers			
Legislation and regulation	Appropriate legislation, enforcement of legislation	Simple and fair legislation	
Government involvement	Government support		

6.7. Discussion of results for Research Question 4: SBMI Value

Research Question 4: In moving to sustainable business models, what value is created and for whom?

Research Question 4 was aimed at gaining insights into the value that is co-created and co-delivered (including the kind of value propositions created) through the SBMI process, as well to understand by whom that value is captured. Table 60 below sets out the similarities and differences in the value components identified in Chapter 5 across the different participant groups. A comparison of the similarities and differences between the findings in Chapter 5 and the literature in Chapter 2 follows below.

Table 60: Summary of relevant findings: Value

Sustainable business model related value	Group_1	Group_2	Group_3
Sustainable value proposition			
Environmentally friendly products	Frequent	Some	Frequent
Socially responsible products	Frequent	Frequent	Frequent
Value co-creation and co-delivery			
Primarily environmental responsibility related initiatives	Frequent	Frequent	Frequent
Primarily social responsibility related initiatives	Frequent	Frequent	Frequent
Value capture			
Triple bottom line value	Frequent	Frequent	Frequent
Value for mutiple stakeholders	Frequent	Frequent	Frequent

6.7.1. Sustainable value proposition

Managers identified sustainable value propositions (SVPs) that encompass (i) an environmental SVP and those that encompass (ii) a social and/or environmental SVP. These two SVPs are dealt with below.

6.7.1.1. Environmentally-friendly products

The SVP that was referred to by managers across the three groups in relation to this aspect was around creating products that are environmentally friendly, such as those linked with the circular economy. It also related to embedding environmentally-friendly practices within operations, so that products produced in such production facilities are regarded as environmentally friendly and therefore appealing to a wider range of consumers. These products would therefore result in environmental,

economic and other non-economic benefits. This SVP was largely mentioned by managers responsible for the environmental and operations SBMI initiatives.

Abdelkafi and Tauscher (2016) referred to an environmental value proposition. They described this environmental value proposition as having an impact on multiple business case drivers, including risk, cost reduction, reputation and brand value. The findings of this study are therefore consistent with what is contained in extant literature on this point.

6.7.1.2. *Socially responsible and environmentally-friendly products*

The SVP presented by these types of products is linked to social, environmental and economic benefits. Managers across the three groups referred to responsibly-sourced products, such as sustainably-sourced seafood, palm oil, coffee and soy, that create both a social and environmental SVP, while also creating economic value for the company. A participant in Group 3 also mentioned the concept of creating responsible brands, while other managers in Group 3 referred to developing a SVP with their suppliers and their competitors.

Bocken et al. (2015) considered sustainable value to be more holistic than financial value. Patala et al. (2016) defined the SVP as a value proposition being offered by a company to consumers and society at large that offers social, environmental and economic benefits and provides a company with short-term and long-term profits. Furthermore, Biloslavo et al. (2018) and Freudenreich et al. (2019) have indicated that SBMI focuses on co-creation and co-delivery of value by multiple stakeholders. The conception of SVPs as described above by managers is in line with extant literature. However, this study provides additional potential insights by providing examples of the multiple stakeholders involved in the co-creation of these SVPs and the value associated with them.

6.7.2. *Value co-creation and value co-delivery*

The value co-creation and value co-delivery aspects are only considered in this study insofar as they relate to the relationships and partnerships companies have formed in order to co-create and co-deliver value as part of their SBMI implementation. This was furthermore considered with reference to the various initiatives being implemented by companies as part of their respective SBMI processes. In this way, the examination assists with answering the research question as it considers what value is being created and who is creating and delivering value in the SBMI process.

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Based on the data, the value co-creation and value co-delivery was largely influenced by the type of initiative being implemented by a company. Bocken et al. (2014) introduced SBM archetypes to provide examples of how SBMs present themselves in companies and these archetypes were updated by Bocken et al. (2019). The initiatives discussed below have been considered with reference to these SBM archetypes in order to understand the SBMs prevalent in the food and beverage industry and thus the underlying value co-creation and value co-delivery aspects.

6.7.2.1.   Primarily environmental responsibility-related initiatives

While these initiatives are largely centred around the co-creation and co-delivery of environmental and economic value, they also result in the co-creation and co-delivery of social value in some instances. The initiatives listed under this section are also linked to the environmental responsibility-related SVP referred to above.

One of the environmental initiatives that was referred to by managers relates to transforming operations to ensure energy efficiency and environmentally-friendly operations that allow for the creation of the environmental SVP. This was largely referred to by managers in Group 2, but was also mentioned by managers in the other two groups. This would be considered the SBM archetype described as maximising material and energy efficiency by Bocken et al. (2014), as it entails doing more with less resources and also reducing carbon emissions. Additionally, it also includes substituting dirty energy with renewable energy, which is another SBM archetype proposed by Bocken et al. (2014). The findings of this study in respect of these types of initiatives are therefore consistent with what is referred to in extant literature in respect of such initiatives.

Another initiative mentioned by managers related to circular economies and participation in the plastic pact, which was aimed at increasing recycling and reducing the amount of plastic that landed up in landfills. These were dominant initiatives across all three manager groups. These types of initiatives can be considered as falling within the archetype referred to by Bocken et al. (2014) as closing resource loops as they entail reusing material and turning waste into new value. The findings of this study in respect of these types of initiatives are therefore consistent with what is referred to in extant literature in respect of such initiatives.

Lastly, another environmental initiative that was referred to by managers across the three groups relates to water stewardship. These initiatives can be linked to an

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archetype that Bocken et al. (2014) referred to as adopting a stewardship role, as it entails pro-active engagement with stakeholders to ensure long-term availability of water. The findings of this study in respect of these types of initiatives are therefore consistent with what is referred to in extant literature in respect of such initiatives.

6.7.2.2. *Primarily social responsibility-related initiatives*

While these initiatives were largely centred around the co-creation and co-delivery of social and economic value, in some instances they also result in the co-creation and co-delivery of environmental value. The initiatives listed under this section are also linked to the social responsibility and/or environmental related SVP referred to above.

Food waste was identified by managers across the three groups as one of the initiatives in which they are co-creating and co-delivering value with multiple stakeholders. While these type of initiatives can be linked to the SBM archetypes linked to maximising material and energy efficiency and closing resource loops, none of the archetypes proposed by Bocken et al. (2014) fully capture the value co-creation and co-delivery elements captured as part of these types of initiatives. This therefore presents a potential point of difference from existing literature.

Managers in Group 1 and Group 2 also referred to diversity and inclusion initiatives, such as women empowerment and B-BBEE, as some of the initiatives their companies had highlighted as important. This can be classified as falling under the creation of inclusive value SBM archetype referred to by Bocken et al. (2019) as it entails leveraging resources and talents. The findings of this study in respect of these types of initiatives are therefore consistent with what is referred to in extant literature in respect of such initiatives.

Another type of initiative that was referred to by managers which was prominent across the data set is supplier development, and specifically the development of local farmers. This can be classified as falling under the creation of inclusive value SBM archetype referred to by Bocken et al. (2019) as it entails inclusive value generation that creates new business opportunities. The findings of this study in respect of these types of initiatives are therefore consistent with what is referred to in extant literature in respect of such initiatives.

Lastly, managers referred to responsible sourcing practices engaged by companies that ensure that there are no human rights violations and child labour in the

operations of raw material suppliers, but also consider the environmental side of the sourcing activities. None of the archetypes proposed by Bocken et al. (2014) as updated by Bocken et al. (2019) seem to fully capture the value co-creation and value co-delivery linked to these types of initiatives. This therefore presents a potential point of difference from existing literature.

6.7.3. Value capture

Value capture relates to the cost structure and revenue streams generated from the SBMI process (Bocken et al., 2015). This aspect was intended to answer the question relating to 'for whom value is created' in the SBMI process. Managers across the three groups identified different forms of value that are captured by different stakeholders as part of the SBMI process. These aspects are dealt with below.

6.7.3.1. Triple bottom line value

Most of the initiatives referred to in the preceding section were described by managers as creating triple bottom line value, that is, economic, environmental and social value. Bocken et al. (2015) and Biloslavo et al. (2018) have argued that SBMs create value from a triple bottom line perspective. An analysis of how the initiatives set out above have been described as providing triple bottom line value by managers is provided below.

Looking at the primarily environmentally-responsible initiatives, triple bottom line value was described in the manner set out in this paragraph. Circular economy initiatives have been described as resulting in the following forms of value being captured: (i) economic (creation of new streams of economic value for new managers in the value chain); (ii) environmental (waste not going to landfill and therefore value for the environment); and (iii) social (creating employment – linked to new streams of economic value). Creating efficiency in operations has been described as resulting in the following forms of value being captured: (i) economic (it saves companies costs); (ii) environmental (less negative environmental impact from operations); social (less pollution for society)

Water stewardship initiatives have been described as resulting in the following forms of value being captured: (i) environmental (reducing waste); (ii) economic (cost savings for business); and (iii) social (water available for community to use for other purposes).

Looking at primarily social responsibility and/or environmental responsibility initiatives, these were also described by managers as creating triple bottom line value. Food waste-related initiatives have been described as resulting in the following forms of value being captured: (i) economic (for companies); (ii) social (reduction of hunger in society); and (iii) environmental (reduction of waste to landfills). Supplier development results in the following forms of value being captured: (i) economic (for farmers, communities and company); (ii) social (uplifting farming communities); and (iii) environmental (improving farming practices such that they result in less negative impact on the environment).

In conclusion on this point, the findings of this study are consistent with extant literature. In this regard, the findings of this study indicate that there is financial (economic) and non-financial value (social and environmental) that is captured by different stakeholders in the implementation of the different SBMI initiatives, as suggested by Bocken et al. (2015) and Biloslavo et al. (2018). In addition to the stakeholders identified in the examples set out in this section, other stakeholders for which value is captured are dealt with in the section that follows.

6.7.3.2. Value for multiple stakeholders

Multiple stakeholders have been identified by managers as receiving value from SBMI implementation and the resultant co-creation and co-delivery process. For instance, some managers across the three groups referred to multiple forms of value being created for the whole value chain or value stream. Additionally, some managers mentioned that value was being created for future generations.

According to Bocken et al. (2015) and Geissdoerfer et al. (2018), there are multiple forms of value created for multiple stakeholders in the SBMI process. Bocken et al. (2014) also argued that value can be created for future generations. The findings of this study are therefore consistent with existing literature in this respect.

6.7.4. Conclusion regarding Research Question 4: SBMI Value

As appears in Table 61 below, and as explained in great detail in the preceding paragraphs, various similarities were found between the findings of this study and literature in respect of the value elements of SBMI implementation. Additionally, there are instances where the findings of this study potentially refine existing literature or introduce potential points of difference from the literature. It is important to note that all the value aspects discussed in this section were largely mentioned across the

manager groups. A summary relating to the similarities and potential insights and differences from literature is set out in Table 61 below. The value elements identified as potentially providing new insights or as potential points of difference from the literature are discussed further in Chapter 7.

Table 61: Comparison between findings and literature: SBMI Value

SBMI-related value		Similarities	Insights	Differences
Sustainable value proposition				
	Environmentally friendly products	Environmental SVP		
	Socially responsible and environmentally-friendly products	Environmental and social SVP	Examples of environmental and social SVPs	
Value co-creation and co-delivery				
	Primarily environmental responsibility related initiatives	Maximising environmental and energy efficiency, renewable energy, closing resource loops, adopting a stewardship role		
	Primarily social responsibility related initiatives	Maximising environmental and energy efficiency, closing resource loops, creation of inclusive value		Responsible sourcing practices, food waste
Value capture				
	Triple bottom line value	Environment, social, economic		
	Value for multiple stakeholders	Multiple stakeholders, future generations		

6.8. Conclusion on discussion of findings compared to literature

While there were various similarities identified between the findings of this study and the literature, there were also various aspects identified which represent potential insights and differences from existing literature. Aspects in relation to which there were similarities are set out in Table 62 and considered in detail below with reference to each research question. Aspects in relation to which there are potential insights and differences are set out in Table 63 and considered further in Chapter 7.

6.8.1. Similarities

There were various similarities between the literature relating to <u>drivers</u> of SBMI implementation and the outcomes of this study. This study identified the following internal drivers: (i) financial and commercial drivers (cost related challenges and financial and commercial benefits); and (ii) risk and compliance drivers (reputation and brand image and risk management and compliance). The research outcomes are similar in many respects to the literature on drivers. In this regard, these factors have also been identified by other scholars as drivers of SBMI implementation (Geissdoerfer et al., 2018; Long et al., 2018; Rauter et al., 2017; Engert et al., 2016; Bocken et al., 2015; Kiron et al., 2012, Schaltegger et al., 2012). Considering external

driving factors, this study identified increasing external stakeholder pressure, consumer pressure, as well as environmental responsibility pressure, as drivers of SBMI implementation. Similarly, in the literature a number of studies have identified these aspects as external drivers of SBMI (Lüdeke-Freund, 2020; Orji, 2019; Lüdeke-Freund (2016); Grekova et al., 2014).

In respect of the second research question, there were various similarities identified between the literature and this study in respect of the challenges that hinder SBMI implementation. These similarities are discussed below. The inability to communicate the value of SBMI implementation to both internal and external stakeholders was identified in this study, as well as in existing literature (Viciunaite, 2020) as a challenge that hinders SBMI implementation.

There were also various internal challenges identified which were operational in nature, including sustainability initiatives being costly (Schaltegger et al., 2016), as well as the challenges around short-termism and financial risk (Lüdeke-Freund et al., 2016; Laukkanen and Patala, 2014). The second set of operational challenges that were identified in this study are commercial challenges. Commercial challenges were identified by participants as those non-financial challenges that are internal to the company that hinder SBMI implementation. This study revealed that managers are concerned about the risk involved with implementing SBMI, specifically the risk associated with experimenting with new technology. The study also revealed that managers were of the view that SBMI implementation is difficult to implement in practice. Similarly, literature indicated that SBMI is a risky, challenging and uncertain process for companies (Kennedy & Bocken, 2020) while other literature referred to risk aversion and fear from companies of jeopardising their existing business as challenges to SBMI (Lüdeke-Freund et al., 2016). This study concludes that for managers involved in the SBMI implementation process, their concern around risk being a challenge relates to the SBMI process itself (as suggested by Kennedy & Bocken, 2020) and not necessarily the risks of jeopardising existing business as proposed by Lüdeke-Freund et al. (2016).

There were two specific internal challenges that were identified as part of this study in relation to mindset and skills challenges that impede SBMI implementation: changing mindsets and lack of sustainability understanding and skills. The challenge of changing people's mindsets within the company was consistently identified by managers as being a challenge to SBMI implementation. This factor has also been

identified in literature as being a challenge in the sense of the silo mentality taken by internal stakeholders to SBMI implementation (Bocken & Geradt, 2020), as well as from a resistance to change perspective (Lüdeke-Freund et al*.,* 2016). The lack of sustainability understanding and skills within a company was identified in this study as being a challenge. Similarly, existing literature has made reference to lack of sustainability understanding and skills among employees as being a challenge (Caldera et al., 2019).

Strategic organisational elements are strategy related elements within a company that hinder SBMI implementation. In this regard a challenge that was identified by the managers in this study is the one posed by instances where sustainability initiatives are seen as an ad hoc issue instead of being embedded in the company's business and strategy. Existing literature has also found this to be a challenge (Lüdeke-Freund et al., 2016).

There are also <u>external challenges</u> that have been raised by managers as inhibiting SBMI implementation. Challenges relating to not having appropriate legislation and an enabling regulatory environment were raised by the managers in different functions. Similarly, lack of effective legislation (Hassan, 2016) and non-supporting socio-political arrangements (Lüdeke-Freund et al., 2016) are both recognised in literature as challenges to SBMI implementation. Another challenge identified is that the introduction of legislation in some cases drives compliance at the expense of SBMI innovation. It was found that there are different views among scholars regarding legislation. While some scholars have argued that a strict regulatory framework is an enabler of SBMI (Laukkanen and Patala, 2014), others have argued that it results in a focus on compliance and less of a focus on innovating towards SBMs (Caldera et al., 2019). The outcomes of this study in relation to this aspect were considered to be consistent with existing literature in the sense that strict regulatory frameworks were concluded to be a barrier of SBMI as proposed by Caldera et al. (2019).

This study also found that another legislative challenge that inhibits SBMI implementation is inconsistency in the targets set out in legislation versus the manner in which the targets are actually measured by companies in practice. Similarly, existing literature has referred to inconsistent regulatory mechanisms being a barrier to SBMI implementation (Laukkanen & Patala, 2014).

In addition to legislative challenges, there were other findings in relation to specific country challenges that were similar to existing legislation. In line with what has already been found in existing literature in the context of SMEs implementing SBMI (Long et al., 2018), lack of government stakeholders' involvement in sustainability related initiatives and lack of government support was concluded to be a challenge to SBMI implementation. In addition, socio economic considerations of consumers were identified as a challenge to SBMI implementation, which represents a similarity to existing literature (Evans et al., 2017; Gebauer et al., 2017). Lastly, behavioural challenges were identified in this study as another external challenge to SBMI implementation. This aspect was considered by scholars such as Caldera et al. (2019), Abdelkafi and Tauscher (2016) and Laukkanen and Patala (2014).

Considering the similarities identified in respect of Research Question 3, there were general enablers identified which were similar to enablers identified in literature. The three general enablers identified relate to: (i) educating people about sustainability as identified in existing literature (Bocken & Geradts, 2020; Laukkanen & Patala, 2014); (ii) digital innovation developments (Marioka et al., 2017); and (iii) communicating the value of SBMI to stakeholders. The outcomes of this study have been consistent with existing literature regarding the following aspects relating to communicating value of SBMI to stakeholders being an enabler of SBMI implementation: (i) communicating a clear narrative and vision (Long et al., 2018); (ii) communicating in a language that internal stakeholders understand (Engert et al., 2016); and (iii) stakeholder engagement (Caldera et al., 2019).

There were various internal enablers identified in this study that were found to be similar to existing literature: people related enablers, strategic organisational elements and other internal elements. The key outcomes relating to these aspects are set out below.

People related enablers refers to the people-specific elements from within companies that have been regarded by participants as assisting with the SBMI process. The key people related enablers of SBMI as identified in this study and existing literature are: (i) internal stakeholder involvement and support (Bocken & Geradts, 2020; Lüdeke-Freund et al., 2016); and (ii) leadership buy-in and support (Bocken & Geradts, 2020; Morioka et al., 2017).

In respect of the strategic organisational elements, the following key outcomes have been identified which are consistent with existing literature. A key outcomes of this

study that is consistent with existing literature is that having clear sustainability focused targets and metrics is an enabler of SBMI implementation (Bocken & Geratds, 2020; Caldera et al., 2019). Additionally, sustainability reporting is an important enabler for ensuring accountability for SBMI within a company (Maas et al., 2016).This study also concludes that having the appropriate long term incentives to drive sustainability behaviour is an enabler to SBMI (Bocken & Geradts, 2020). Lastly, a key outcome of this study is that having an enabling organisational structure is an enabler of SBMI implementation, as argued by Kiron et al. (2012).

The last category of internal enablers in respect of which similarities to literature were identified is other internal company factors. Similarly to what is contained in existing literature (Bocken & Geradts, 2020; Lüdeke-Freund et al., 2016), this study concluded that having resources and capacity for SBMI implementation is an important enabler of SBMI. This study also concluded that resources such as budgets may or may not be enablers of SBMI implementation, depending on the context. This is an aspect in respect of which there are differing views in literature (Orji 2019; Luthra et al., 2016), which suggests that this aspect will be context specific. Lastly, a key outcome of this study is that there are certain aspects that are unique to particular companies that are enablers to SBMI. For instance, managers identified the size of the companies as being an important enabler for achieving scale from an SBMI perspective, and this was consistent with existing literature (Hussnain, 2019).

Considering the external enablers, there were people related enablers and country related enablers that were identified as being important. External partnerships, collaboration and the development of stakeholder maps were identified as being an enabler of SBMI implementation, which is consistent with existing literature (Biloslavo et al., 2020; Morioka et al., 2017; Lüdeke-Freund et al., 2016; Volschenk et al., 2016). Looking at country specific enablers, having appropriate legislation and an enabling regulatory environment were highlighted in the study as enablers of SBMI implementation, which is consistent with existing literature (Marioka et al., 2017). Lastly, a key outcome of this study is the importance of the ability to enforce legislation and ensure that companies comply with it (Orji, 2019).

Considering the similarities identified in respect of Research Question 4, there were SBMI value related aspects identified which were similar to value related elements identified in literature. One of the key outcomes of this research is that some of the

value propositions created in the context of SBMI encompass a social and environmental SVP, while others only encompass an environmental SVP. The outcomes of this study in respect of this point have been considered in existing literature (Freudenreich, 2019; Biloslavo et al., 2018; Abdelkafi & Tauscher, 2016; Patala et al., 2016; Bocken et al., 2015).

The value co-creation and co-delivery process was considered with reference to the SBM archetypes proposed by Bocken et al. (2014) (as updated by Bocken et al. (2019)). These archetypes were considered with reference to the SBMI initiatives that managers were working on in companies in the food and beverage industry. The study concludes that in the context of initiatives that are primarily environmental responsibility related, this includes value-co-creation and co-delivery by multiple stakeholders in order to maximise material and energy efficiency, close resource loops and adopt a stewardship role in respect of water. These are three of the nine archetypes proposed by Bocken et al. (2014) (as updated by Bocken et al. (2019)).

In the context of value co-creation and co-delivery of value relating to initiatives that are primarily social responsibility related, initiatives linked to women empowerment and supplier development were linked to the archetype referred to by Bocken et al. (2019) as the creation of inclusive value.

Lastly, a key outcome of this study is that the value that is co-created and co-delivered by multiple stakeholders, which is linked to the creation of SVPs, is ultimately captured by multiple stakeholders. This includes the relevant company that is implementing SBMI and all the stakeholders in its value chain, including society and the environment. Furthermore, value captured takes the form of financial and non-financial value. These outcomes confirm what is contained in literature in this respect (Biloslavo et al., 2018; Geissdoerfer et al., 2018; Bocken et al., 2015;) Bocken et al., 2014).

Table 62 below summarises the similarities between the findings and the literature as discussed in this section. These similarities are not considered further in Chapter 7. The only aspect that is considered in Chapter 7 (which has been marked with an asterisk in Table 62) relates to the outcome that the internal and external drivers were predominantly cited by managers in Group 2 compared to managers in other groups.

Table 62: Comparison between findings and literature: Similarities

Internal Drivers*		Similarities
	Financial and commercial drivers	
	Cost related challenges	Efficiency drivers, cost reduction
	Financial and commercial benefits	Economic benefits, economic performance
	Risk and compliance drivers	
	Reputation and brand image	Reputation, brand image
	Risk management and compliance	Risk management, legal compliance
External Drivers*		**Similarities**
	Increasing external stakeholder pressure	
	External stakeholder pressure	Increasing external stakeholder pressure
	Consumer expectations	Consumer expectations
	Other external drivers	
	Reducing environmental impact	Environmental responsibility pressures
Internal and External challenges		**Similarities**
	General challenges	
	Inability to communicate value to stakeholders	Communication: internal and external stakeholders
Internal Challenges		**Similarities**
	Operational challenges	
	Financial considerations	Cost related challenges: costly to implement, short-termism, financial risk
	Commercial challenges	SBMI as risky, challenging and uncertain - no tools
	Mindset and Skills	
	Changing mindsets	Silo mentalities, resistance to change
	Lack of sustainability understanding and skills	Lack of knowledge: employees, lack of skills
	Strategic organisational elements	
	Ad hoc approach to sustainability	Divorced business and sustainability strategy
External Challenges		**Similarities**
	Country specific challenges	
	Legislation and regulations	Lack of effective legislation, strict regulatory frameworks, socio political arrangements
	Lack of government involvement	Lack of government support
	Socio-economic considerations	Consumers with limited financial resources
Internal and External enablers		**Similarities**
	General enablers	
	Educating people	Sustainability training, education internal and external
	Digital innovation developments	Technological innovation
	Communicating value to stakeholders	Clear narrative and vision, appropriate internal communication

Internal Enablers		Similarities
	People related enablers	
	Internal involvement and support	Collective decision-making, internal collaboration
	Leadership buy-in and support	leadership and management support, senior leadership vision
	Strategic organisational elements	
	Clear sustainability performance targets and metrics	Sustainability focused metrics, corporate targets
	Organisational design and governance structures	Entire company involvement, enabling organisational structure
	Reporting and incentives	Sustainability reporting, long-term sustainability incentives, incentivising employees
	Other internal factors	
	Resources and capacity	Ring fenced resources, sustainability budget, operational processes
	Specific company attributes	Company size
External Enablers		Similarities
	People related enablers	
	Importance of partnerships, relationships and collaboration	Collaboration with external stakeholders and competitors, inter-organisational networks, creation of stakeholder maps
	Country specific enablers	
	Legislation and regulation	Appropriate legislation, enforcement of legislation
	Government involvement	Government support
SBMI-related value		Similarities
	Sustainable value proposition	
	Environmentally friendly products	Environmental SVP
	Socially responsible products	Environmental and social SVP
	Value co-creation and co-delivery	
	Primarily environmental responsibility-related initiatives	Maximising environmental and energy efficiency, renewable energy, closing resource loops, adopting a stewardship role
	Primarily social responsibility - related initiatives	Maximising environmental and energy efficiency, closing resource loops, creation of inclusive value
	Value capture	
	Triple bottom line value	Environment, social, economic
	Value for multiple stakeholders	Multiple stakeholders, future generations

6.8.2. Differences

In addition to the similarities set out above, there were various potential insights and differences from existing literature that were identified. These aspects are described in Table 63 below. In relation to Research Question 1, cost related challenges and

South African specific challenges as drivers of SBMI implementation have respectively been identified as areas of potential refinement and difference.

In relation to Research Question 2, from an internal challenges perspective, there are certain operational challenges and mindsets and skills related challenges that have been identified as areas of potential refinement and difference. From an external challenges perspective, there are specific country challenges and other external challenges that have been identified as areas of potential refinement and difference. These potential areas of refinement and difference are set out in Table 63 below.

In relation to Research Question 3, from a general enablers perspective, there is a potential point of difference that has been identified from existing literature in respect of communicating value to stakeholders. From an internal enablers perspective, there are potential insights that have been identified in respect of people related enablers, strategic organisational elements and other internal factors. Additionally, there are potential areas of difference that have been identified in respect of strategic organisational elements and other internal factors as enablers of SBMI implementation. Considering external enablers, there are potential insights that have been identified in respect of people related enablers and country specific enablers. These potential areas of refinement and difference are set out in Table 63 below.

Lastly, in relation to Research Question 4, there are certain SBMI value related aspects that have been identified as potential areas of refinement and difference. The potential area of refinement relates to the sustainable value proposition, while the potential area of difference relates to the value co-creation and co-delivery element. These potential areas of refinement and difference are set out in Table 63 below.

The aspects that have been highlighted in the preceding paragraphs constitute potential areas of refinement and extension to existing literature, and have been summarised in Table 63 below. These aspects are discussed in further detail in Chapter 7. Another aspect that is discussed in Chapter 7 (which is in red ink and has been marked with an asterisk (*) in Table 63) relates behavioural challenges being dominantly cited by participants in Group 1 as a challenge, as compared to the other two groups who did not generally consider this aspect to be a challenge.

Table 63: Comparison between findings and literature: Potential refinements and differences

Internal Drivers		Insights	Differences
	Cost-related challenges	Country-specific costs	
External Drivers		**Insights**	**Differences**
	South African specific challenges		Non-functioning municipalities
Internal Challenges		**Insights**	**Differences**
	Operational challenges		
	Financial considerations	Difficult to fund	
	Commercial challenges	Experimenting with technology	Data challenges
	Mindset and Skills		
	Lack of sustainability understanding and skills	Lack of knowledge: executives	
External Challenges		**Insights**	**Differences**
	Country-specific challenges		
	Legislation and regulations	Inconsistent regulatory mechanisms -metrics	
	Lack of government involvement	Lack of enforcement and accountability	
	Other external challenges		
	Behavioural challenges*		External individual behaviour
Internal and External enablers		**Insights**	**Differences**
	Communicating value to stakeholders		Communicating successful SBMI initiatives
Internal Enablers		**Insights**	**Differences**
	People related enablers		
	Leadership buy-in and support	Global executive leadership: companies with a global presence	
	Strategic organisational elements		
	Clear sustainability performance targets and metrics	Company context specific metrics	
	Organisational design and governance structures	Standalone sustainability function	
	Reporting and incentives	Central reporting function	
	Other internal factors		
	Resources and capacity	Globally managed resources	
	Company-specific attributes		Early SBMI adoption
External Enablers		**Insights**	**Differences**
	People-related enablers		
	Consumers as enablers	Consumer expectations enable SBMI	
	Country-specific enablers		
	Legislation and regulation	Simple and fair legislation	
Sustainable business model related value		**Insights**	**Differences**
	Sustainable value proposition		
	Socially responsible products	Examples of environmental and social SVPs	
	Value co-creation and co-delivery		
	Primarily social responsibility related initiatives		Social and Environmental: Responsible sourcing practices, food waste

*Note: Difference in responses relating to different groups to be considered in Chapter 7.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1. Introduction

This chapter sets out the key outcomes and the conclusions made by this study in respect of the research questions it sought to answer. The chapter presents an updated conceptual framework that draws on the key outcomes identified in Chapter 6. Thereafter, it outlines the implications of the study for managers and other stakeholders. The chapter concludes by discussing the limitations of the research and offering recommendations for future research.

7.2. Conclusions on research questions

This section sets out the conclusions of each research question. In considering each research question, potential refinements and extensions of literature are discussed. Refinements in existing literature are further insights on aspects already discussed in the literature, while extensions in existing literature are potential areas of difference from existing literature.

The section culminates in the development of the updated conceptual framework aimed at providing guidance on how incumbent companies move from traditional business models and innovate towards sustainable business models (SBMs).

7.2.1. Conclusions on Research Question 1: Drivers

> **Research Question 1: What are the drivers that are motivating incumbent companies to move towards sustainable business models?**

Research Question 1 was aimed at gaining an understanding of the driving factors that are making companies move towards implementing SBMI in their respective companies. Gaining insights into the factors that are driving companies to implement SBMI could assist in providing companies with confidence to commence the SBMI process, and result in greater adoption of SBMI among companies (Evans et al., 2017).

7.2.1.1. Internal drivers of SBMI implementation

While the internal drivers identified in this study have been considered in existing literature, the literature does not appear to consider these internal drivers from the perspective of managers implementing SBMI within the operations and environmental function in companies. This study found that the internal drivers

identified in this study are largely cited as drivers of SBMI implementation by managers who are responsible for the operations and environmental side of SBMI implementation. This study therefore potentially extends existing literature in this respect.

Additionally, while cost related challenges and efficiency drivers have been referred to as drivers of SBMI in the literature (Long et al., 2018; Schaltegger et al., 2012), the literature does not appear to make reference to country specific cost challenges as being a driver of SBMI implementation. This study therefore concludes that there are country-specific cost challenges such as high energy and water costs that drive SBMI implementation. This study therefore potentially adds new insights to existing literature in this regard.

7.2.1.2. External drivers of SBMI implementation

Non-operational municipalities that are unable to provide an enabling environment for companies to conduct business were identified as a driver of SBMI implementation. This situation forces companies to innovate from a sustainability perspective to reduce their reliance on municipalities. While this study concludes that this is one of the drivers of SBMI implementation, there appears to be no specific literature dealing with the challenges relating to non-functioning municipalities as a driver of SBMI. This study therefore potentially extends existing literature in this respect.

The internal and external drivers of SBMI are represented graphically in the conceptual framework below (Figure 12). Items in bold with two asterisks (**) are the aspects in relation to which potential differences have been identified and which potentially extend existing literature. Items in bold with one asterisk (*) only are instances of nuances where there are additional insights that have been identified in this study, and thus present areas that are potentially refined by this study. Items that are not bold and have no asterisk represent the similarities with existing literature.
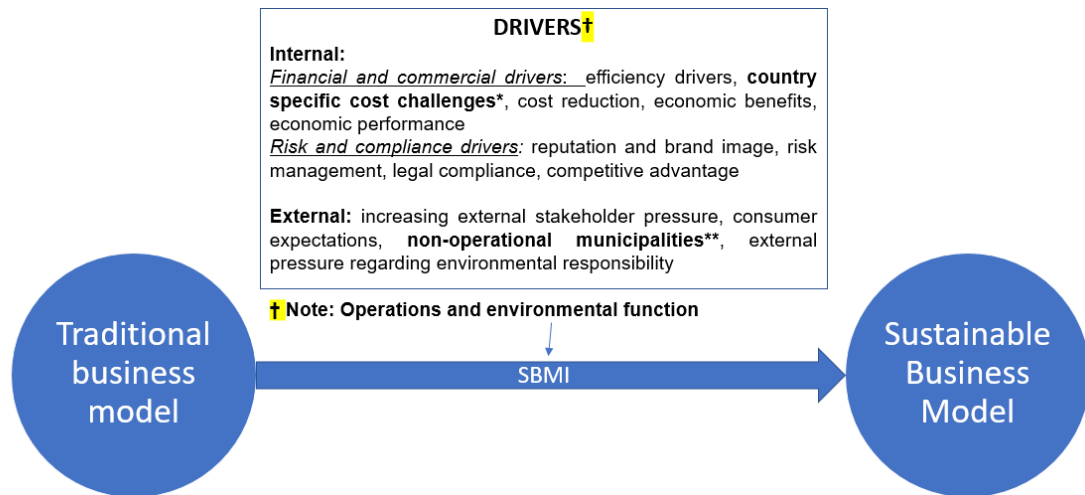
Figure 12: Drivers of SBMI implementation

7.2.2. *Conclusions on Research Question 2: Challenges*

> **Research Question 2: What are the challenges that incumbent companies are encountering when moving towards sustainable business models?**

Research Question 2 was aimed at providing insights regarding the challenges, both internal and external to the company, that inhibit SBMI implementation. Gaining insights into the challenges encountered while implementing SBMI could allow companies to pro-actively map the potential challenges and come up with solutions to such problems (Geissdoerfer et al., 2018).

7.2.2.1. *Internal challenges that hinder SBMI implementation*

Two categories of internal challenges to SBMI implementation were identified in this study as requiring further discussion in this chapter: (i) operational challenges; and (ii) mindset and skills challenges that hinder the SBMI process. Various conclusions were drawn in respect of each of these categories of challenges, which are discussed below.

7.2.2.1.1. *Operational challenges*

The first operational challenge that was identified is financial considerations, which related to SBMI implementation being costly as well as the challenges of funding such initiatives. While the existing literature refers to SBMI implementation being costly (Schaltegger et al., 2016), the literature does not appear to refer to the challenges relating to obtaining funding for SBMI implementation. This study concludes that the SBMI implementation process is costly, and that sometimes

companies struggle to find ways to fund SBMI implementation, which poses a challenge to SBMI implementation. This study therefore potentially refines existing literature in respect of this aspect.

In respect of other operational challenges to SBMI implementation, this study concludes that the risk of experimenting with new technology is an example of the risky, challenging and uncertain process referred to by Kennedy and Bocken (2020). This study therefore potentially refines existing literature in respect of this aspect.

Another commercial challenge that was identified particularly by managers responsible for the general sustainability strategy within companies is the challenge of using data in a company in a format that makes meaningful impact. While this issue does not appear to be considered in existing SBMI literature, this study concludes that it is a challenge to SBMI. This study therefore potentially extends existing literature on this aspect.

7.2.2.1.2. Mindset and skills

While existing literature has made reference to lack of sustainability understanding and skills among employees as being a challenge in the context of SMEs (Caldera et al., 2019), the literature does not appear to have considered this in the context of larger companies and with reference to specific categories of employees. This study therefore concludes that while the lack of sustainability understanding among employees serves as a challenge to SBMI implementation, the lack of sustainability understanding, specifically by executives in companies poses a challenge to SBMI implementation. This study therefore potentially refines existing literature on this aspect.

7.2.2.2.   External challenges that hinder SBMI implementation

There are two main categories of external challenges that hinder SBMI implementation: country specific challenges and behavioural challenges. The conclusions relating to these challenges are considered below.

7.2.2.2.1. Country-specific challenges

Two main country-specific challenges were identified as being a challenge to SBMI implementation by managers across the three groups: (i) legislation and regulation; and (ii) lack of involvement by government stakeholders. Conclusions relating to these challenges are dealt with below.

<u>Legislation and regulation</u>

While literature has referred to inconsistent regulatory mechanisms being a barrier to SBMI (Laukkanen & Patala, 2014), the literature does not appear to consider the aspect relating to inconsistent targets set out in legislation versus the manner in which the targets are actually measured by companies in practice. This study therefore concludes that inconsistencies posed by legislative targets is a barrier to the SBMI process. This study therefore potentially refines existing literature in respect of this aspect.

<u>Lack of involvement by government stakeholders</u>

While the role of government as an enabler or hindrance of SBMI at a general level has been discussed in literature (Sousa-Zomer & Cauchick-Miguel, 2017), lack of legislative enforcement and lack of government accountability and compliance with legislation do not appear to have been considered in literature. These aspects are concluded to be challenges to SBMI implementation, and this represents a potential refinement of existing literature.

7.2.2.2.2. Other external challenges

While existing literature deals with behavioural challenges that are internal to the company as being challenges to SBMI implementation (Caldera et al., 2019; Abdelkafi & Tauscher, 2016; Laukkanen & Patala, 2014), this aspect does not seem to have been considered as a challenge from an external company perspective. Furthermore, it was more commonly discussed by managers responsible for the social responsibility-related function of SBMI implementation. This study therefore concludes that behavioural challenges external to a company are also a challenge to SBMI implementation, and particularly from the perspective of managers responsible for implementing social-related SBMI initiatives within companies. This study therefore potentially extends existing literature in this respect.

The challenges that hinder SBMI as discussed in the previous paragraphs are represented graphically in the conceptual framework below (Figure 13). Items in bold with two asterisks (**) are the aspects in relation to which potential differences have been identified and which potentially extend existing literature. Items in bold with one asterisk (*) only are instances of nuances where there are additional insights that have been identified in this study, and thus present areas that are potentially refined

by this study. Items that are not bold and have no asterisk represent the similarities with existing literature.
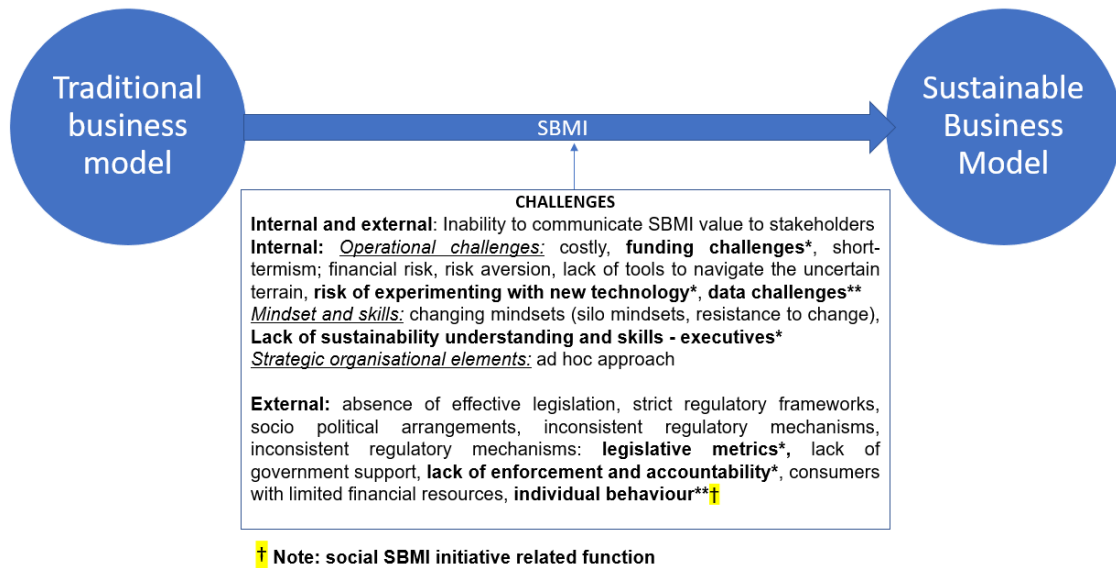
Figure 13: Challenges that hinder SBMI implementation

7.2.3. Conclusions on Research Question 3: Enablers

> **Research Question 3: What are the enablers that make the implementation of sustainable business models work?**

Research Question 3 was aimed at gaining insights into the enablers that aid the implementation of SBMI in companies. Gaining an understanding of such enablers could potentially assist managers with driving greater adoption of SBMI implementation within their respective companies.

7.2.3.1. Internal and external enablers that aid SBMI implementation

One of the key outcomes of this study is that there are certain general enablers of SBMI implementation. The one general enabler in respect of which a potential area of difference from existing literature was identified relates to communicating value relating to SBMI implementation to stakeholders. Existing literature does not seem to have considered communicating successful initiatives to stakeholders to ensure continued buy-in as an enabler of SBMI implementation. This study therefore potentially extends existing literature in respect of this aspect.

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7.2.3.2.   Internal enablers that aid SBMI implementation

A key outcome of this study is that there are three categories of internal enablers that aid SBMI implementation: (i) people-related enablers; (ii) strategic organisational elements; and (iii) other internal factors. These categories of enablers are discussed in detail below.

7.2.3.2.1. People-related enablers

There are various people related enablers that have been identified which are also consistent with existing literature, as detailed in Chapter 6. However, this study also concludes that in companies with a global presence, the role played by global executives and the global targets set by such executives on behalf of groups companies are enablers of SBMI implementation. While company leadership has been referred to as an enabler in literature, this study potentially refines existing literature by considering the role of leadership as an enabler in the context of a company with a global presence.

7.2.3.2.2. Strategic organisational elements

Strategic organisational elements are those strategy-related elements within a company that aid SBMI implementation. The key outcome of this study is that these elements include: (i) clear sustainability performance targets and metrics; (ii) organisational design and governance structures; and (iii) reporting and incentives. The key conclusions relating to these enablers are discussed below.

Clear sustainability performance targets and metrics

The existence of sustainability metrics has been identified in literature as an enabler of SBMI (Bocken & Geradts, 2020). However, this study concludes that the actual sustainability metrics used by companies in reality is sometimes dictated by whether a company is a public or private company and whether sustainability metrics are regulated by legislation or are voluntary. This study therefore potentially refines existing literature on this aspect.

Organisational design and governance structures

This study also indicates that there is no clear position as to which aspect is an enabler of SBMI between having a separate sustainability function or embedding the work of the function across the company. In contrast, existing literature argues for making all managers responsible for SBMI (Bocken & Geradts, 2020; Laasch, 2018)

and for all employees across different functions to be responsible for SBMI in the context of SMEs (Caldera et al., 2019). This study concludes that different managers hold different views regarding what constitutes an enabler of SBMI when considering the structure of an organisation. This study therefore potentially refines existing literature on this aspect.

<u>Reporting and incentives</u>

While sustainability reporting has been identified in literature as an enabler of SBMI implementation (Maas et al., 2016), this study concludes that where the responsibility for sustainability reporting is allocated to a central function, such as the finance function, this may ensure the prioritisation of both financial and non-financial reporting within a company. This in turn could be an additional enabler of SBMI. This study therefore potentially refines existing literature on this aspect.

7.2.3.2.3. *Other internal factors*

In addition to the internal enablers set out above, there were nuances identified in two other internal factors that are regarded as enablers of SBMI implementation: the availability of resources and capacity and company-specific attributes that enable SBMI implementation. These factors are discussed below.

<u>Resources and capacity</u>

In respect of resources as an enabler of SBMI implementation, existing literature has identified the availability of resources and capacity within a company as an enabler of SBMI implementation (Bocken and Geradts, 2020; Lüdeke-Freund et al., 2016). However, this study also provides a potential refinement to existing literature by suggesting that globally managed resources are enablers of SBMI implementation within companies that have a global presence.

<u>Company-specific attributes</u>

In respect of company-specific attributes as enablers of SBMI implementation, the early adoption of SBMI was regarded as an enabler by some managers. There appears to be no literature identifying this aspect as an enabler of SBMI. However, this study concludes that this company-specific aspect is an enabler of SBMI and therefore potentially extends existing literature regarding early adoption of SBMI being an enabler.

7.2.3.3. External enablers that aid SBMI implementation

A key outcome of this study is that there are two specific categories of external enablers that aid SBMI implementation: (i) people-related external enablers; and (ii) country-specific enablers. The conclusions relating to these categories of enablers are discussed below.

7.2.3.3.1. People-related external enablers

Existing literature does not seem to consider consumer expectations as an enabler of SBMI implementation; it seem to only consider it from the perspective of being a driver of SBMI implementation (Lüdeke-Freund, 2020; Orji, 2019; Grekova et al., 2014). This study concludes that in addition to external partnerships, and development of stakeholder maps, consumer expectations are also an important enabler of SBMI implementation. This study therefore potentially refines existing literature on this aspect.

7.2.3.3.2. Country-specific enablers

A key enabler of SBMI implementation that was identified that introduced potential nuances from existing literature is country specific enablers such as legislation and regulation. These aspects are dealt with below.

While existing literature has made reference to legislation being an enabler of SBMI (Morioka et al., 2017), existing literature does not seem to consider what would be considered appropriate legislation. This study concludes that legislation should be simple and fair in order for it to be an enabler of SBMI implementation, which is a potential refinement of existing literature.

The ability to enforce legislation was referred to as an enabler of SBMI in the context of the metal manufacturing industry (Orji, 2019). This study concludes that this aspect is also an enabler in the context of the food and beverage industry, and therefore offers a potential refinement of existing literature in this regard.

The enablers that aid SBMI as discussed in the previous paragraphs are represented graphically in the conceptual framework below (Figure 14). Items in bold with two asterisks (**) are the aspects in relation to which potential differences have been identified and which potentially extend existing literature. Items in bold with one asterisk (*) only are instances where there are additional insights that have been identified in this study, and thus present areas that are potentially refined by this

study. Items that are not bold and have no asterisk represent the similarities with existing literature.

Figure 14: Enablers that aid SBMI implementation

7.2.4. Conclusions on Research Question 4: SBMI Value

Research Question 4: In moving to sustainable business models, what value is created and for whom?

Research Question 4 was aimed at gaining insights into the value that is co-created and co-delivered (including the kind of value propositions created) through the SBMI process, as well to understand by whom that value is captured. This understanding could provide managers with a clearer picture of the benefits available to companies implementing SBMI and thus motivate increased adoption of the SBMI process.

The co-creation and co-delivery of environmental value could be linked to some of the SBM archetypes proposed by Bocken et al. (2014) as updated by Bocken et al. (2019). A few of the initiatives aimed at the co-creation and co-delivery of social value did not seem to fall within the aforesaid SBM archetypes. In this regard, initiatives related to responsible sourcing practices and food waste did not fully fit into the SBM archetypes proposed by Bocken et al. (2014). This study therefore provides a potential refinement in literature by suggesting that additional archetypes need to be developed that cover these types of value co-creation and co-delivery initiatives.

Figure 15 below summarises the value components, and highlights the value that is created and for whom the value is created. Items in bold with two asterisks (**) are

the aspects in relation to which potential differences have been identified and which potentially extend existing literature. Items in bold with one asterisk (*) only are instances where there are additional insights that have been identified in this study, and thus present areas that are potentially refined by this study. Items that are not bold and have no asterisk represent the similarities with existing literature.
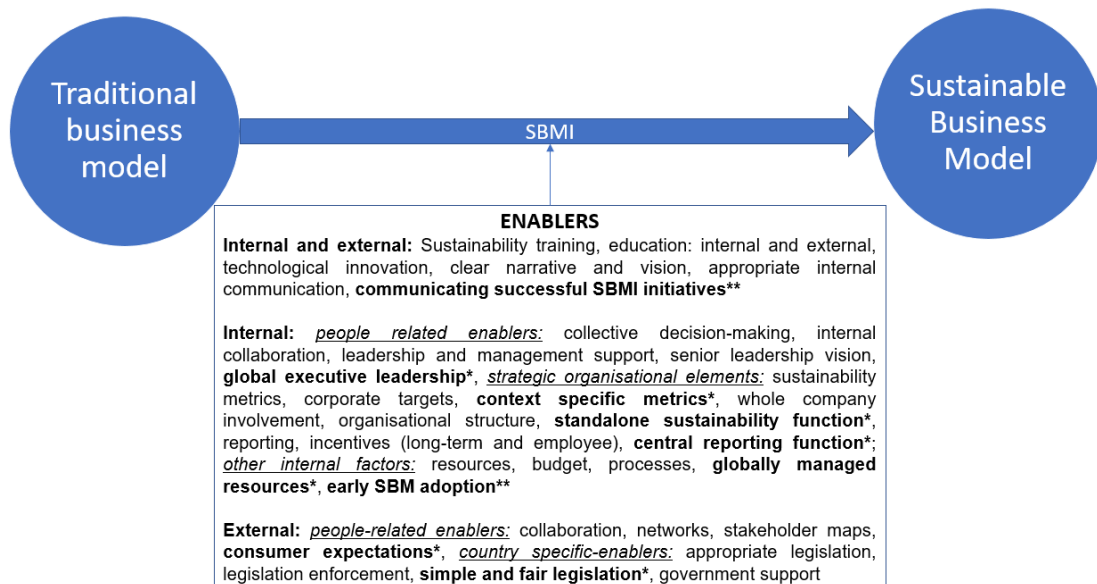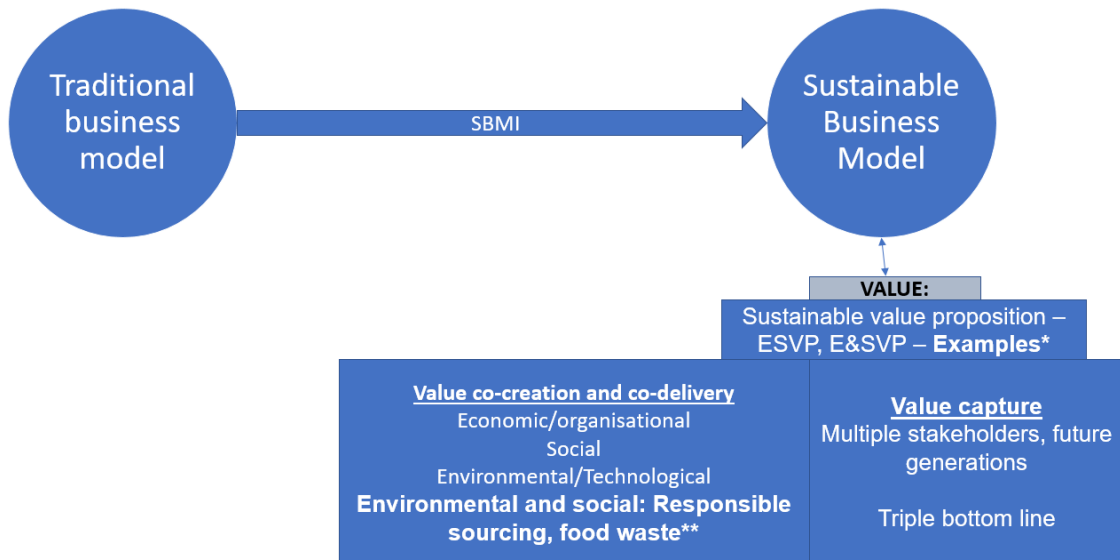

Figure 15: SBMI Value

7.2.5. *Conclusion and conceptual framework*

The final conceptual framework below (Figure 16) summarises and highlights similarities between this study and existing literature. To this end, it highlights the driving factors that would make a company start the SBMI process and the resultant move to SBMs. It also highlights the enablers that aid and barriers that inhibit SBMI implementation. Finally, in order to understand the value created by the SBMI process and for whom the value is created, the framework also shows the value components of the business model: the creation of SVPs that result in value co-creation and co-delivery by multiple stakeholders and the capture of triple bottom line (economic, environmental and social) value by multiple stakeholders. Potential extensions to existing literature are highlighted by bold text and two asterisks (**), while potential refinements to existing literature are highlighted by bold text with an asterisk (*) in Figure 16 below.

Figure 16: Final conceptual framework

DRIVERS†

Internal: *Financial and commercial drivers:* efficiency drivers, **country specific cost challenges***, cost reduction, economic benefits, economic performance *Risk and compliance drivers:* reputation and brand image, risk management, legal compliance

External: increasing external stakeholder pressure, consumer expectations, **non-operational municipalities****, external pressure regarding environmental responsibility

† Note: Operations and environmental function

Traditional business model

SBMI

Sustainable Business Model

CHALLENGES

Internal and external: Inability to communicate SBMI value to stakeholders

Internal: *Operational challenges:* costly, **funding challenges***, short-termism; financial risk, risk aversion, lack of tools to navigate the uncertain terrain, **risk of experimenting with new technology***, **data challenges****

Mindset and skills: changing mindsets (silo mindsets, resistance to change), **Lack of sustainability understanding and skills - executives***Strategic organisational elements:* ad hoc approach

External: absence of effective legislation, strict regulatory frameworks, socio political arrangements, inconsistent regulatory mechanisms, inconsistent regulatory mechanisms: **legislative metrics*,** lack of government support, **lack of enforcement and accountability***, consumers with limited financial resources, **individual behaviour****†

† Note: social SBMI initiative related function

ENABLERS

Internal and external: Sustainability training, education: internal and external, technological innovation, clear narrative and vision, appropriate internal communication, **communicating successful SBMI initiatives****

Internal: *people related enablers:* collective decision-making, internal collaboration, leadership and management support, senior leadership vision, **global executive leadership***, *strategic organisational elements:* sustainability metrics, corporate targets, **context specific metrics***, whole company involvement, organisational structure, **standalone sustainability function***, reporting, incentives (long-term and employee), **central reporting function***; *other internal factors:* resources, budget, processes, **globally managed resources***, **early SBM adoption****

External: *people-related enablers:* collaboration, networks, stakeholder maps, **consumer expectations***, *country specific-enablers:* appropriate legislation, legislation enforcement, **simple and fair legislation***, government support

VALUE:

Sustainable value proposition – ESVP, ESVP – Examples**

Value co-creation and co-delivery

Economic/organisational
Social
Environmental/technological

Environmental and social: Responsible sourcing, food waste **

Value capture

Multiple stakeholders, future generations

Triple bottom line

7.3. Research contribution

This research offers a potential contribution in a number of areas that may refine and/or extend existing literature on the question of how companies move from traditional business models to more sustainable business models in practice. Various similarities were identified when comparing the conclusions of this study to existing literature. These similarities were discussed in Chapter 6 and appear in Figure 16 above.

The study also aimed at refining and extending existing literature relating to the driving factors, challenges, enablers and value elements of SBMI. These potential refinements and extensions appear in Figure 16 above.

The potential refinements in respect of the four research questions are dealt with in this paragraph and the next paragraph. In respect of Research Question 1, this study potentially refines existing literature by introducing country-specific costs as a driver of SBMI implementation. In respect of Research Question 2, internal challenges such as experimenting with new technology and lack of sustainability knowledge and skills of executives are introduced, while external challenges such as inconsistent legislative metrics and lack of enforcement and accountability may also yield potential refinements in existing literature.

In respect of Research Question 3, the study offers potential refinements in literature by making reference to the following aspects as internal enablers of SBMI implementation: (i) the role played by global executives in companies with a global presence; (ii) the existence of company specific metrics applicable to different types of companies; (iii) having a standalone sustainability function within the company; (iv) having a central reporting function; and (iv) the availability of globally managed resources in the context of a global company. Additionally, the inclusion of the following external enablers in this study potentially provides an additional refinement of existing literature: (i) consumer expectations, which are also regarded in literature as a driver, being an enabler of SBMI implementation; and (ii) the availability of simple and fair legislation in a country as an enabler. Lastly, in respect of Research Question 4, this study provides potential refinements by providing specific examples of sustainable value propositions created by incumbent companies implementing SBMI in the food and beverage industry and related supply chains. These value propositions assist with highlighting the type of value that is created by moving towards more SBMs, and they also highlight for whom such value is created.

There are a few potential extensions that have been highlighted in this study. In respect of Research Question 1, these include the fact that non-functional municipalities who are unable to provide an enabling environment for companies are driving companies to innovate to more SBMs. In respect of Research Question 2, finding and using the appropriate data within a company in a way that it enables SBMI implementation has been identified as a challenge. From an external company perspective, behaviour of individuals in society has also been highlighted as a challenge to the SBMI process. In respect of Research Question 3, communicating successful SBMI initiatives to internal and external stakeholders has been identified as an enabler of the SBMI process, while the early adoption of SBMI implementation has been identified as an internal enabler of SBMI implementation. Lastly, in respect of Research Question 4, the SBM archetypes proposed in literature do not seem to fully cover the co-creation and co-delivery of value in respect of initiatives linked to responsible sourcing and food waste reduction.

Another potential contribution that is made by this study, is around the importance placed on the different drivers, challenges and enablers identified in this study by different managers. There are certain aspects that were highlighted as important by some managers, while other managers did not attach the same importance to those same aspects. For instance, the drivers of SBMI implementation identified in this study were predominantly identified by managers responsible for the operations and environmental side of SBMI implementation. Another example is that behaviour of individuals outside the company has predominantly been identified as a challenge by managers responsible for the social related SBMI aspects, and has not been regarded as a challenge by the managers in the other two function groups. These differences may be linked to the functions of the respective managers and the contextual elements linked to implementing different SBMI initiatives. This study therefore potentially extends existing literature by not only focusing on drivers, challenges and enablers of SBMI, but considering these aspects from the perspective of the different functions of managers within incumbent companies in the food and beverage industry and related supply chains.

7.4. Implications for management and other stakeholders

The implications of this study for managers and other stakeholders are that it provides managers involved with SBMI implementation within their respective companies with tools to assist them with their SBMI implementation. There are

currently insufficient tools available to managers to assist them with navigating the uncertain, risky and challenging SBMI process. This study therefore provides one such tool through a conceptual framework for managers.

The different elements proposed in the framework are intended to provide guidance to managers in their SBMI implementation journey:

1. By being aware of the drivers of SBMI implementation, this could assist the managers to identify aspects that are driving their respective companies to implement SBMI, and thus how to react to such drivers.
2. By being aware of the enablers and challenges that respectively aid or hinder SBMI implementation, managers can pro-actively identify these elements to ensure a seamless process in the course of their SBMI implementation.
3. By being aware of the value elements associated with SBMI, managers can be in a better position to motivate within their companies for the adoption and implementation of SBMI and get buy-in for large-scale SBMI implementation that is likely to make a large-scale impact and address the various social and environmental concerns that have been identified as requiring drastic attention from businesses.
4. If companies implement larger SBMI-related initiatives, this would have a positive impact for multiple stakeholders across the value chain of companies and outside their value chains. Accordingly, the implications of this study for other stakeholders is for them to be aware of their role in the SBMI process, and how they can support incumbent companies to achieve success in their SBMI implementation process, as this would ensure the realisation of the benefits referred to in this paragraph.

7.5. Limitations of the research

A few limitations have been identified in respect of this study. The first limitation is that the study broadly considered the drivers, challenges, enablers, and value elements relating to SBMI implementation. The study therefore did not explore each of the aforesaid aspects in great detail, as that was not the focus of the study.

Another limitation is that the study focused on the food and beverage industry and related supply chains in South Africa. This could limit the applicability of the study. This is one of the limitations in the design of the study that was identified in Chapter 4. The other limitations linked to the design of the study have already been dealt with in Chapter 4.

This study was written from the perspective of managers working in incumbent companies. The study therefore did not consider in great detail the impact of the behaviour of individuals outside the company on a company's attempts to implement the SBMI process.

Another limitation is that this study focused on managers working in large corporates and not any other smaller entities such as small and medium sized enterprises and family owned businesses. The applicability of the framework proposed in this study in relation to such entities has therefore not been considered.

Lastly, the study noted differences in the importance attached to different drivers, challenges and enablers by managers in different functions. For instance, drivers of SBMI implementation identified in this study were predominantly identified by managers responsible for the operations and environmental side of SBMI implementation. The reason for such differences was not explored in detail in this study.

7.6. Suggestions for further research

Further research could be conducted on the drivers, enablers and challenges of SBMI implementation at a macro level, looking specifically at country related elements that drive, enabler or act as barriers to SBMI implementation. This could include considering aspects such as the role of legislation, government and the regulatory environment. This could yield additional insights in the form of providing more depth in respect of each of the aforesaid elements.

This study considered multiple aspects relating to how companies are moving towards sustainable businesses practices in a particular industry. Further research could be conducted focusing on other industries to determine if the driving factors, enablers, challenges and value components considered in this study would be applicable to other industries.

One of the challenges identified in this study related to the role of individuals outside the company in the SBMI implementation process. This study focused on incumbent companies and how they move towards more SBMs. However, given that consumers and society at large play a big role in driving companies to move to more SBMs, further research could be conducted on the role of the behaviour of individuals in a particular society on the SBMI process, and how they aid and/or hinder the process.

Another potential area for research would be to develop propositions from the framework for testing further research. This could yield further insights into the SBMI implementation process and contribute to extant literature on the topic.

Lastly, given the difference in experiences of managers implementing SBMI in respect of certain outcomes discussed in this study, a potential area for research would be to gain a deeper understanding behind why different levels of importance may be attached to certain drivers, challenges and enablers by the managers based on their respective functions. This could yield insights into why certain drivers, challenges and enablers are important to different managers occupying different functions within companies.

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Appendix A: Participant consent form

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA.

I am conducting research on sustainable business model innovation and am trying to find out more about the professional experience of managers in implementing sustainability initiatives in their organisations. Our interview is expected to last about an hour and will help me understand how managers innovate their business models towards sustainability in practice. **Your participation is voluntary, and you can withdraw at any time without penalty**. All data will be reported without identifiers and no names of individuals and organisations will be reported in the research report. Where a third party transcriber is used to transcribe interviews, the transcriber will be required to sign an NDA. To ensure confidentiality, the information recorded during the interview will be kept in a safe place. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: _____   Research Supervisor: _____

Email: _____   Email: _____

Phone: _____

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix B: List of descriptive codes

Participant background_Current role	Enabler_Covid impacts
Participant background_Sustainability involvement	Enabler_Importance of external partnerships / relationships and collaboration
Driver_Attracting capital	Enabler_Media
Driver_Costs related challenges	Enabler_Organisational design and governance structures
Driver_Creation of competitive advantage	Enabler_Reporting and incentives
Driver_Employee related drivers	Enablers_Resources and capacity
Driver/Enabler_Driven by consumers	Enabler_Sustainable Development Goals
Driver/Enabler_General sustainability awareness	Enabler_Sustainability embedded within organisation
Driver_External stakeholder pressure/expectations	Relationships_Diverse stakeholders: Different Initiatives
Driver/value_Financial benefits	Relationships_Extensive internal stakeholders
Driver_Organisational purpose and values	Relationships_Industry bodies
Driver_Pull from multiple sources	Initiatives_Circular economy Initiatives
Driver_Reducing negative environmental impact	Initiatives_Environmental responsibility Initiatives
Driver_Reputation and brand image	Initiatives_Industry body Initiatives
Driver_Right thing to do	Initiatives_Local sourcing
Driver_Risk management and compliance	Initiatives_Multiple different Initiatives
Driver_South Africa specific Challenge	Initiatives_Responsible sourcing practices
Driver_Survival	Initiatives_Social responsibility initiatives
Challenge_ Ad hoc approach to sustainability	Initiatives_Supplier development Initiatives
Challenge_Balancing interests	Initiatives_Water Initiatives
Challenge_Behavioural Challenges	Value_Company specific value
Challenges_Changing mindsets	Value_Entrepreneurship and new business creation opportunities
Challenges_Commercial Challenges	Value_Environmentally friendly products
Challenge/Enabler_Communicating value to stakeholders	Value_General
Challenge_Consumer socio-economic considerations	Value_Socially responsible/environmental products
Challenges_Financial considerations	Value_Triple bottom line
Challenge_Government stakeholders involvement	Value_Value chain focus
Challenge_Infrastructure challenges	Value_Value for environment
Challenges_Lack of sustainability understanding and skills	Value_Value for multiple stakeholders
Challenge_No clear sustainability performance targets and metrics	Value_Value for new generation
Challenge_Partner related challenges	Value_Value for society
Challenge _Pressure	Value_Value from waste
Challenge_Regulation and legislation	Future developments_Improvement in cost issues
Enabler_Clear sustainability performance targets and metrics	Future developments_Increased focus on sustainability
Enabler_Digital innovation focus	Future developments_Involvement of everybody
Enabler_Educating people	Future developments_license to operate
Enabler_Internal involvement and support	Importance of procurement function
Enabler_Leadership buy-in and support	Importance of right partners
Enabler_Long-term perspective	Porter's shared value model
Enabler_Company specific attributes	Sustainability practices evolution

Appendix C: Ethical clearance approval

Ethical Clearance Approved

1 message

MastersResearch2020 <MBAResearch2020@gibssa.mail.onmicrosoft.com>   6 August 2020 at 09:02
To: "19385138@mygibs.co.za" <19385138@mygibs.co.za>

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

**Ethical Clearance
Approved**

Dear Tebadi Wendy Maroga,

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

You are therefore allowed to continue collecting your data.

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

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS
Research Admin team.

EthicalClearanceReport.pdf
418K

Appendix D: Declaration by Editor

To whom it may concern

22 November 2020

I, Mariette Nortjé, am a qualified language practitioner.

I completed a BA Law degree and a postgraduate diploma in translating and editing, *cum laude* at Stellenbosch University and my home language is Afrikaans. I have also completed specific short courses in academic editing hosted by Stellenbosch University.

Before I started working as a freelance language practitioner, I worked as communications manager and brand manager in the advertising and financial services industry for 11 years.

I have been doing freelance editing and translating for the past 20 years, mainly research assignments and theses for students of Stellenbosch University. I have also edited numerous journal articles, reports, course notes and children's stories for clients across the globe.

Since 2016, I have edited 12 PhD dissertations and 30 master's degree theses.

I acknowledge that I have edited all technical and language aspects of the thesis by **Wendy Maroga-Nyashe** and that complete feedback was given to the student. The quality of the final report, in terms of language, references and technical aspects, remains the student's responsibility.

The title of the thesis submitted in partial fulfilment of the requirements for the degree of *Master of Business Administration at the Gordon Institute of Business Science* is: ***Sustainable business model innovation in incumbent food and beverage companies.***

You are welcome to contact me if you have any queries.

Kind regards

Mariette Nortjé

BA Law (Stellenbosch University)
Post-graduate diploma in Editing and Translating cum laude (Stellenbosch University)
Cell +27 82 929 8493
gmnortje@absamail.co.za